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Characteristic features of integral estimation method application of investment attractiveness of agricultural enterprises in Ukraine

The development of market relations in Ukraine is impossible without the effective functioning of enterprises, which are the leading element of the state financial system. The agricultural sector has strategic importance for the development of Ukraine's economy, which ensuring food security in the country. That’s why in terms of under-funding of agricultural enterprises and the low level of investment proposals ways of improving the investment attractiveness of the agricultural sector are to be identified in order to increase the level of investment resources from both domestic and foreign investors.

The main aim of this research is to analyze the integral methods of investment attractiveness evaluation of companies based on the example of the agricultural enterprises.

Enterprises and organizations bankruptcy prevention agency approved the Technique of integral evaluation of investment attractiveness of enterprises and organizations [1], which is meant to determine the integral index of investment attractiveness of enterprises and organizations.

The value of the integral indicator of investment attractiveness is calculated using the following formula:

$$I = \sum_{i=1}^{m} \sum_{j=1}^{n} R_{ij} \cdot B'_{ij} \,, \tag{1}$$

where I – the integral value of the indicator of investment attractiveness;

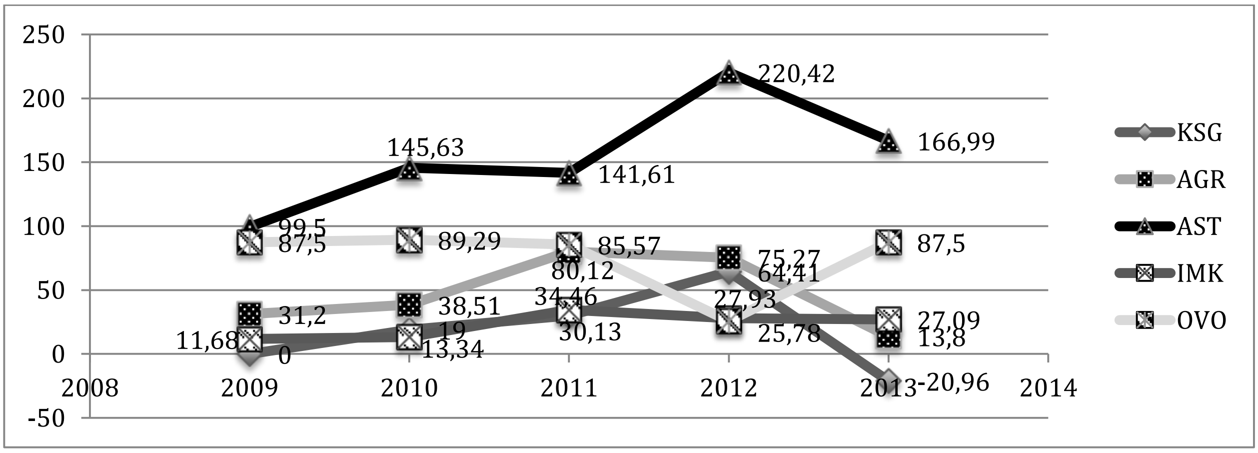
m – number of groups;

n – number of indicators;

R_{ij} – the value of the j-th indicator for the i-group;

B'_{ij} – the total weight of the indicator.

The research objects were selected from TOP 100 agricultural holdings in Ukraine [2] from which the following: Agroton Public (AGT), Astarta Holding N. V. (AST), Industrial Milk Company (IMC), KSG Agro (KSG) and Ovostar Union (OVO) were choosen. Among them were only the companies whose shares are traded on the world stock exchanges, because one of the most effective sources of raising capital is issuing and placement of shares on the stock exchange. Pic. 1 shows calculated values (according to formula 1) and the dynamics of change of the integral index for the period of 2009-2014.



Pic. 1. The integrated indicator of evaluation of investment attractiveness of the agricultural holdings of Ukraine for 2009-2014
(calculated by the author based on annual financial statements of enterprises)

As it can be observed from Pic. 1, the clear leader in terms of the level of investment attractiveness is the agricultural holding Astarta, the value of the integral index of which reaches values above 100 %, but in 2014 compared to 2013, the figures showed decline by almost 60 %. In other companies, throughout the period a fairly stable level of investment attractiveness was shown by the company Ovostar, the sharp decline in 2012 isn't taken into account.

Therefore, there have been revealed both advantages and disadvantages of the integral index of investment attractiveness assessment for agricultural enterprises. Firstly, this method allows to evaluate different aspects of economic activity through the computation of financial ratios and the integral indicator. Secondly, this technique allows to combine many different units of measurement, weight and other characteristics of the factors in one indicator. Thirdly, the technique allows investors to assess a specific company without considering the investment attractiveness of the country, region or industry. However, apart from these advantages, there are disadvantages of the application of the methodology to assess the level of investment attractiveness of agrarian enterprises. Firstly, this is due to the lack of consideration of the factors of agricultural sector specifics, such as seasonal production, variety of crops, the influence of the variety of weather patterns, etc. Secondly, the need for a quite extensive array of input information for the calculations. Thirdly, external factors influence on enterprise activity not been considered.

Therefore, the basis for further research will be development of a comprehensive system of assessment of investment attractiveness of agricultural enterprises subject to the disadvantages and benefits of the method and application of diverse indicators for assessing the financial activity of the enterprise, which can be tested for different user groups.

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