

Academy of Strategic Management Journal 2016 vol.15 NSpecialIssue1, pages 198-209

Concept of integrated management of financial flows of an investing region

Klychova G., Kuznetsov V., Yashin S., Koshelev E. Kazan Federal University, 420008, Kremlevskaya 18, Kazan, Russia

Abstract

In this paper, a concept of integrated management of financial flows of an investing region and associated risks has been developed. This concept includes the following areas: 1) a concept of management of financial flows, 2) a concept of management of investment flows and 3) a concept of management of investment financing risks. With a view to developing a general concept of integrated management of financial flows of an investing region, a separate new category of regional risks of financial flows has been conceived, which is an integrated index combining other regional risks, more specifically, the capital flow risk category. In the light of direct influence of market factors on management decision making by a Regional Government, this paper contains a developed concept of capital flow risk management in the region. The Regional Government, as the most informed investor, is suggested to carry out arbitrage operations both in the home market and in a market located outside the region. The obtained cash earnings must be firstly distributed in the form of additional investment resources on a competitive basis among enterprises strategically important for the region. Based on the developed concept of capital flow risk management in the region, there has been created an organizational plan for capital flow risk management in economic life on the part of executive authorities represented by the Ministry of Economic Affairs of the Nizhny Novgorod Region: 1) using the stochastic dominance method and 2) using the financial arbitrage method.

Keywords

Capital Flow Risk, Financial Flows, Investing Region, Investment Flows