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Article

Analysis of the Problems of Attracting Financial Investmentsin Business Entities

Tangriyeva Farida Abdukarimovna[1]

1. Independent Researcher, National University of Uzbekistan named after Mirzo Ulugbek

Abstract: This article analyzes the main problems associated with attracting financial investments in business entities from both theoretical and practical perspectives. The study examines sources of investment financing, the level of financial stability of enterprises, investment attractiveness, opportunities for using capital market instruments, and limitations in attracting funds through bank loans and other financial mechanisms. Special attention is paid to internal and external factors affecting investment activity, including financial risks, insufficient collateral, high interest rates, low transparency of financial information, and difficulties in presenting reliable financial statements to investors. The article also develops scientific and practical recommendations aimed at improving the efficiency of attracting financial investments, strengthening the investment potential of business entities, and ensuring the rational use of financial resources.

Keywords: business entities, financial investments, investment attractiveness, financial resources, capital attraction, financial stability, investment activity, financial risks, bank loans, capital market, investment environment, corporate finance.

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Introduction

In today's context of globalization and economic modernization, the sustainable development of business entities, the enhancement of their competitiveness, and the expansion of their production and service capacity directly depend on their ability to effectively attract financial investments. Financial investments serve as an important source of financing for expanding enterprise activities, introducing innovative technologies, renewing fixed assets, eliminating shortages of working capital, and achieving long-term strategic objectives. Therefore, the formation of investment resources and their efficient use in business entities is considered one of the urgent scientific and practical issues of the modern economy.[1]

The process of attracting financial investments by business entities is shaped by the influence of numerous internal and external factors. In particular, the financial stability of an enterprise, its level of profitability, solvency, investment attractiveness, transparency of financial reporting, efficiency of the management system, and opportunities to access the capital market are regarded as important conditions for attracting investments. At the same time, high interest rates, insufficient collateral, elevated financial risks, limited access to long-term financial resources, and the inadequacy of a reliable information base for investors create serious obstacles in this process.[2]

Practice shows that many business entities rely mainly on bank loans to finance their investment projects. However, the high cost of credit resources, strict requirements regarding maturity and collateral, as well as the low level of use of capital market

instruments, limit the investment activity of enterprises. As a result, the opportunities for expanding production, carrying out technical and technological modernization, and financing innovative projects are not fully realized. This, in turn, may have a negative impact on the financial stability and long-term development strategy of business entities.[3]

This article analyzes the existing problems in attracting financial investments in business entities from scientific-theoretical and practical perspectives. The study examines the sources of forming investment resources, the factors influencing the attraction of financial investments, the directions for increasing the investment attractiveness of enterprises, and the issues of rational use of financial resources. In addition, the main objective of the article is to develop scientific and practical proposals aimed at improving the efficiency of attracting financial investments, expanding the opportunities for using the capital market, and strengthening the financial potential of business entities.[4]

Literature Review

The issue of attracting financial investments in business entities has recently been studied as one of the key factors determining enterprises' financial stability, investment activity, and competitiveness. In the scientific literature, this process is mainly examined in relation to financial constraints, access to external sources of financing, collateral, interest rates, information asymmetry, the level of capital market development, and the internal financial potential of enterprises.

In their study, Annalisa Ferrando and Rozália Pál substantiate that the investment activity of small and medium-sized enterprises largely depends on the availability of internal and external sources of financing. According to the authors, even financially stable and profitable enterprises may face difficulties in implementing investment projects under conditions of economic crises, rising energy prices, increasing interest rates, and tightening credit conditions. This approach indicates the need to analyze the problems of attracting financial investments in business entities not only in connection with the internal condition of the enterprise, but also in relation to the external financial environment and macroeconomic conditions.[5]

Anabela Santos and Michele Cincera analyzed financing constraints in relation to the innovative activity of enterprises. Their study identifies insufficient collateral, excessive bureaucratic procedures, and the high cost of financing as the main obstacles to accessing external financing. The authors emphasize that, since innovative projects are characterized by a high degree of uncertainty and risk, such enterprises face even greater restrictions in attracting external financial resources. This conclusion substantiates the importance of financial transparency, guarantee mechanisms, and expanded opportunities for using the capital market in order to increase the investment attractiveness of business entities.

In the research conducted by Tristan De Blick, Ine Paeleman, and Eddy Laveren, it is scientifically substantiated that limited access to external financing has a negative impact on the growth of small and medium-sized enterprises. At the same time, the authors note that under conditions of financial constraints, enterprises tend to introduce management innovations aimed at reducing costs. This shows that even in the context of a shortage of financial resources, enterprises may preserve their growth potential by improving the efficiency of internal management. From the perspective of the topic of this article, this approach is important, as it implies that overcoming the problems of attracting investments requires not only an increase in external funds, but also the improvement of internal financial management mechanisms.[6]

Armand Fouejieu, Anta Ndoye, and Tetyana Sydorenko analyzed the access of small and medium-sized enterprises to financial resources across countries. The study identifies macroeconomic stability, the competitiveness of the financial sector, the development of credit information systems, and the effectiveness of collateral and bankruptcy institutions as important factors determining enterprises' access to bank loans. The authors' approach

demonstrates that the process of attracting financial investments in business entities is closely linked to the institutional environment, legal guarantees, and financial infrastructure.

William Grieser, Ioannis Spyridopoulos, and Morad Zekhnini examined the impact of financial constraints on firms' investment activity not only directly, but also indirectly through production and cooperation networks. According to the authors, financial constraints in one enterprise may also negatively affect the investment decisions of partner entities. This situation indicates the need to study the problems of attracting financial investments not only at the level of an individual enterprise, but also within the framework of the entire economic sector and value chain. This approach scientifically substantiates that financial interdependence among business entities, as well as relationships with suppliers and partners, has a significant impact on the investment process.[7]

When the above scientific views are summarized, it becomes evident that the problems of attracting financial investments in business entities are multifactorial in nature. In particular, high interest rates, insufficient collateral, low transparency of financial information, limited external financing sources, the high-risk nature of innovative projects, and the insufficient development of institutional infrastructure emerge as the main barriers to this process. Therefore, improving financial management, expanding access to the capital market, developing credit information systems, strengthening collateral and guarantee mechanisms, and providing investors with reliable financial information are of significant scientific and practical importance in enhancing the investment attractiveness of business entities.

Research Methodology

The methodological basis of this study consists of approaches aimed at the systematic, comprehensive, and scientific-practical examination of the problems arising in the process of attracting financial investments in business entities. During the study, internal and external factors affecting the attraction of financial investments, the investment attractiveness of enterprises, the level of financial stability, opportunities for using the capital market, limitations in financing through bank loans, and financial risks were analyzed in their interrelationship.

The study employed the methods of analysis and synthesis. Through analysis, the process of attracting financial investments in business entities was divided into its structural components, and the interrelations among these components were generalized. In particular, the sources of investment resources, financing conditions, interest rates, collateral, transparency of financial reporting, and factors influencing investor confidence were analyzed separately. Through the method of synthesis, the impact of these factors on overall investment activity was assessed as an integrated system.[8]

The study also used the methods of induction and deduction. On the basis of the inductive approach, practical problems encountered in the activities of business entities were generalized, and the main barriers to attracting financial investments were identified. Through the deductive approach, practical situations were explained on the basis of theoretical views related to financial investments, investment attractiveness, financial stability, and capital attraction.

The systemic approach made it possible to study the process of attracting financial investments not as a separate financial operation, but as a process closely interconnected with the overall financial management of the enterprise, its investment strategy, risk management system, and external financial environment. Through this approach, the relationship between enterprises' need for financial resources, the profitability of investment projects, external financing opportunities, and the level of financial security was scientifically substantiated.[9]

The study also applied the method of comparative analysis, through which various sources of attracting financial investments—bank loans, capital market instruments, internal financial resources, investor funds, and other financial mechanisms—were compared with one another. This made it possible to identify the most appropriate financing directions for business entities, assess existing constraints, and formulate scientific conclusions aimed at improving the efficiency of investment activity.

Using the method of abstract-logical reasoning, the article reveals the theoretical essence of the problems associated with attracting financial investments and substantiates their impact on the financial stability of business entities. In addition, through the method of economic analysis, the efficiency of using investment resources, the advantages and disadvantages of financing sources, risks, and factors influencing the process of making investment decisions were assessed.

The information base of the study consists of scientific literature on financial investments, corporate finance, investment activity, financial stability, and capital attraction; the scientific views of foreign and domestic scholars; analytical materials published by international organizations; as well as theoretical and practical data related to the investment activity of business entities.[10]

The application of the research methodology makes it possible to conduct an in-depth analysis of the existing problems in attracting financial investments in business entities, identify the causes of their emergence, and develop scientific and practical proposals for increasing investment attractiveness, ensuring the efficient use of financial resources, and improving capital attraction mechanisms.

Analysis and Results

The analysis of the data presented in Table 1 shows that the total assets of "Uzbektelecom" JSC demonstrated a growth trend during 2021–2024. In particular, total assets amounted to UZS 8,441.5 billion in 2021, while by 2024 this indicator had reached UZS 13,060.9 billion. This means that the company's assets increased by UZS 4,619.4 billion. The growth in the volume of assets indicates the expansion of the company's production capacity, technological infrastructure, and investment potential.[11]

Table 1. Assessment of the Efficiency of Financial Investment Decisions at "Uzbektelecom" JSC.

Year	Total assets, billion UZS	Long-term investments, billion UZS	Capital expenditures, billion UZS	Net profit, billion UZS	ROE, %	Share of investments, %
2021	8 441,5	216,0	1 040,6	499,0	23,8	2,6
2022	8 433,1	225,4	1 295,6	226,9	9,2	2,7
2023	10 407,2	474,1	2 015,2	25,4	1,0	4,6
2024	13 060,9	635,4	2 169,0	41,6	1,7	4,9

During the analyzed period, long-term investments also increased significantly. In 2021, long-term investments amounted to UZS 216.0 billion, while in 2024 they reached UZS 635.4 billion. Thus, this indicator increased almost threefold. This situation indicates that "Uzbektelecom" JSC is allocating funds to long-term development, technological renewal, and infrastructure projects.

The dynamics of capital expenditures also show an upward trend. In 2021, capital expenditures amounted to UZS 1,040.6 billion, while in 2024 they reached UZS 2,169.0 billion. This indicates that the company carried out investment activities aimed at renewing fixed assets, modernizing network infrastructure, and improving the quality of services. In particular, the fact that the volume of capital expenditures remained high in 2023–2024 demonstrates the continuation of the company's investment activity.[12]

However, the data in Table 1 show that the increase in the volume of investments was not fully aligned with financial results. Net profit amounted to UZS 499.0 billion in 2021, but decreased to UZS 226.9 billion in 2022 and to UZS 25.4 billion in 2023. Although net profit slightly increased to UZS 41.6 billion in 2024, this indicator still remained significantly below the 2021 level. Therefore, despite the growth in investments and capital expenditures, their impact on net profit was not sufficiently reflected.

The ROE indicator also shows a sharp downward trend. In 2021, ROE stood at 23.8 percent, while it declined to 9.2 percent in 2022 and to 1.0 percent in 2023. Although this indicator slightly increased to 1.7 percent in 2024, the overall level of profitability remained low. This indicates a decline in the efficiency of the company's use of equity capital.

The share of investments amounted to 2.6 percent in 2021 and reached 4.9 percent in 2024. This shows that the share of long-term investments in total assets has been increasing. However, the growth in the investment share was not accompanied by stable growth in ROE and net profit. As a result, there is a need for the company to conduct a deeper assessment of the return on investments, their profitability level, and their impact on financial results when making investment decisions.[13]

Based on the above, although the volume of assets, long-term investments, and capital expenditures increased at "Uzbektelecom" JSC during 2021–2024, net profit and ROE indicators declined. This situation indicates the existence of efficiency-related problems in attracting and using financial investments within the company. The main problem lies in the insufficient relationship between the growth in investment volume and its impact on financial results. Therefore, the company needs a systematic approach to selecting investment projects, assessing their economic efficiency, controlling costs, and increasing investment returns.

The analysis of the data presented in Table 2 shows that the total assets of "Qizilqumsement" JSC consistently increased during 2021–2024. In particular, the company's total assets amounted to UZS 2,180.9 billion in 2021, while by 2024 this indicator had reached UZS 4,081.6 billion. Thus, during the analyzed period, total assets increased by UZS 1,900.7 billion. This indicates the expansion of the company's production capacity, fixed assets, and investment potential.

Table 2. Assessment of the Efficiency of Financial Investment Decisions at "Qizilqumsement" JSC.

Year	Total assets, billion UZS	Long-term investments, billion UZS	Capital expenditures, billion UZS	Net profit, billion UZS	ROE, %	Share of investments, %
2021	2 180,9	24,0	10,8	590,0	28,9	1,1
2022	2 648,1	18,8	622,4	228,3	10,1	0,7
2023	3 239,3	278,5	20,9	469,6	15,5	8,6
2024	4 081,6	625,1	36,3	0,5	0,02	15,3

A sharp increase can be observed in the dynamics of long-term investments. In 2021, long-term investments amounted to UZS 24.0 billion, while in 2022 they decreased to UZS 18.8 billion. However, this indicator rose to UZS 278.5 billion in 2023 and reached UZS 625.1 billion in 2024. Therefore, during 2021–2024, the volume of long-term investments increased by UZS 601.1 billion. This indicates a significant increase in the company's activity in attracting long-term financial investments and expanding their share in the structure of assets.

However, the capital expenditures indicator does not show stability. In 2021, capital expenditures amounted to UZS 10.8 billion, while in 2022 they increased sharply to UZS 622.4 billion. However, this indicator declined to UZS 20.9 billion in 2023 and amounted to UZS 36.3 billion in 2024. This situation shows that capital expenditures were not carried

out consistently; while large investment projects were implemented in certain years, their volume decreased in subsequent years.[14]

The dynamics of net profit are of great importance in assessing the efficiency of investment decisions. In 2021, "Qizilqumsement" JSC earned a net profit of UZS 590.0 billion, while in 2022 this figure decreased to UZS 228.3 billion. In 2023, net profit increased again to UZS 469.6 billion, but in 2024 it declined sharply and amounted to only UZS 0.5 billion. This indicates that despite the increase in the volume of investments, their positive impact on financial results was not sufficiently reflected.

The ROE indicator also confirms this situation. In 2021, ROE amounted to 28.9 percent, while in 2022 it decreased to 10.1 percent. Although this indicator increased to 15.5 percent in 2023, it fell to 0.02 percent in 2024. This means that the efficiency of using the company's equity capital declined sharply. In particular, the fact that ROE fell almost to zero in 2024, despite the growth in assets and long-term investments, indicates a low financial return on investment decisions.

The share of investments amounted to 1.1 percent in 2021 and decreased to 0.7 percent in 2022. In 2023, this indicator reached 8.6 percent, and in 2024 it increased to 15.3 percent. This shows that the share of long-term investments in total assets increased significantly. However, the growth in the investment share was not accompanied by a stable increase in net profit and ROE. On the contrary, although the investment share reached its highest level in 2024, net profit and profitability declined to their lowest levels.

In general, during 2021–2024, the volume of assets and long-term investments at "Qizilqumsement" JSC increased significantly. This indicates an expansion of the company's investment activity. However, the sharp decline in net profit and ROE shows that there are problems related to the efficiency of investment decisions. In particular, the fact that long-term investments reached UZS 625.1 billion in 2024, while net profit decreased to UZS 0.5 billion, indicates that the impact of investments on financial results was not sufficiently effective.

Therefore, in the case of "Qizilqumsement" JSC, the main problems in attracting financial investments may include insufficient assessment of the profitability of investment projects, instability of capital expenditures by year, weak correlation between investments and net profit, and a decline in the efficiency of using equity capital. To eliminate these problems, the company needs to conduct an in-depth assessment of the return, profitability level, cost structure, and long-term impact on financial results when selecting investment projects.[15]

Conclusion

The results of the study show that attracting financial investments is one of the key factors ensuring the sustainable development, competitiveness, and long-term financial stability of business entities. Financial investments create opportunities for expanding production capacity, modernizing technological infrastructure, renewing fixed assets, and implementing innovative projects. However, the effectiveness of attracting and using such investments largely depends on the financial stability of enterprises, the transparency of financial reporting, access to external financing sources, the level of investment attractiveness, and the efficiency of financial management.

The study revealed that the main problems in attracting financial investments in business entities include high interest rates, insufficient collateral, limited access to long-term financial resources, underdeveloped capital market instruments, low transparency of financial information, and high financial risks. These factors reduce investor confidence and limit the ability of enterprises to finance investment projects on favorable terms. Therefore, the process of attracting financial investments should be considered not only as a source of financing, but also as an important element of strategic financial management.

The analysis of "Uzbektelecom" JSC showed that during 2021–2024 the company's total assets, long-term investments, and capital expenditures increased significantly. However, this growth was not accompanied by a stable increase in net profit and return on equity. In particular, despite the expansion of investment activity, the decline in ROE indicates that the financial return on investment decisions was not sufficiently effective. This situation shows the need to improve the system for selecting investment projects, assessing their profitability, and monitoring their impact on financial results.

A similar situation was observed in the case of "Qizilqumsement" JSC. Although the company's assets and long-term investments increased during the analyzed period, net profit and ROE declined sharply in 2024. This indicates that the growth of investment volume alone does not guarantee financial efficiency. The effectiveness of investment decisions depends on the quality of project selection, the stability of capital expenditures, cost control, and the ability of investments to generate sustainable financial results.

In general, the study confirms that business entities need a systematic approach to attracting and using financial investments. In order to improve investment efficiency, it is necessary to strengthen financial management mechanisms, expand the use of capital market instruments, improve the transparency and reliability of financial reporting, develop collateral and guarantee mechanisms, and conduct a deeper assessment of investment risks and returns. In addition, enterprises should evaluate investment projects not only by the volume of attracted resources, but also by their contribution to profitability, financial stability, and long-term value creation.

Thus, improving the efficiency of attracting financial investments in business entities requires the integration of financial planning, investment analysis, risk management, and strategic decision-making. The implementation of these measures will help increase investment attractiveness, ensure the rational use of financial resources, and strengthen the financial potential of enterprises in the long term.

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