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THE DEVELOPMENT OF ICS INVESTMENT ACTIVITIES MANAGEMENT SYSTEM IN DIGITAL MODERNIZATION CONTEXT

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Abstract

The article views the problems of integrated corporate structures (ICS) management system development. It is noted that the further development of ICS investment management system should be carried out with the use of modern information and communication technologies in the context of the Russian economy digital modernization defined in the Russian Federation legislative acts. The necessity of solving these problems is stipulated by the fact that ICS make it possible to concentrate investment resources and direct their use to physical assets updating to improve the quality and competitiveness of Russian industry which is not yet able to produce consumer goods and industrial products that can compete with foreign analogues. An integrated approach to the use of ICS investment activities management economic methods reflecting market relations in Russian economy is proposed. The article views such basic management function as ICS investment activities planning. It is shown that investment planning is connected with purposeful investment strategy formation and the development of methods for its implementation. Investment strategy is developed and concretized in ICS investment programme development for the medium term. In turn, investment programme is fully completed in individual investment projects implementation plans. Assessing the effectiveness of ICS investment activities planning the article proposes the approach to the use of the balanced scorecard (BSC) of Kaplan and Norton with six components instead of four: investments effectiveness assessment, buyers, internal business processes, suppliers, training and development and investments. It is also recommended to monitor the results of ICS investment activities planning.

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1. Introduction

The problem of theoretical works on the development of investment activities management system in integrated corporate structures (ICS) is very relevant for the modern Russian economy. The reason is the continuing growth of the moral and physical deterioration of fixed assets. Without significant investments in overcoming fixed assets depreciation, updating them and bringing them in line with Western analogues most Russian companies will not be able to increase the competitiveness of their products and expand production volumes significantly. The role of integrated corporate structures is in combining industrial potential and financial capital, thereby concentrating investment resources in a single coordinating center and using them, first of all, in the innovative direction of updating physical assets in order to improve the quality and competitiveness of Russian industrial products. In fact, Russian industry is not yet able to produce consumer goods and industrial products that can compete with foreign analogues imported to Russia. Therefore, objectively, there is a need to enlarge and integrate economic entities in order to adapt them to market economy competition and trends of economic and social necessity.

The analysis of economic literature shows that management of investment activities is researched, as a rule, in the context of a single enterprise (Kravchenko & Meshalkin, 2006). This article focuses on the investment aspect of economic management methods for integrated corporate structures in industry, at the level of which a comprehensive methodological approach has not yet been formed. The main economic methods of management include: analysis of production, investment and financial activities; marketing; planning; motivation and control. The problem is modern economic methods of investment management do not meet the requirements of joint activities of business units as part of integrated corporations. It is stipulated by the peculiarities of their application within the frame of integrated corporate structures. Despite the fact that studies have appeared on the application of economic methods of ICS management, the degree of elaboration of this problem is still insufficient (Vinslav, 2017).

The author of the article considers the concept of an integrated approach to the formation of investment activities of integrated corporate structures, as the existing theoretical works do not provide a consistent relationship between the investment strategy and its further transformation into investment programmes and projects. Investment projects, procedures for their feasibility study should be considered as a tool for making management decisions. Therefore, it is of paramount importance to know modern methods of assessing and analyzing investment projects in conditions of increased uncertainty in the Russian economy. It should be noted that attraction of investment resources within the frame of integrated corporate structures for the technical re-equipment of the Russian economy on a modern technological basis is an important measure, but not a sufficient one. One of prerequisites for effective investment activities of an integrated corporate structure is improvement of the level of management and above all the necessity to train its specialists in the sphere of methodological approaches to investment management that are new to our economy. The formation of digital economy should make a significant contribution to the development of this sphere. The Programme “Digital Economy in the Russian Federation” was developed and adopted by the Government, dated July 28, 2017 No. 1632-r. Digital economy in its development provides motivation for the transition to a higher quality technical and technological level. It also makes the influence of digital economy on improving the efficiency of investment management obvious (Akimov, 2018).

2. Problem Statement

The content of management process is most fully determined by its functions, i.e. such forms of managerial work that reflect specific ways of purposeful impact on controlled objects. In economic literature these functions include planning, organization, motivation and control. The implementation of control function is carried out with the use of various methods. Three management methods are distinguished: organizational (administrative) method, economic method and socio-psychological method (Yakutin, 2009). The main task of this article is to study economic methods for managing investment activities of integrated corporate structures taking into account the further development of Russian information and communication technologies provided for by the Decree of the President of the Russian Federation (Decree of the President of the Russian Federation, 2017).

3. Research Questions

In modern conditions an urgent problem is the use of economic management methods in the investment activities of integrated corporate structures. For many years administrative, command methods of management prevailed in our economy and its sectors to the detriment of economic ones, which corresponded to the principles of building and functioning of a planned and administrative, directive economy. Strengthening of the role of economic methods as a counterweight to administrative management methods is a direct consequence of market relations in the economy. Economic management methods are the form of purposeful impact of management system on the management object through the use of economic levers and regulators. These methods focus not on centralized impact but on different forms of planning and economic stimulation of production. And this impact is shifted from the field of goals and tasks setting to the field of development of the ways to achieve them. The main attention is paid to creation of conditions aimed at the development of production and the increase of its efficiency.

4. Purpose of the Study

The research includes the development of measures aimed at using an integrated approach to the formation of economic methods for managing the investment activities of integrated corporate structures, as the existing theoretical works do not provide a consistent relationship between the investment strategy and its further transformation into investment programmes and projects. The specific character of the activities of integrated corporate structures transforms the methods of implementing such a basic management function as planning. Investment planning is usually associated with the formation of a targeted investment strategy and the development of methods for its implementation. The formation of an investment strategy is only the first stage of planning the investment activity of ICS. The investment strategy is further developed and concretized in the process of developing the ICS investment programme for the medium term. In turn, the investment programme is completed in detail in the plans for the implementation of individual investment projects. In planning of the investment activities of ICS, attention is focused on the use of modern information and communication technologies.

5. Research Methods

Systemic and integrated approaches to the consideration of the problem of development of the investment management system of ICS are used in the research. System analysis is a set of methods and tools for studying complex, multi-level systems, objects and processes based on integrated approach. It also takes into account the interconnection of system elements. It is widely used in planning, management, management decision making, etc. Integrated approach is a form of concretization of consistency as it is based on consideration of management problems in their connection and interdependence using research methods of many sciences that also study these problems. In other words, if system approach is, first of all, a way of seeing an object or a problem, complexity is a form of integration and cooperation of management activities. The information base of the research was formed by the legislative and regulatory acts of the Russian Federation, materials of the Federal State Statistics Service of the Russian Federation, the Internet information network, publications of periodicals and scientific publications of domestic and foreign researchers presented in the form of articles, monographs and scientific editions, materials of international scientific conferences on problems of management of investment activities of corporations.

6. Findings

As it was mentioned above, the basis for planning the investment activities of ICS is the formation of a purposeful investment strategy and the development of methods for its implementation. The starting point of planning is the analysis of the investment activity of ICS and marketing research. The need for a strategic approach to decision-making in the field of investment activities of ICS is stipulated by two circumstances. First, the investment cycle (i.e. the time from investment concept to commissioning of fixed assets) is very long and, depending on industry affiliation, can last from several months to several years. Secondly, real investments are inherently irreversible; and it is very difficult, and often simply impossible to convert the objects of entrepreneurial activities created in the process of investment activities into original monetary form. The liquidity here is very low, and this is especially true for such groups of fixed assets as industrial buildings, structures and special equipment. The content of investment strategy of ICS is determined in the process of investment activities planning for the long term, i.e. through the development of a strategic plan. The presence of a strategic plan will save ICS from chaotic decision-making and make it possible to coordinate production and reproduction processes as well as enable partners to build relationships with it more confidently and reasonably. Strategic investment planning is the development and justification of investment strategy with the use of a set of rules, formalized procedures and indicators. All of them are used to build a model of the future, a plan for transition from the current state to this model. The further direction of the development of a strategic plan for investment activities of ICS is associated with the assessment of its economic efficiency. As a rule, it is carried out with the use of financial indicators. At the beginning of the 90-s Kaplan and Norton (2003) developed a balanced scorecard on the basis of four main components: finance, relationships with customers, internal business processes and training and professional development. It allows you to take into account both financial and non-financial indicators of the economic efficiency of corporate management.

From the point of view of the author, it is advisable to use this scorecard in ICS investment activities management theory and practice. However, at the same time, it, in terms of managing investment activities of ICS, should include not four, but six components: assessment of investments effectiveness, buyers, internal business processes, suppliers, training and development as well as investments. The need to include suppliers and investments in this balanced scorecard is related to the fact that investment strategy is only the first stage in strategic planning of the corporation's investment activities. Further development and concretization, as it was already mentioned above, it receives in the development of ICS investment programme for the medium term. In turn ICS investment programme is completed in the plans for the implementation of investment projects from which it is formed. That is why material and investment resources are included in the list of components of the scorecard. Thus, while preserving already existing indicators of economic efficiency of investment strategies, the balanced scorecard methodology makes it possible to introduce new estimation characteristics which are used in the formation of ICS investment programme, as well as in the evaluation of the economic efficiency of investment projects. This will make it possible to take the interests of investors into account not only with the help of financial, but also with the help of non-financial indicators. The use of economic management methods in the system is of great importance. It means control over the implementation of investment projects and programmes, as well as over the investment strategy of ICS. From our point of view, it is advisable to monitor the investment projects and programmes, which is connected, firstly, with the timely detection of deviations from the targeted indicators of the actual development and implementation of the project and the programme (which takes place in case of control only); secondly, with identifying the reasons of these deviations and, thirdly, with justifying and taking measures aimed at eliminating the possible influence of negative factors affecting the investment project and programme (Blank, 2008).

Three interrelated components of the investment project are monitored:

- deadlines (the project should be carried out according to the schedule);
- costs (project objectives should be achieved within the funds planned for the project);
- quality (compliance with the quality characteristics of material resources and products is required).

Depending on the stage of implementation of the investment project (pre-investment stage, investment stage and operational stage) composition of the indicators characterizing the components of the monitoring system at each stage of the project changes.

Monitoring of an investment project requires periodical carrying out of the following activities in the following sequence:

- monitoring of the actual state of the project realization (collecting and documenting of actual data);
- analysis of results and measurement of indicators, i.e. the assessment of the current state of activities and making a comparison of the results with the planned indicators;
- corrective activities – planning and carrying out of activities minimizing deviations from the plan.

The programme “Digital Economy in the Russian Federation” developed and adopted by the Government Order of 28.07.2017, No. 1632-r can significantly increase the efficiency of planning ICS investment activities through the development and implementation of modern information and communication technologies.

7. Conclusion

The research carried out in the article has shown that integrated corporate structures should play an important role in the renewal of fixed capital on a modern technological basis, allowing to concentrate investment resources in order to use them to improve the quality and competitiveness of Russian industrial products. Attracting investment resources within an integrated corporate structure for this purpose is an important measure, but not sufficient. It is necessary for specialists to master new approaches in the management of investment activities of an integrated corporate structure. In modern conditions, an urgent problem is the use of economic management methods in the investment activities of integrated corporate structures that correspond to market economic relations. The effectiveness of the implementation of economic methods for ICS investment activities management, which is a tool of practical implementation of management functions, is directly connected with their complex use including the use of modern information and communication technologies (Decree of the President of the Russian Federation, 2017; Order of the Government of the Russian Federation, 2017).

When planning the investment activities of ICS, the first stage is the development of investment strategy. The basis for its development is the analysis of the state of investment activities of ICS and marketing research. When assessing the effectiveness of the ICS investment strategy, the article proposes the author's approach to the use of the balanced scorecard (BSC), developed by Kaplan and Norton, which includes six instead of four components: investment performance assessment, buyers, internal business processes, suppliers, training and development and investment. Thus, maintaining the already existing financial indicators of the economic efficiency of investment strategy, the BSC methodology makes it possible to introduce new estimation characteristics that are used in the formation of ICS investment programme, as well as in the evaluation of the economic efficiency of investment projects. This will make it possible to take into account the interests of the investor using both financial and non-financial indicators. To check the performance it was proposed to monitor three interrelated components of the investment project: 1) deadlines 2) costs, 3) the quality of material resources and products. Depending on the stage of implementation of the investment project (pre-investment stage, investment stage, and operational stage) it is necessary to take into account the change in the composition of indicators and objects of influence during the process of monitoring. The content of the research carried out in the article does not pretend to be an exhaustive disclosure of all theoretical and practical problems of the development of economic methods for managing the investment activities of ICS. The author understands the need in the further research of these problems in both fundamental and applied directions.

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