

**T. Charhaziia**

Candidate of Economic Sciences,  
Associate Professor at the Department of Enterprise Economics,  
Donbas National Academy of Civil Engineering and Architecture

## **NATURE AND CHARACTERISTICS OF INVESTMENT ACTIVITY IN ECONOMY OF LARGE INDUSTRIAL CITY**

In the article it is proved that the city is a primary element of territorial socio-economic systems, development of which affects higher-level systems (region, country). At the same time, the economy of the city depends on the availability and effective use of investment resources. Economic development of a large industrial city can be provided through activation of the investment processes.

It is determined that the investment processes in large industrial cities occur under the following conditions: a big city is a differentiated socio-economic system that includes several districts that serve different functions; in the studied category of cities, the significant proportion of the population works in the industry, and the structure of the economy (of the most cities) requires diversification; urban economic system is an integrated system and needs to reduce the gap in the level and quality of life of the local community and dynamic, sustainable development.

Features and difficulties of investment activities in the economy of large industrial cities require the study of the essence of “investment activity” and approaches to its definition.

As a result of the critical analysis of the components of the concept “investment activity”, it is proposed to define it as a positive trend manifested in change of a number of parameters that characterize the amount of investments, the results of implementation and sources of income.

The analysis of the nature of components of the concept “economy of a large industrial city” enables to defined how the relationship of production, distribution, exchange and use of human resources, fixed assets, investment and other resources of

the city among individuals, businesses and government, given the fact that the population of the city varies within 250-500 thousand people, the vast majority of whom are employees in the industry, which is part of the national economy, and in turn consists of districts (inner city).

In this paper, the essence of investment activity in the economy of a large industrial city is defined as the activity of ensuring high rates of attraction and use of investment resources for reproduction of productive forces.

It was determined that the problem of increased investment activity is treated mainly from two perspectives: firstly, as the need for renewal of instrument of labour as a result of a high level of its physical and moral obsolescence (reproductive approach) and, secondly, as a basis for structural reconstruction and transition to sustainable growth of real economy (the concept of investment climate).

It is determined that reproductive approach aims at mobilization of Ukrainian investment resources of the territorial economic system – internal funds of enterprises and organizations. It is suggested to use these funds for territorial units' development by implementing active measures in areas such as depreciation policies, tax regulations, infrastructure and others. At the same time, the approach of the investment climate based on attracting foreign investments (virtually all investments, regardless of the sources are considered as external) by encouraging business and investment activity, that is, through the system of privileges and preferences, infrastructure development projects, improving regulatory framework and others.

The author determines that the two concepts in terms of practical recommendations are not always contradictory.

It is proved that in the most developed regional economies to study the investment activity more adequate is conception of the investment climate, and in other territorial entities - reproductive concept.

To further increase the investment activity of the territorial formation, it is necessary to determine its previous level in a definite period of time, which requires study of existing methods of assessment.

The summary of the essence of the concept of “investment activity” in the context of economic development of a large industrial city makes it possible to determine instruments of its assessment and ways of its improvement.

#### References

1. The Law of Ukraine «On investment activity» (1991), News of Verkhovna Rada in Ukraine, no. 561-XII (as amended and supplemented).
2. Osaulenko, O.H. (2009), *Statystychnyi shchorichnyk Ukrainy za 2008 rik* [Statistical Yearbook of Ukraine for 2008], DP «Informatsiyno-analitychne ahentstvo», Kyiv, Ukraine, 567 p.
3. *Investitsii ta budivelna diialnist u Donets'kii oblasti v 2000-2008 rokakh: stat. zb* [Investment and construction activity in Donetsk region in 2000-2008: Statistics] (2009), Donetske oblasne upr. Statystyky, Donetsk, Ukraine, 119 p.
4. Ushakov, D.N. (2004), *Tolkovyy slovar sovremennogo russkogo yazyka* [Explanatory dictionary of modern Russian language], available at <http://enc-dic.com/ushakov/Aktivnost-372.html> (access date September 15, 2012)
5. *Slovyk ukrainskoi movy. Akademichni tlumachnyi slovyk* [Dictionary of the Ukrainian language. Academic Dictionary] (1970-1980), available at <http://sum.in.ua/s/aktyvnisti> (access date September 10, 2012)
6. Zaripova, R.N. (2004), “Investment activity in the region”, Thesis of Cand. Sc. (Econ.), 08.00.05, Ufa, Russia, 143 p.
7. Zanadvorov, V.S. and Zanadvorova, A.V. (2003), *Ekonomika goroda. Vvodnyy kurs* [The city's economy. Introductory course], tutorial, IKTs «Akademkniga», Moscow, Russia, 272 p.
8. Aniskin, Yu.P., Budarova, A.Yu., Popov, A.N. and Privalov V.V. (2002), *Upravlenie investitsionnoy aktivnostyu* [Management of investment activity], IKF «Omega-L», Moscow, Russia, 270 p.
9. Karlova, N.P. (2002), “Organizational and economic mechanism of increased investment activity in the region”, Thesis abstract of Cand. Sc. (Econ.), 08.10.01, Donetsk, Ukraine, 25 p.
10. Salimov, L.N. (2009), “The essence of investment activity and its importance in the management of regional economies”, *Vestnik Chelyabinskogo gosudarstvennogo universiteta*, no. 9 (147), pp. 83-88.
11. Kazakevich, E.A. (2002), “Formation of the investment climate in an urban industrial complex: methodological aspect”, Thesis abstract of Cand. Sc. (Econ.), 08.00.05, Novosibirsk, Russia, 23 p.
12. Deryabina, Ya. (2003), “Comparative analysis of approaches to the evaluation of investment attractiveness and investment activity of Russian regions”, *Investitsii v Rossii*, no. 8, pp. 9-19.
13. Grishina, I., Shahnazarov, A. and Royzman, I. (2001), “Comprehensive assessment of investment attractiveness and investment activity of Russian regions: method of determination and analysis of the relationship”, *Investitsii v Rossii*, no. 4, pp. 5-16.
14. Budyakov, V.Ye. (2008), “Methods of increasing investment activity in the region”, Thesis of Cand. Sc. (Econ.), 08.00.05, Donetsk, Ukraine, 181 p.
15. Grishina, I. (2002), “Application of the integral index of investment attractiveness of the region for the medium-term forecasting of investment activity in the subjects of the Russian Federation”, *Investitsii v Rossii*, no. 3, pp. 3-11.
16. Klitorin, V.I. and Sander, D.S. (2003), “Approaches to the evaluation of investment activity in the regions of Russia”, *Region: ekonomika i sotsiologiya*, no. 1, pp. 113-132.
17. Dorofienko, V.V., Bezzubko, L.V., Sorokurov, G.I., Volskaya, E.M. and Zaharov S.E. (2008), *Formirovanie i ispolzovanie investitsionno-innovatsionnogo potentsiala v regione* [Formation and use of investment and innovation capacity in the region: a monograph], Donbas national academy of civil engineering and architecture, Donetsk, Ukraine, 197 p.
18. Velichko, M.I. (2008), “Prediction of the investment activity in the industry”, *Audit i finansovyy analiz*, no. 4, pp. 306-309.
19. Mital, O.H. (2006), “Rationalisation and stimulate investment activity of regions of Ukraine”, *Kultura narodov Prychernomor'ya*, no. 96, pp. 59-65.
20. Turiyanska, M.M. (2004), “Investment Climate: approaches to modeling”, *Naukovi pratsi Donets'koho natsional'noho tekhnichnoho universytetu*. Serii: ekonomichna, DonNTU, Donetsk, Ukraine, no. 76, pp. 103-111.
21. Gudzh, M.V. (2010), Investment mechanism for implementing regional development policy, *Collected Works “Teoretychni i praktychni aspekty ekonomiky ta intelektualnoi vlasnosti”*, PDTU, Mariupol, Ukraine, Vol. 3, pp. 75-82.
22. Belkin, V.D. and Storozhenko, V.P. (2002), “Indicative planning and increasing investment - the prerequisites higher growth”, *Ekonomicheskaya nauka sovremennoy Rossii*, no. 4, pp. 44-56.