

## FACTORS INFLUENCING THE INVESTMENT ATTRACTIVENESS OF THE ENTERPRISE

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### Abstract

*This article describes the factors affecting the investment attractiveness of the enterprise, and the directions and methods of the investment activities of the companies are described in detail. As well as the importance and theoretical foundations of investment in the establishment of enterprises. The importance of cash flows in the activities of enterprises, the methods of their correct organization have been carefully considered. Using theoretical concepts and comparative analysis, the author substantiates the impact of improving mechanisms of attracting extra money of the investors in the enterprise on the economy.*

### Keywords:

*Investment, international finance market, enterprise, investment policy, entrepreneurship, investment process, liberalization, attractiveness of economic systems*

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## INTRODUCTION

Investment activities play a vital role in the growth and development of any economy. They are essential for creating new businesses, generating employment opportunities, and promoting innovation. The prospect of investment activities is an exciting topic, as it offers insights into the future of economic growth and development.

World experience has shown that it is important to attract investment, especially in developing countries, to ensure economic stability. As the main direction of expansion and modernization of production is investment, the economic development of any state depends on its investment policy. In this regard, each state is carrying an investment policy with a view to making structural changes in the economy through the use of modern technologies and foreign capital[1].

The global investment landscape is constantly evolving, driven by technological advancements, changing consumer behaviors, and geopolitical factors. Understanding the nature and characteristics of investment activity is necessary both for micro and macroeconomics, and for people who are investors in various projects or are going to become such. Currently, there is a significant influx of foreign investment in Uzbekistan, but in our country there are a number of problems that repel foreign investors. In the system of economic reproduction, investments play the role of one of the key factors of economic growth, contributing to the renewal and increase of production resources, the renewal of production capacities, and the introduction of technological innovations into production.

The formation of a stable and competitive economic structure of the national economy requires the involvement of all national resources and the maximum use of advantages, however, it is impossible to leave without due attention investment sources outside the country, which should

arrange and strengthen the transformation process. The investment activity of the company is the investment and implementation of practical actions in order to make a profit or achieve another beneficial effect.

**THE RELEVANCE OF THE RESEARCH SUBJECT.** In some countries, there are problems such as bringing in investments through the stock market of enterprises and their small share in circulation, high state share in joint-stock companies, financial deficit. Low attractiveness and liquidity of instruments, assets in the investment market in the economy, delays in paying dividends to shareholders and other problems hinder the development of the sector. Therefore, a comprehensive and in-depth study of the factors and problems of the development of investments in enterprises, wide attraction of free funds of foreign and local investors, the use of advanced foreign experience in this regard, and the analysis of the real situation will be the solution to the problems. It is important to make suggestions.

**THE PROBLEM OF THE RESEARCH.** There are large-scale research on attracting and more efficient use of free cash of investors in the development of the global securities market. They cover mainly the role of the securities market in the economy, the types and essence of financial instruments, the importance of attracting free financial resources of investors to the securities market, as well as the issues of control in the stock market. However, these studies insufficiently identified actual problems associated with the development of the securities market by attracting free funds for joint-stock companies. The direction of financial resources into assets with high yield in the stock market and ensuring that their profitability has so far, they have not found their positive decision. This, in turn, determines the relevance of the study on the involvement of free cash of investors to the securities market.

**THE PURPOSE OF THE RESEARCH.** The purpose of this study is to develop scientific conclusions and recommendations on issues related to analysis of the factors influencing the investment attractiveness of the enterprise.

**THE SCIENTIFIC ESSENCE OF THE RESEARCH.**

The fundamentals of the development of the securities market by attracting free money from the population, the stages of development of stock markets, the evolution and mechanisms of attracting free money to them, their scientific, theoretical and methodological aspects have been widely covered in the research works of foreign scientists-economists, such as M.Wilkins[2], S.Hymer[3], McConnell J.E. [4], Sader F.[5], N.J.Glickman, D.P.Woodward [6].

Among the scientists-economists from the CIS countries working in this area, Akhmetshin, E. M., Artemova, E. I., Vermennikova, L. V., Shichiyakh, R. A., Prodanova, N. A., &Kuchukova, N. M. [7], Trubitsina O. P., Bashkin V. N. [8], in their research they described the investing market and the activities of the enterprises.

From Uzbek economic scientists M.N.Mirzaeva, F.Ergashev, R.Kholboev, Kh.Abdullayev[9] researched on improving the system of investment in economy of Uzbekistan and the problems of, as well as scientists in this area, Kurpayanidi K. I. [10], Alisherovna M. K[11], N.Rajabov, S.I.Mustafakulov[12], Gozibekov D., Nosirov E. [13],A.I.Karimov[14] conducted their own studies and developed suggestions and recommendations on the development and improvement of investment activity of enterprises.

**RESEARCH METHODS.** Scientifically, there are several research methods in the article while analyzing development of the securities market and its issues. It can be seen that induction, deduction, comparative analysis, trend analysis, abstract and other methods are used in the research.

**ANALYSIS AND RESULTS.** The economic essence of the company's investment activity lies in the fact that it provides the most effective ways to implement the company's investment strategies. At its core, the investment process involves abandoning the consumption of resources at the present time in order to generate income in future periods. As usefuleffect can be commercial, social, environmental results, etc.

Investments can also be viewed as a process that, during the reproduction of fixed assets, reflects the movement of their value. In other words, it is a system of economic relations that are associated with a movement of value that has been advanced to fixed assets since the mobilization of cash, until their return. However, in our opinion, this definition is too narrow [7].

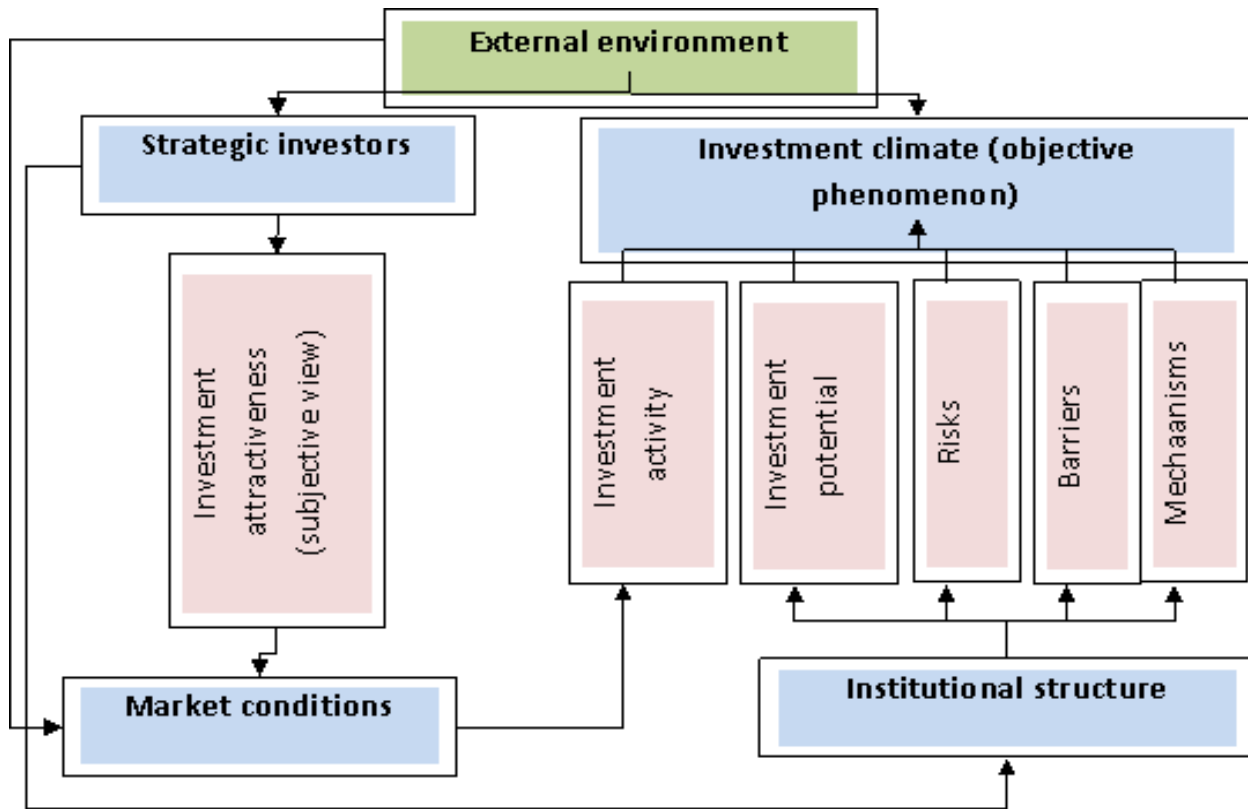
Improving the efficiency of industrial entrepreneurship depends on a rational combination of government regulation and direct support for investment entrepreneurship at the state republican, territorial and local levels. The primary measures of market regulation include the transfer from direct subsidies to targeted subventions, multi-subject financing of the most significant production projects at the expense of budgetary and private investments, provision of state and municipal guarantees to commercial banks' lending to long-term production projects, taking measures to reduce investors' risks, in particular due to their redistribution between state, investment and insurance organizations [10].

The role of investment projects in the development of the national economy is enormous, first of all, foreign investment will develop the production of export-oriented products by introducing modern techniques and technologies in production; secondly, the introduction of import-substituting goods, which will allow to attract foreign investment to priority sectors of the economy and, ultimately, to ensure a decent standard of living for the population; third, it will help solve the problem of unemployment by providing jobs to the population through the development of small business and private entrepreneurship and the acceleration of agricultural production; fourth, it will renew and technically re-equip outdated production facilities, material and technical base of enterprises; fifth, it promotes the establishment of natural resource processing enterprises, and so on[15].

An enterprise is an economic entity that produces goods, sells, performs work and provides services based on the use of economic resources. External economic the activity of enterprises refers to the areas of economic activity related to international industrial integration and cooperation, import and export of goods and services, access to foreign markets. The main forms of foreign economic activity of enterprises are foreign trade activities and international cooperation of production. An important role is played by the state regulation of foreign economic activity. State regulation of foreign economic activity is the regulation of foreign trade, investment and other activities in the field of international exchange of goods, information, works, services, results of intellectual activity [16].

The investment process in the enterprise depends on external and internal environmental factors. Any company needs financial resources for new projects or activities. In particular, foreign and domestic investors are interested in the company's financial performance and profitability before investing. Therefore, companies should pay special attention to the level of profitability and efficiency, in which strategic planning becomes important.

Foreign economic activity can be carried out at the state level or at the level of individual economic agents. In the first case, foreign economic activity is aimed at creating a basis for cooperation between states and the formation of legal, trade and political mechanisms that stimulate and increase the efficiency of the development of foreign economic relations.



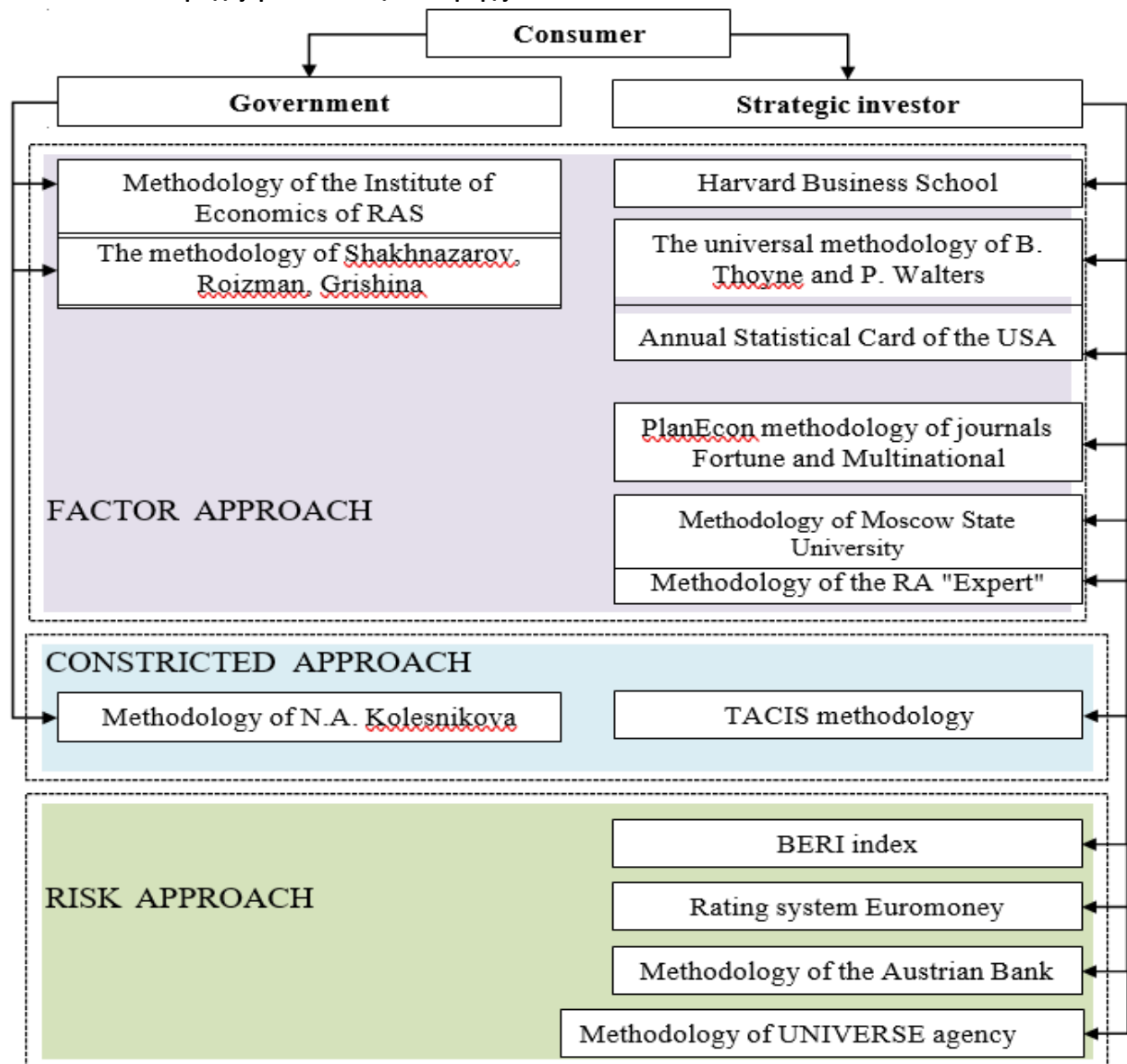
*Investigation of investor preferences*

**Figure 1. Interrelation of elements of investment process [17]**

1. Constricted approach: the calculation uses the indicator of the level of profitability of the used assets;
2. Factor approach: the identification of a set of influencing factors and the determination of the weighted average estimate;
3. Risk approach: risks are assessed in terms of the possibility of investment losses and income on them.

All methods imply consideration of a set of various factors that influence the prospects of investment projects. The number of these factors, their specifics and structure, the methods of evaluation, the methods of measurement, the weights of the factors vary considerably and represent positions of certain methodologies and the certain specifics of application.

At the same time, world practice and experience show that the problems that hinder the investment and innovation activities of a business can no longer be solved by simple means, such as the granting of benefits or the publication of new declarative norms. Liberalization of entrepreneurial activity is required to activate private investment. There is a need for constant communication with business, to identify and overcome barriers to the development of certain sectors. In this regard, active work is being done in the following areas [18].



**Figure 2. Classification of methodologies for assessing the investment attractiveness of economic systems [17]**

The internal environment is important for assessing the investment attractiveness of the company. The internal environment can be defined as a process by which potential investors can make a final decision on whether to invest or not. This is the process by which potential investors can make the final decision on whether to invest or not invest in the company. This is a process with which you can make a final decision on whether it is worth investing in the company, taking into account the reliability of this object of investment.

However, the following conclusions can be made in general:

1. There is no unified international or even national standard for a comparative assessment of the investment attractiveness of high-rise construction projects.
2. There is a limited set of indicators to be considered, which does not take into account the differentiation of the regions.

3. The generalized estimate does not take into account the significant factors of attractiveness of high-rise construction projects in a particular case.

4. There is no account of the legislative conditions for investment, especially in the part of regional and local legislation.

5. There is no clear justification for the principles of aggregation of a set of valuation indicators.

6. There is uncertainty about the period of research.

7. Often the methods are of a general nature, they do not take into account the sectorial specifics and priorities of certain groups of investors [17].

The socio-economic essence of the investment activity of companies can be represented at the macro and micro levels. The role of investment activities of companies is presented in Table 1.

**Table 1**

**The role of investment activities of companies**

<b>At the macro level</b>	<b>At the micro level</b>
1. Systematic expansion and renewal of the main production funds industry and non-production sphere	1. Increasing the scale and expanding the scope of activities of small and medium-sized businesses
2. Acceleration of scientific and technical progress, intensification of innovation in the economy	2. Prevention of excessive moral and physical depreciation offixed assets of the enterprise
3. Improving the quality of domestic products, maintaining and expanding its competitiveness	3. Renewal and expansion of the material and technical base of the enterprise
4. Balanced development of all sectors of the national economy and Territories	4. Improving the technical and technological level of production based on the introduction of new equipment and technologies
5. Ensuring positive structural changes in the economy	5. Improving the quality of products and maintaining and expanding its competitiveness both domestically, and in the world markets
6. Formation of the necessary raw materials base	6. Reducing the cost of production and sales of products
7. Building up the economic, innovative, technological, human resources of the country	7. Establishment and strengthening of control over the adoption of key decisions in the enterprise, the acquisition of control Block of shares
8. Expansion and optimization of the industry Export structures	8. Acquisition of securities and investment funds in the assets of other enterprises
9. Solution of unemployment, a, Accordingly, the growth of the standard of living and well-being of the population	9. Ensuring and expanding the competitiveness of the enterprise



In any investment project, three main participants can be distinguished: this is the investor himself, who invests his funds in order to increase them; the company involved in the direct implementation of the project; as well as the state. Any enterprise strives to maximize profits, as well as to increase its market value. The expansion of enterprises leads to economic growth in the long run.

Thus, all subjects of investment activity receive their beneficial effect: from profit for the investor to a positive socio-economic effect for the whole country.

Already from the standpoint of the goal, it can be noted that the instruments of financing for development differ in the stability of the request for the return of funds. The company's own funds must be received in any case, as they are used to pay staff, purchase urgent current assets. Payments on a bank loan should be made according to the schedule, while minor deviations are allowed, which are compensated by penalties. Finally, a return on investment is only possible as the project reaches a positive cash flow point.

Thus, all financing instruments have different levels of risk (financial, commercial or credit). The use of own funds involves almost zero risk, the probability of non-return or loss should be as close to zero as possible.

No economy in the world can develop without investment. They are the basis for accelerating scientific and technological progress, implementing a policy of expanded reproduction, improving the quality of products and services of the enterprise and its normal functioning as a whole.

To date, due to numerous researches works of domestic and foreign experts in the field of economics, there are many approaches to the definition of investments, consider some of them:

1. Investments - the flow of invested funds, diverted for a specific purpose from direct consumption.

2. Investments are understood as property and intellectual values that are invested in business objects in order to generate income (profit) or achieve another beneficial effect.

3. Cash, securities, other property, including property rights, other rights that have a monetary value, invested in objects of entrepreneurial and (or) other activities in order to make a profit and (or) achieve another beneficial effect, shall be recognized as investments.

4. Investments - capital invested in order to generate income in the future. This investment should compensate the investor for deferred consumption, the expected increase in the general price level and the uncertainty of obtaining future income (risk).

Thus, investments are a more capacious economic category, including, in addition to investments in the reproduction of fixed assets, investments in current, financial assets, certain types of intangible assets.

In the economic system, temporarily free funds (savings) can belong to various persons - individuals, legal entities, the state, subjects of the federation, municipalities. It is they who carry out the investment process, being the subjects of investment.

The object of investment is the assets (instruments) in which (or through which) investments are made.

The main purpose of investing is to find and determine a way to invest, which would provide the required level of profitability and minimal risk.

Characteristic features of investments are:

1. purposefulness of the investment;
2. potential profitability;

3. availability of the investment period;
4. the possibility of obtaining passive income;
5. Riskiness of deposits.

Thus, managing investments in an organization is a complex process that requires the application of various knowledge and skills to achieve success and make a profit.

The movement of funds from investment activities (CFI) is one of the sections of the cash flow report that reports how many funds were received or spent as a result of various types of investment activities during a certain period. Investment activity includes the purchase of material assets, investments in securities and the sale of securities and assets. Negative cash flows are often a sign of the poor work of the company. However, negative cash flows from investment activities can be caused by the fact that large amounts of money are invested in research and development or other long-term benefits of the enterprise. The cash flow from investment activities is the section of the report on the movement of funds, which shows the money received or spent in connection with investment activities. Investment activity includes the purchase of physical assets, investments in securities and the sale of securities or assets. A negative cash flow from investment activity cannot be a bad sign if the management invests in the long-term health of the company.

### **CONCLUSIONS AND SUGGESTIONS**

The most important components of the economic potential of the enterprise, first of all, should be attributed to its innovation component. This is an important role in the introduction of new markets and the implementation of innovative discoveries to meet the growing needs of society. In the most general form, innovation capacity characterizes the ability and willingness of the enterprise to achieve leadership in optimization, updating and used equipment and technologies. At the same time, innovation component is not limited to technical and technological aspects, but also covers Personnel Management, Marketing and other areas.

In the diagnosis of investment attractiveness of the automobile transport enterprise, signs integrated assessment, which is associated with the realization of certain production goals, is of particular importance. The production potential of the enterprise allows to determine the characteristics of the network, determine the type of transport services and establish priorities for further development.

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