

# Stages of the process for the choice of investment strategy

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**Abstract** – *In this article analyzes the process of choosing an investment strategy of enterprise and stages of that process.*

**Keywords** – investment, investment strategy, investment process, stages of investment process, sequence of the investment strategy selection process conference.

## I. Introduction

Investigation of the issues of investment activity is constantly in the field of economic doctrines. This attention is explained by the fact that investments concern the potential possibility of growth of capital, ie, determine the process of economic growth in general. The process of activating investment activity is one of the most effective mechanisms for the development of a market economy, accelerating the process of technical progress, structural transformations of the national economy and improving the indicators of economic activity. Effective investment activity is able to solve a number of problems inherent to countries with transition economy, in particular, such as the unsatisfactory level of fixed assets of enterprises, the state of production, social and environmental problems and provide opportunities for structural changes in the national economy. Thus, investment activity is the basis for the development of enterprises and the economy as a whole. An effective investment strategy for an enterprise can be an effective instrument in ensuring the investment activity of an enterprise in the conditions of dynamic development of the national economy and significant changes in the environmental factors of its functioning. Issues related to the development and implementation of investment strategies were domestic and foreign economists: Fedorenko V.G., Kozachenko G.V., Mayorova T.V., Khrushch N.A., Meshko N.P., Cherep A.V., R. Acoff, I. Ansoff, I.O. Blank, A. M. Bogatyryov, S. Schmidt, A.B. Irdysov, I.V. Lypsits, V.V. Kossov, B. Carlof, W. King, D. Klyland, P. Mass., A.R. Sterling, A.A. Thompson, A.J. Strikland, V.D. Shapiro, N.M. Gulyaev, A.A. Peresada, D. Chervnov and others. [1-7]

## II. Page Setup

Consequently, an investment strategy is a set of long-term investment activity that is directly dependent on the overall development strategy of an enterprise, as well as a set of the most effective tools for its achievement. Since the investment strategy directly depends on the overall strategy

for enterprise development, then of course it can not go against the mission and objectives of the enterprise. An investment strategy can be presented as a long-term plan of investment activity of the enterprise, which defines the priority areas of investment, the form of investment, the source of investment resources, criteria for the selection of investors, as well as the sequence of stages of securing long-term investment objectives of the enterprise.

Understanding the relationship of the investment strategy with other important elements of the overall strategy of enterprise development, such as: marketing strategy, market strategy of the enterprise, financial strategy, advertising strategy, allows to make more effective the process of its development.

The effectiveness of developing an investment strategy of an enterprise depends on certain conditions, in particular the dynamics of the factors of the external investment environment, both direct and indirect action. The constant change of the main macroeconomic indicators associated with investment activity of enterprises, the tempo of technological development, fluctuations in the market conditions of investment resources, the variability of state investment policy and forms of regulation of investment activity do not allow to effectively manage investments of enterprise based only on previously accumulated experience and traditional methods.

After analyzing the process of choosing an investment strategy, we propose the following stages ( Fig. 1):

1. Determination of the mission of the enterprise: The mission of the organization is the key ideological pillar of strategic planning, which forms the basis for the effective functioning of the enterprise both in the current period of time and in the future. [8]

2. Formation of enterprise goals: considered as setting the parameters of the expected most acceptable state at a fixed time point (for a certain period of time) in the process of its development, taking into account the dynamics of the environment and the production potential of the enterprise. [9]

3. Analysis of the factors of the internal and external environment: it is the process of determining critical elements of the external and internal environment, which have an impact on achieving the goals of the enterprise.

4. Determination of the objectives of the investment activity of the enterprise: the objectives of the investment strategy may be different, in particular: profit, saving or capital gains, updating of fixed assets of the enterprise, support of liquidity of the enterprise, prevention of bankruptcy risk, etc.

5. Development of versions for an investment strategy: involves the development of several alternative strategies to maximize the effect and achieve the goals.

6. Harmonization of investment strategies with other elements of the overall strategy of enterprise development: provides for the establishment of interconnections with such elements as: marketing strategy, market strategy of the enterprise, financial strategy, advertising strategy, etc.

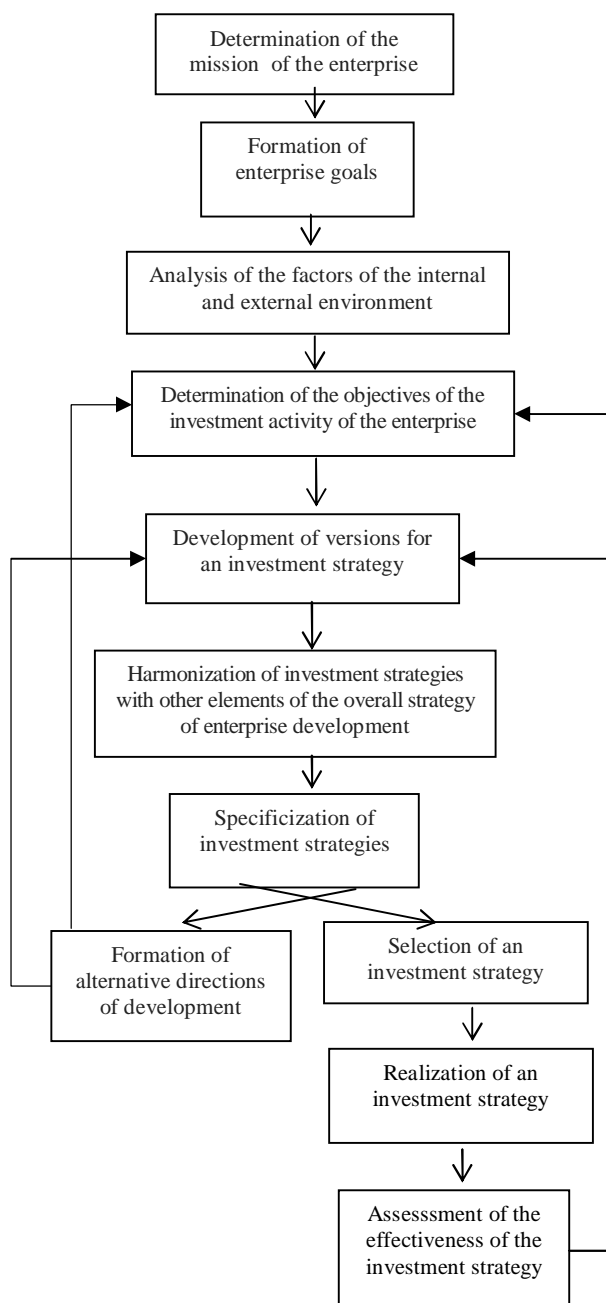
7. Specification of investment strategies: involves refining the data and taking into account the duration of this investment strategy.

8. Formation of alternative directions of development: this clause is foreseen in the event that none of the presented strategies is not able to provide goals that were set before it.

9. Selection of an investment strategy: involves the choice of the least costly and most effective investment strategy.

10. Realization of the investment strategy: provides implementation of all set tasks and achievement of the formed goals.

11. Assessment of the effectiveness of the investment strategy: involves comparing the actual indicators with the plans.



In the process of developing an investment strategy, the enterprise should receive a clear idea of the parameters that characterize the possibilities and limitations of the

development of the investment activity of the enterprise, namely: the level of strategic thinking of owners and investment managers of the enterprise; level of knowledge of investment managers about the state, future dynamics of the most important elements of the external investment environment; prospects of formation of investment resources of the enterprise, their anti-inflationary protection; compliance of the level of investment activity of the enterprise with current and perspective requirements of its development, completeness of its investment potential; the presence of an integrated strategic concept in the company in the form of a mission, general strategy, system of strategic development standards and its structuring in the context of separate units; efficiency of investment analysis, planning and control systems of the enterprise and their orientation towards solving strategic problems; conformity of organizational structure of management of investment activity of the enterprise to the tasks of its perspective development; level of investment and organizational culture of the enterprise.

## Conclusion

The process of choosing an investment strategy must pass certain mandatory steps, but in the dynamic environment, under the influence of various factors, and depending on the enterprise, the number of stages can be reduced or expanded.

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