



FACTORS DETERMINING THE INVESTMENT ATTRACTIVENESS OF INDUSTRIAL ENTERPRISES AND CRITERIA FOR THEIR EVALUATION

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ABSTRACT

This thesis scientifically and theoretically analyzes the factors that determine the investment attractiveness of industrial enterprises and the criteria for their assessment. The study reveals the essence of the concept of investment attractiveness, the factors that shape it are classified into internal (financial-economic, production-technical, managerial and personnel potential) and external (market-competitive, institutional-legal) groups. Also, the main quantitative criteria used to objectively assess the investment attractiveness of an enterprise (financial stability, profitability, business activity, etc.), as well as methods for their determination (rating, analysis of financial coefficients, expert assessment, SWOT-analysis, integrated assessment) are systematically covered. The results of the study are visually confirmed through tables and diagrams, and are concluded with practical recommendations for industrial enterprise management and potential investors.

Keywords

investment attractiveness, industrial enterprise, investment, internal and external factors, evaluation criteria, financial stability, profitability, integral evaluation method, competitiveness, investment risk.

INTRODUCTION

In a market economy, the sustainable development, technological renewal, and increased competitiveness of industrial enterprises directly depend on their investment potential. Investment attractiveness is a complex concept that reflects not only the



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financial condition of an enterprise, but also its innovative, managerial, and market potential. The relevance of the topic is that investors need to comprehensively analyze many quantitative and qualitative indicators of an enterprise before directing funds. Therefore, it is of theoretical and practical importance to systematize the factors determining the investment attractiveness of industrial enterprises and to develop scientifically based criteria for their assessment.

The purpose of this thesis is to systematically identify the main factors affecting the investment attractiveness of industrial enterprises, as well as their assessment criteria and methods.

Investment attractiveness is an economic category that expresses the degree to which an enterprise is attractive to investors, that is, its convenience in terms of return on investment, profitability, and security. Many scientists believe that this concept is a combination of the financial stability of the enterprise, its production potential, market position, and the quality of management.

The following main characteristics of investment attractiveness should be highlighted:

- be complex and multifaceted;
- variability over time (dynamism);
- quantitative and qualitative indicators can be assessed;
- formed under the influence of the external environment and internal resources¹.

Factors affecting the investment attractiveness of industrial enterprises can be conditionally divided into two large groups: internal (formed within the enterprise) and external (arising under the influence of the macroenvironment). Each group, in turn, has several subcomponents.

¹ Abdurakhmonov Q.X. Investments and investment activities, theory and practice. – Tashkent: IQTISOD-MOLIYA, 2021.

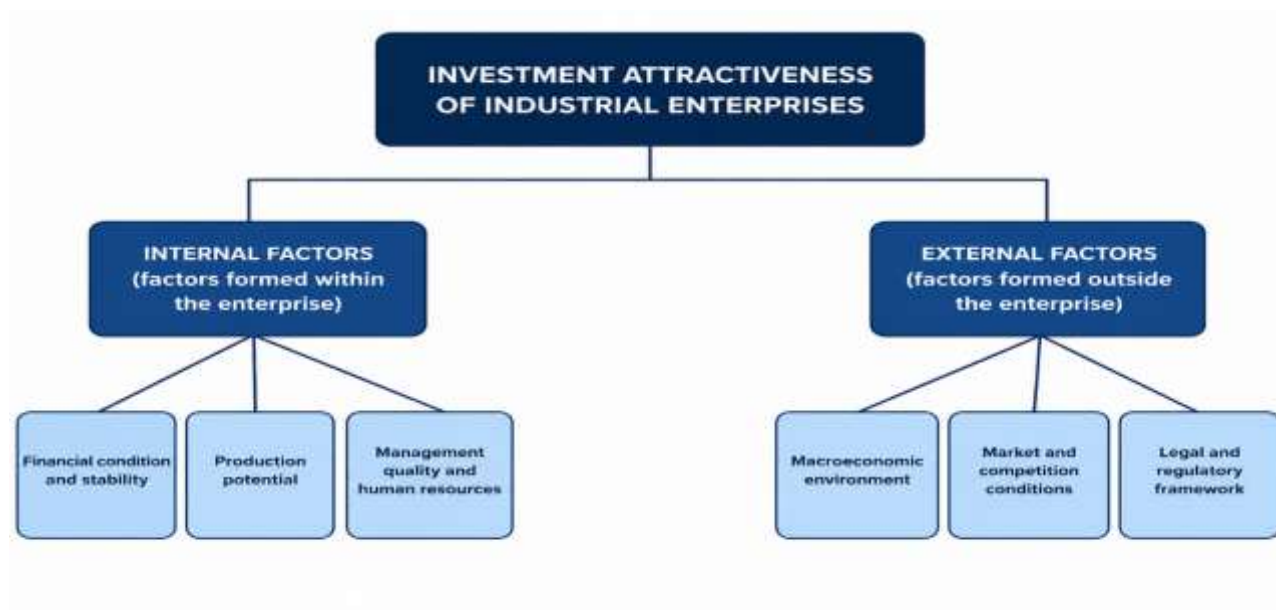


Figure 1. Classification of factors determining the investment attractiveness of an industrial enterprise²

Let's look at the above classification in a more comprehensive and systematic way in the table below, along with its structural elements and the impact it has on investment attractiveness.

Table 1. Structural description of factors determining investment attractiveness³

Group of factors	Structural elements	Impact on investment attractiveness
Financial and economic factors	Liquidity, financial stability, profitability, asset turnover	Determines the return on capital and the financial security of the investor
Production-technical factors	Level of technological equipment, production capacity,	Improves product competitiveness and

² Prepared by the author

³ Prepared by the author



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Group of factors	Structural elements	Impact on investment attractiveness
	innovative potential	production efficiency
Management and frame potential	Management quality, corporate governance, availability of qualified personnel	Affects the quality of strategic decisions and the stability of the enterprise
Market and competition factors	Market share, supply-demand ratio, brand value, customer base	Reflects future earnings stability and growth potential
Institutional-legal factors	Stability of the legal environment, tax policy, state support	Reduces investment risks and provides long-term confidence

As the table shows, financial and economic factors and production and technical factors reflect the internal potential of the enterprise, while market and institutional and legal factors reflect the influence of the external environment. Investors need to comprehensively assess all of these factors when making decisions⁴.

A system of specific quantitative criteria is used to objectively assess investment attractiveness. Such criteria are calculated on the basis of financial statements, statistics of the enterprise and market analysis. The table below lists the most commonly used evaluation criteria and their calculation formulas. According to the results of the conditional analysis conducted in practice, the indicators of the selected industrial enterprise on a 100-point scale for each criterion are reflected in the following diagram.

⁴ OECD. OECD Investment Policy Reviews: Uzbekistan 2022. – Paris: OECD Publishing, 2022.

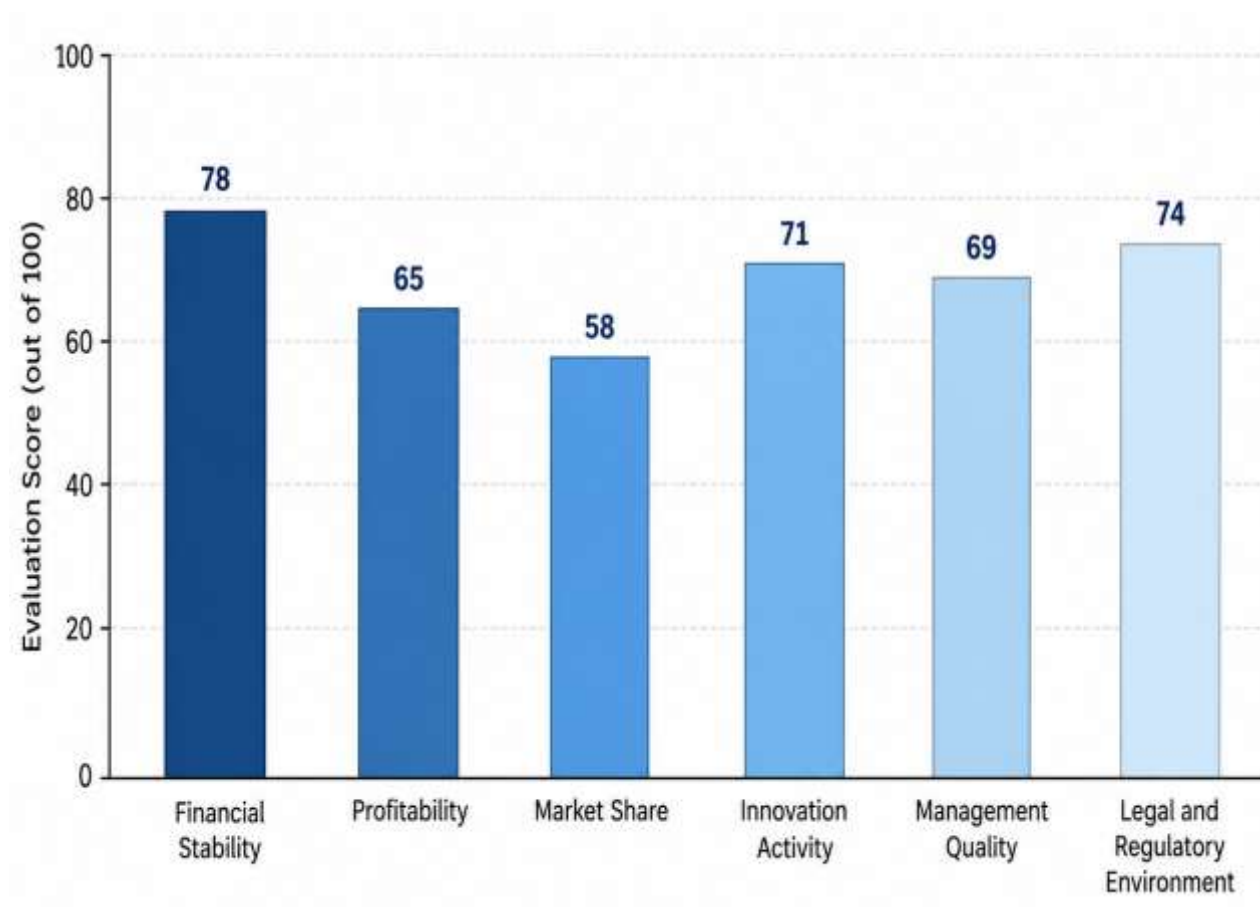


Figure 2. Results of assessment of the investment attractiveness of an industrial enterprise by criteria⁵

The chart shows that the company's financial stability (78 points) and legal and regulatory environment (74 points) are relatively high, while its market share (58 points) is rated lower than other criteria. This indicates the need to strengthen the company's marketing and sales strategy⁶. When assessing the investment attractiveness of industrial enterprises, various scientific and methodological approaches are used. Each of them has its own advantages and limitations, and the choice depends on the nature of the activities of the enterprise and the purpose of research.

⁵ Sharp UF, Alexander GD, Bailey DJ.V. Investments. – Moscow: INFRA-M, 2020. – 1028 pages.

⁶ Damodaran A. Investment Valuation: Tools and Methods for Determining the Value of Any Asset. – 3rd ed. – Hoboken: John Wiley & Sons, 2012. – 992 p.



Table 2. Main methods for assessing investment attractiveness⁷

Method	Brief description	Degree of application
Rating (scoring) method	Assign a score to each criterion and create a ranking based on the total score.	High
Analysis of financial coefficients	Calculation of liquidity and profitability indicators based on accounting reports	High
Expert assessment method	Relying on the conclusions of industry experts on quality indicators	Medial
SWOT-analysis	Comprehensive assessment of strengths/weaknesses, opportunities and threats	Medial
Integral (complex) evaluation	Creating a single integral indicator by weighted addition of all criteria	High

To achieve high accuracy, it is recommended to jointly apply several methods in practice, that is, to harmonize the analysis of financial coefficients with an expert assessment and an integrated method. This approach makes it possible to fully cover both quantitative and qualitative aspects of the enterprise⁸.

⁷ Blank IA Investment Management. – Kyiv: Nika-Centre, 2019. – 448 p.

⁸ U.Mustafakulov.USE OF DIGITAL PLATFORMS IN A STATISTICAL SYSTEM BASED ON INTERNATIONAL EXPERIENCE European Economy, Finance and ... magazine, 2024

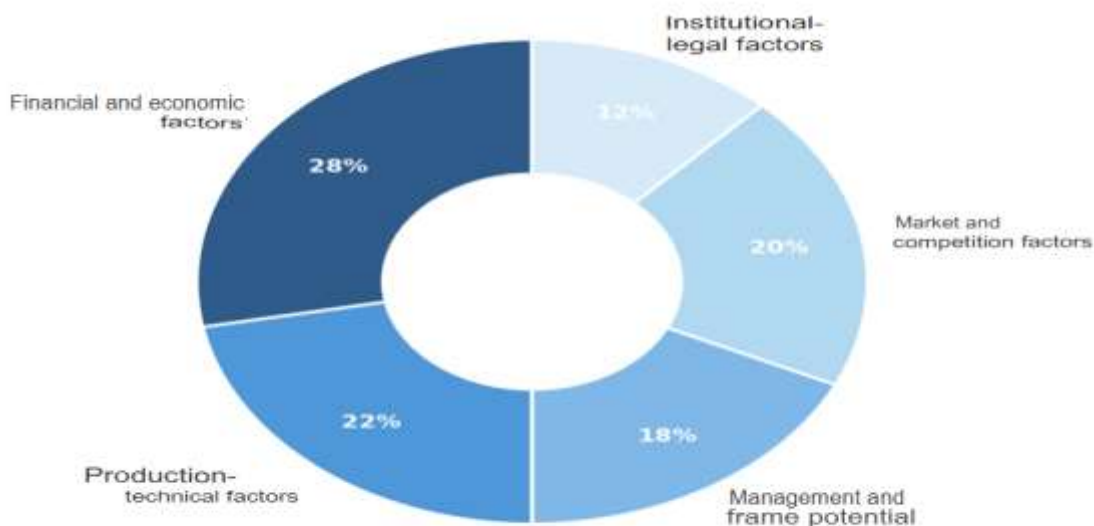


Figure 3. Share of groups of factors determining investment attractiveness⁹

The relative importance of groups of factors determining investment attractiveness (weighting coefficients) is shown in the diagram below, which serves as the basis for weighted addition in the integral assessment method.

CONCLUSION

The analysis conducted shows that the investment attractiveness of industrial enterprises is a multi-factor and dynamic category, and its correct assessment is important for investors to make informed decisions. Increasing investment attractiveness, which is formed as a result of the harmonious influence of internal and external factors, is one of the strategic tasks of the management of the enterprise.

Based on the results of the study, the following recommendations were developed:

- regular monitoring of liquidity and profitability indicators to ensure the financial stability of the enterprise;
- modernization of production and technical potential through increasing innovative activity;

⁹ Bodie Z., Kane A., Marcus AJ Investments. – 12th edition. – New York: McGraw-Hill Education, 2021. – Page 1088.



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-improvement of the management system and strengthening the potential of qualified personnel;

-review marketing strategies to strengthen market position;

-regular use of an integrated (comprehensive) approach to assessing investment attractiveness.

In conclusion, a systematic analysis of the factors determining investment attractiveness and their assessment based on objective criteria will significantly increase the investment attractiveness of industrial enterprises.

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