Abstracts

The article deals with the concept of “investment potential of the enterprises on drained lands”. The “integrated investment potential” for enterprises in adjoining spheres is offered. In the paper the organizational mechanism of stimulating the investment activity of enterprises on drained lands is proposed. The organizational and economic mechanism of complex investments’ implementation at enterprises on drained lands is improved. In the article the model of stimulating the complex investments in drained lands is developed.

Keywords: mechanism, investments, investment potential, management, enterprises, drained lands.

Streszczenie


Słowa kluczowe: mechanizm, inwestycje, potencjał inwestycyjny, zarządzanie, przedsiębiorstwa, osuszone ziemie.
Аннотация

В статье рассмотрена сущность понятия «инвестиционный потенциал предприятий, хозяйствующих на осушаемых землях», предложено введение термина «интегрированный инвестиционный потенциал» для предприятий, работающих в смежных отраслях, а также предоставлено его толкование. В статье предложен организационный механизм стимулирования инвестиционной деятельности предприятий на осушаемых землях и усовершенствован организационно-экономический механизм комплексного инвестирования предприятий, хозяйствующих на осушаемых землях. Разработана модель стимулирования привлечения комплексных инвестиций в эксплуатацию осушаемых земель.

Ключевые слова: механизм, инвестиции, инвестиционный потенциал, управление, предприятия, осушаемые земли.

Introduction. Economic growth of enterprises in any economy is determined by the intensity of investment processes, their direction and ability to solve the priority problems. With the development of economic relationships between the subjects of management by the market laws there appeared the problem of competitiveness of the subjects of management, which can be reached only with the help of recovering the investment activity. Investments are the base of development of the enterprises, certain branches and economy of the country as a whole. The bloom or decay of own production, the possibility of solving social and ecological problems, the modern level and potential dynamism of physical, financial and human capital depends on the skills of investing. Management of investment activity of agricultural enterprises in the conditions of forming the land market takes an actuality due to such factors as ecologization of demand, the constant rise in prices of agricultural products and agricultural land, the need of using the reclamation systems in the area of drainage and irrigation of Ukraine. For the formation and improvement of the enterprises’ investment climate it is necessary to intensify the investment activities, which enables to attract resources for further development and modernization, and implement the strategic activities. The investment activity of the enterprise in all its forms can’t be reduced to satisfaction of its current investment need, conditioned by the need to change assets, which leave, or their increase in connection with change of the amount, which occur, and structure of the economic activity. But the investment activity can’t be realized without presence of strong and dynamic developing investment potential. Increasing level of enterprises’ investment potential impacts on successful solving the economic and social problems, and improves the profitability of enterprises.

Investment problems is considered in the works of such foreign scientists as D. Bailey, W. Burns, L. Hitman, J. Keynes, W. Sharpe and others. An important contribution to the economy development of agricultural enterprises and water management organizations, in particular to the theory of investment activity of enterprises on drained lands constitutes numerous theoretical and practical study of N. Andreeva, V. Heyets, V. Golyan, V. Gumenyuk, M. Demyanenko, M. Kropyvko, Y. Krupka, I. Kuznetsova, P. Sabluk, I. Sohnych, M. Hvesyka and others. But, the improvement of organizational and economic mechanism of increasing the investment potential of agricultural enterprises and water management organizations on drained lands in modern legislative and regulatory and economic conditions of the state have to be investigated.

1. Integrated investment potential. Analyzing the theoretical and methodological bases of forming and using the investment potential is possible to say, that the investment potential of the agricultural enterprises consists of a set of interrelated social, economic, industrial, financial, land, climatic and other factors of

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production, which allow attracting the investments in agriculture to ensure its development. Therefore, the key aspect of agriculture is a land factor. As the efficiency of land resources depends on soil humidity, irrigation and drainage, it is important to use the provisions of environmental laws. Therefore, we can argue that the effectiveness of agricultural enterprises' investments depends on the integrated use of financial and economic factors and the efficiency of water management organizations. That's why, the water management organizations is a limiting and at the same time objectively necessary factor in the changing climatic conditions, which is confirmed in the writings of many researchers [1-4].

Given the above, it possible to argue that the investment potential of enterprises on drained lands is at the junction of the investment potential of agricultural enterprises and investment potential of water management organizations, and therefore includes the resources of water management organizations (basic production assets, equipment, intangible assets) and agricultural enterprises (finance, engineering and technology, raw materials, etc.). Thus, the investment potential of enterprises on drained lands is a synergistic set of natural capital, state assets, financial and economic resources in appropriate circumstances of external and internal environment of the organization that decides tactical and strategic objectives of the company [5].

In the relationship may be not only water management and agriculture, but also other areas, so it is important to introduce a single concept, which would take into account the specific mix of industries, such as integrated investment potential. So, in our opinion, the integrated investment potential is a synergistic set of financial, material and intangible, human resources and organizational systems which develop in the context of dynamic changes in order to obtain a stable aggregate cumulative effect. Formation of investment potential is to create the additional investment opportunities that can be implemented by mobilizing the internal recourses or attracting the external recourses. In case of unlimited investment resources, highly trained personnel and favorable external factors, the investment opportunities have to be implemented immediately. However, the real economic conditions of investment opportunities have the ability to accumulate, gradually forming the investment potential.

In our view, for the implementation of measures to improving the investment potential it is necessary to create the adequate organizational and economic mechanism that will cover its basic components and will update the material and technical base of agricultural enterprises and water management organizations with the help of innovations that will ensure efficient production.

2. Stimulating the investment activity of enterprises on drained lands. The mechanism in economics is a set of interacting organizational and economic components. This organizational component of the mechanism is a structure that organizes the process and set of relations and forms, methods and rules of management influences on system changes (development); and economic components of the mechanism is a set of principles and rules of the relationship, as well as methods and means of achieving the objectives of the system (tools that helps to implement the relationships and do the process).

Therefore, in our view, the organizational and economic mechanism for increasing the investment potential of agricultural enterprises on drained lands is a set of institutions, principles, rules and measures for effectively organizing the agricultural production, expanding their production and financial opportunities. The organizational mechanism of stimulating the investment activity of enterprises on drained lands is shown in Fig. 1.

The key idea of organizational and economic mechanism is based on the development of new state-supported programs to attract private capital in innovative and investment development of agricultural and water management organizations on drained lands through the involvement in this process of actual public and commercial units and measures (Figure 2).

The proposed mechanism includes the following components:

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– organizational: the formation and development of such specialized institutions as corporate and mutual funds in agriculture, reclamation, agricultural property; agricultural venture capital and credit cooperatives at regional and district levels;

![Diagram of Structures and Measures Proposed for Creation and Development](image)

**Fig. 1. Structures and measures proposed for creation and development**

**Source:** proposed by the author

– economic: pricing of agricultural products, development of market relations in agriculture, regulation of agribusiness profitability; state support of the investment component in profit; granting of tax benefits in the amount of investments in innovative technologies; distribution of investment risk to public corporations, etc.;

– legal and regulatory base includes scientific, legal, human, technical, information (ecological, reclamation and agrochemical monitoring) software that is the ground for the investing process in drained agricultural lands.

The main investors are the government, farmers, agricultural holdings, unions of landowners. Economic incentives and sanctions of enterprises, organizational and legal measures of investment, institutional and effectively objective subsystem of investing the sustainable agricultural production provide investments in water management, agricultural and complex projects. Investments are implemented through administrative, economic, social methods and instruments. In result we can get the cost-effective, socially necessary and environmentally weighted functioning the water management organizations and agricultural enterprises.

The organizational and economic mechanism of implementing the complex investments of enterprises drained lands is shown in Fig. 2.

For implementing the organizational and economic mechanism it is necessary to create the investment funds with the state support of socially significant investment projects.

The government support can be realized in the following forms:

– directing funds into the authorized capital of legal entities;
– co-financing on contractual terms, including the financing costs of managing the investment project, and financing the project documentation;
– state guarantees for investment projects and

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other budget legislation provided for ways to ensure commitment. Government guarantees are commercial organizations that are involved in the investment project in favor of credit organizations, including organizations with foreign investments.

Among these forms of support the great in-

![Diagram showing the organizational and economic mechanism of implementing the complex investments of enterprises on drained lands. Source: proposed by the author.]

Corporate and mutual funds act as commercial organizations, are oriented on profits maximizing, resulting in agriculture and because of low profitability is usually outside the sphere of their interests. To promote the widespread use of scientific and technological

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Fig. 3. Model of stimulating the attraction of investments in the complex operation of drained land Source: proposed by the author

progress of national enterprises it is necessary to create support funds of innovations and investments. These funds will provide the following services:

- funding the basic research, scientific research and development in agriculture and water management sectors;
- organizing the business cooperation;

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assistance of small innovative companies development;
- providing the innovative technology for agricultural production;
- organization of human training and retraining;
- information and resource support in entrepreneurship;
- leasing financing and so on.

Methodological approaches of investment and innovation development and stimulation in agriculture on drained lands are the following. The actual scheme means that the government programs and projects are developed by ministries, departments and regional units conduct work in the volumes of dedicated funding. Implementation is controlled by current legislation. For our opinion, the model of stimulating the investments should include the support and functional systems (Fig. 3). In the result of research and development work created innovative technologies coming to agricultural organizations, through long-term lease or purchase through the development of investment funds and transmission of production sharing to user, created by new technology. This approach allows, along with a program of state support of agriculture, which is implemented in the framework of the priority national project in the future, to increase the inflow of funds for material and technical equipment of agricultural enterprises on drained lands. Whereas agricultural holdings are focused mainly on service the profitable large and medium agricultural enterprises that have sufficient collateral base, so to attract low-income and even loss-making farms it is necessary to create the mechanism of increasing the investment potential. This methodical approach to attract financially insolvent farmers is following: through the specialized factoring company it is important to get the overdue payables. Thus, agricultural company can connect to programs implemented by agricultural holdings. However repurchase its debt and further financing of these institutions is performing in a case of reverse repurchase by specified period of time (five years, seven years or more) of its obligations by factoring in the company and further debt within three to five years. At the same time, management of agriculture enterprises made on the basis of trust management through a management company. After this period the governing structure is formed in accordance with constitutive documents of agricultural enterprises. In our opinion, it allows to decide the problems related with the financial recovery of commodity producers and increasing the liquidity of its assets.

Conclusions. The key way of increasing the investment potential of agricultural enterprises is to form the market products through a single database processing, wholesale and retail. For its formation the management company has to be involved in the creation of wholesale and retail of agricultural raw materials and food at the expense of corporate funds. Forms and mechanisms of participation of existing wholesale companies, retail firms (both large and small), processing companies in the development of this system can be differentiated by depending on the type of agricultural production, commodity circulation channels and other factors. In order of supporting the local farmers an important element in increasing the investment potential is forming the system of quotas for the purchase of agricultural products and food by local authorities.

Thus, the use of the proposed organizational and economic mechanism of implementing the complex investments of enterprises on drained lands and model of stimulating the attraction of investments in the complex operation of drained land will help to involve investments, and to implement more efficient management of the investment potential of enterprises on drained lands.

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