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Investment Attractiveness: Essence and Approaches To Assessment

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Annotation: This article describes the basic concept of investment secrecy and its evaluation methods. This is an important step in the decision-making process and is very important to introduce the person to other investment options. The article provides an overview of investment secrecy and describes the various methods used in its assessment. These methods include financial analysis, strategic analysis, market potential assessment, competitive analysis, etc. Each method has its advantages and limitations, and in many cases, combined methods are used to understand the investment object.

Key words: investment, mystery, meaning, valuation, financial analysis, strategic analysis, market potential, competitive analysis, investment object.

INTRODUCTION

Investment attractiveness is a concept that describes the degree to which a particular investment, be it a company, project or market, is attractive or attractive to investors. This concept is based on evaluating the potential return of an investment compared to the risk associated with that investment.

Assessing investment attractiveness is an important step in investment decision-making and often involves an analysis of various factors, including financial performance, market trends, competitive environment, political stability, legal and regulatory issues, and potential risks and opportunities.

There are several approaches to assessing investment attractiveness, including financial analysis, strategic analysis, assessment of market potential, competitiveness analysis and others. Each of these approaches has its own advantages and limitations, and a combined approach is often used to gain a more complete understanding of the investment property.

It is important to note that assessment of investment attractiveness is a relative concept and may vary depending on the investor's goals, investment strategy and preferences, as well as current market conditions and economic environment.

The problem of determining investment attractiveness becomes more acute in the context of dynamic business development in the 21st century. With an ever-changing market, increasing

globalization and increasing volume of information, it becomes difficult to define a universal valuation method. However, the purpose of this article is to consider various approaches to assessing the investment attractiveness of a company in order to determine their versatility or completeness.

Investment attractiveness is a key aspect to attract investors. Future investors analyze many factors, including the financial strength of the company and its development prospects. However, today there is no unambiguous method for assessing investment attractiveness.

DISCUSSION

The relevance of investments in modern business is due to the rapid pace of change and the need for flexibility and dynamism in the activities of companies. Investments allow us to modernize processes, improve equipment and attract qualified personnel¹.

To understand investment attractiveness, it is important to understand the definitions of investment and the investment climate. Investments may include cash, securities and other property intended to produce profit or other beneficial effect. Various authors offer different interpretations of the concept of investment, but the common thing is their targeted investment in order to achieve certain goals. Thus, analysis of various methods for assessing investment attractiveness allows us to understand their applicability and effectiveness in various situations².

The investment climate is a set of factors that influence the attractiveness of a country, region or enterprise to investors. It is determined by political, economic, organizational, social, legal and other circumstances. Investment climate reflects a company's ability to effectively use investments to achieve success and provide benefits to investors.

Investment attractiveness is an investor's subjective assessment of the possibility of investing in a country, region or enterprise. It depends on various factors, including the tax system, macroeconomic indicators and the legal and regulatory framework. There are several factors that influence the investment climate, including objective (for example, the availability of raw materials and climatic conditions) and subjective (for example, the tax system and macroeconomic indicators). Investment projects can be divided by scale into global, large-scale and local, depending on their impact on markets and resources.

Assessing the investment attractiveness of a company includes analysis of such indicators as liquidity, financial stability, profit and profitability. Marketing and analytical services play an important role in assessing the impact of non-financial factors on a company's attractiveness to investors.

Investment activities are of particular importance to companies because they contribute to increased efficiency and achievement of strategic goals, for example, by increasing sales volumes and improving operating income.

Investment activity is characterized by high risks, which makes it unique. One of the key indicators is net investment, which is the difference between gross investment and depreciation expense. There are several methods for assessing investment attractiveness. For example, the method of M.N. Kreinina focuses on the financial condition of the company and its profits, but she does not take into account non-financial factors. Methodology S.Yu. Levchenkova is focused on maximizing gross profit, but ignores risks and other external factors.

Rating systems, such as the L.I. Afanasyeva and S.T. Kiushkin, help to identify promising regions or industries, but sometimes the data may be unreliable. Kiushkin offers an integrated approach that takes into account various aspects of the company's economic potential, but ignores external factors.

Other methods, such as quantitative methods with discounted cash flows, may be effective in a

¹ Шарп У. Инвестиции: пер. с англ. / У. Шарп, Г. Александер, Дж. Бейли. - М.: Инфра-М, 2018. 1028 с;

² Крейнина М.Н. Финансовый менеджмент: учебное пособие. - М: Дело и сервис, 2012 г.

stable environment, but are not accurate enough in modern business conditions³. Professors Smith and Trigeorgis' approach, combining real options analysis and game theory, views corporate real options as a tool for managing enterprise growth, but can be difficult to implement. System dynamics, as a technique for analyzing investment attractiveness, allows you to consider a company in the context of strategic planning and take into account various factors specific to its activities. This approach is flexible and precise, as it takes into account the specific characteristics of the company and its potential prospects.

It is clear that the main disadvantage of this approach is the high complexity of calculations and a large amount of work. L.F. Mukhametshina emphasizes that it is impossible to create a universal system that would provide a qualitative assessment of the investment attractiveness of companies of various types.

To summarize, we can say that today there is no universal method for assessing the investment attractiveness of companies. There is no accurate and effective system for assessing the attractiveness of investments in various enterprises, not to mention their applicability to specific industries. Most existing valuation models do not take into account the impact of many difficult-to-predict external factors, such as changes in the competitive environment, currency and interest rate sensitivity, etc.

CONCLUSION

One possible solution is to consider the company's strategic performance, including both financial and non-financial aspects. Only a holistic approach will make it possible to give a more accurate assessment of the investment attractiveness of a company, highlighting not unified indicators, but precisely those that are important and significant for a given enterprise.

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³ Smit Han T.J., Trigeorgis L. Stratégie Investment: Real options and Games. Princeton University Press, 2004, 504 p.