Methodological Principles of Assessing the Efficiency of Management of Investments in Textile Industry Enterprises

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Abstract: **In this the article analyzes the methodological basis for evaluating the effectiveness of investment management in the enterprises of the textile industry, which is one of the driving sectors of Uzbekistan, and offers and recommendations on this issue.**
Keywords: Favorable investment environment, foreign investment, product, potential, joint venture, production volume, high added value, processing, modernization, diversification.

1. INTRODUCTION

Today, in the context of the deepening of the process of integration in the world, in the scientific researches conducted on investment management in the strategic development of textile enterprises, strategic management, risk management, project management, strategic planning and strategic program development, strategic analysis, management by objectives; organization of strategic management based on the application of digitization technologies; special attention is paid to scientific researches directed to development of innovative strategies of enterprises, management of investments. One of the important directions of scientific research is the improvement of strategic management mechanisms of investment activities in textile enterprises, development of its scientific and academic methods.

2. LITERATURE REVIEW

F.S. Tumusov (2012) defined the essence of investment as follows: "Investment is the use of all social and personal capital in reproduction, not in current consumption as part of income, and as a result, the ultimate goal is to obtain a new, somewhat higher income. or represents the achievement of social benefits in the future". In this definition, the author tries to combine not only the resource, but also the cost approach, explaining the investment as the result of production activity on the one hand, and on the other hand as part of the income that is not used for consumption for a certain period of time. According to N.V. Igoshin (2000), "investment is the spending of money in order to re-create, maintain and expand the investment." In the most general sense, "investment is spending free money on various forms of financial and material wealth."

Until recently, investment in our country was considered to be the same concept as "capital investment". The generally accepted concept of investment (capital investment) is expressed in the following terms: "capital investment" (or capital expenditure) financial funds spent on new construction and reconstruction, technical rearmament and expansion of existing enterprises (capital investment in production), housing, communal and cultural - investing capital in household constructions (non-production). In this case, the differences between the market and the planned economy are expressed in determining the essence of the concept of investment. The above definition of capital investment clearly expresses the description of expenses and reduces the field of investment only to investment, that is, it refers to the reproduction of the main funds, their growth and improvement.

It is known that financial and other types of investment were not studied in the economics of the former Soviet Union. Under the conditions of the administrative management system, there could not be a distribution of resources, uniformity of the form of ownership, and complete non-functioning of the stock market (except for government bonds). Therefore, in the conditions of the planned system of economic management, investment expenses appear in the form of expenses, and only at the same time they differ only from current expenses. Determining the effectiveness of spending has not been fully considered. According to the current legislation, investment in fixed capital (in fixed assets), as well as technical rearmament and reconstruction of an operating enterprise, expansion, expenses for new construction, purchase of machinery and equipment, inventory, project-research works and other expenses are called capital investments, which, represents their specific appearance and is essentially synonymous with direct investment.

In foreign economic literature, it is described that theoretical studies on investment problems have a much broader

approach to clarifying the essence of investment compared to the scientific works of former Union scientists. Investment and investment problems. The common methodological approach is expressed in the differences between the French scientist P. Masse and the English scientist Dj. Keynes in determining the essence of investment. Therefore, P. Masse (2011) writes: "Investment represents the act of exchanging the satisfaction of today's need with the help of interest and its expectation in the future." In this definition, the two-fold nature of investment - spending on resources and the results of these spending is highlighted. According to Dj. Keynes (2000), investment represents the part of income for this period that is not used for needs. It represents "the purchase of some old or new property by an individual or corporation, the purchase of various forms of capital property against the income of the new investment." In the theory of Dj. Keynes, the relationship between investment and accumulation is clearly shown as two sides of one phenomenon. According to Keynes's theory, it is possible to draw a conclusion about the content of investment, that in the developed economic system, the categories of investment and accumulation are distinguished by their separate functions. A certain part of the fund can be invested directly, the main fund is small and private enterprises, and the rest of the funds of farms are kept in the subjects of economic relations for future expenses (consumption and investment). Keynes (2000) sees the increase in people's propensity to save as their propensity to consume decreases. He believes that the reason for the low demand for productive consumer goods is insufficient investment promotion. The insufficient volume of effective demand in his interpretation is inevitably explained by the slowness of the investment process, the reason for which is the less interest of research in capital investments. K. McConnell and S. Brew (2003) believe that the essence of investment lies in the understanding of the Keynesian model, therefore, they look at investment from a microeconomic point of view. In their view, the authors define "gross private domestic investment" as "investment spending by American business firms" and include: all final purchases of machinery, all construction, and non-consumed goods. E.D.Dolan and D.S.Lindsey (1992) interpret the nature of investment from a microeconomic point of view, they see the essence of investment as "the growth of capital in the emerging economic system, the increase in the supply of production resources that people use."

3.   RESEARCH METHODOLOGY

The article uses systematic, scientific observation, economic statistics, correlation-regression, economic mathematics, SWOT analysis, monographic research, statistical selection, grouping, comparison, expert assessment and other methods.

4.   ANALYSIS AND RESULTS

Assessment of the level of sustainable development of textile industry enterprises involves six stages. Let's look at the most important of these stages.

The first stage of evaluating the efficiency of investment activity management (attractiveness) in the strategic development of a textile enterprise is to create an analytical base of the system of investment management efficiency indicators in the strategic development of a textile enterprise. At this stage, a group of experts will be selected from among the management staff of local and regional executive authorities and specialists of enterprises, scientific institutions and specialized bodies, and information material on the results of the studied objects will be selected.

At the second stage of evaluating the effectiveness of investment activity management (attractiveness) in the strategic development of a textile enterprise, textile defining the goals of the enterprise and grouping these goals.

In the third stage of evaluating *the efficiency of management of investment activities in the strategic development of a textile enterprise,* the method of assessing the investment attractiveness of the enterprise is selected. It is known that attracting funds through the stock markets requires the fulfillment of many requirements for the issuers, that is, the management and shareholders of the securities trading company. The following formula can be used to determine the investment attractiveness of the area (V.E. Esipov and dr., 2016.).

$$M_i = \frac{\sum_{s=1}^{c} k_s \dfrac{p_{si}}{p_s}}{\sum_{s=1}^{c} k_s} \quad (1)$$

here:

M_i - the integrated level of investment attractiveness of the i-region, which is compared with the average level of Uzbekistan, taken as 1.0;

i = 1...n - regions (n - number of regions);

s = 1...s - private indicators being compared;

s - the number of compared indicators;

k_s – weight coefficient of s-indicator (weight score);

r_{si} - the numerical significance of the s-indicator in the i-region;

s - average value of s-indicator for Uzbekistan;

$\dfrac{p_{si}}{p_s}$ - normative numerical significance of the s-indicator in the i-region.

Table 1 below presents the composition of the main indicators of the assessment of the integral level of investment attractiveness of the regions of the Republic of Uzbekistan. To determine the integral level of investment attractiveness of the regions of the Republic of Uzbekistan, we use the composition of important investment indicators. The data of the State Statistics Agency of the Republic of Uzbekistan and their results can be used to measure these indicators.

Table 1: Composition of the main indicators of the assessment of the integral level of investment attractiveness of the regions of the Republic of Uzbekistan

No	Indicator name	Measurement volume
A. Indicators of investment attractiveness of the region		
1. Regional production and financial indicators		
1	Industrial production volume	Volume of industrial output per capita of the territory
2	Rate of volume change	rate of change
3	The level of development of entrepreneurship	Employment in small enterprises in the total number of active population
4	Share of harmful enterprises in small business	Relative weight of harmful enterprises and organizations in relation to their total number
5	The total amount of internal investment resources of the enterprise	Actual depreciation deductions and profit amount
6	Volume of retail turnover	Volume of retail turnover per capita
7	Export to far and near abroad	Exports from the region per capita
2. Indicators of social potential of the area		
8	Provision of housing for the population	Total housing per capita place is the number of area i
9	Providing the population with cars	The number of private cars per 1000 inhabitants
10	Providing the population with telephone devices	Personal telephone sets (numbers) for 1000 families
11	The territory is provided with highways	The total length of highways per area and per capita is determined by E. Engel's formula: Ke=D/√TN where: D is the length of the highway network in km; T - territory area in hundreds of square kilometers; N - the population of the area in tens of thousands of people.
12	Paid to residents services volume	Volume of paid services per capita
13	Living standards of the population of the region	The relationship between the minimum cost of living in the area and the average cost of resources

	3. Indicators of raw material resource potential of the area	
14	The volume of hydrocarbon (oil and gas) reserves	The volume of natural resource reserves due to the profitability of location processing
15	Mineral, raw the volume of material resource reserves	The volume of mineral, raw material resource reserves due to the profitability of location processing
16	Geographical location of the territory to access domestic and foreign markets	Scoring on the scale: Not at all – 0; Available - 7.
	Total area investment potential level	
	B. Indicators of socio-political and ecological security of the territory	
17	Proportion of poor population	Share of the population with income below the subsistence minimum
18	Crime rate	Complex indicator: 1) registered crimes per 100,000 inhabitants; 2) serious crimes registered per 100,000 inhabitants.
19	Unemployment rate	Ratio of the total unemployed to the number of economically active population, in %
20	Level of environmental pollution and environmental discomfort	Complex indicator: - damage to the environment; - damage; - ecological purity of products produced in the region.
21	The attitude of the population to the formation of market relations	the last parliamentary or presidential elections in the region to candidates sound to give share , in %
22	The level of conflict that occurs in labor relations	The share of participants in the dispute from the total number of employees of enterprises and organizations
	socio - political and environmental security for the investor	
	Total area investment attractiveness integral level	*An integral coefficient summarizing the data of the total private indicators*

It is advisable to evaluate the investment attractiveness of the enterprise in two stages.

The first stage is *the analysis of constraints* .

The second stage *is the rating assessment of the investment attractiveness of the enterprise.*

the analysis of constraints, the financial ability and investment attractiveness of some joint ventures and joint-stock companies operating in the textile industry of Uzbekistan are analyzed, and the results are shown in Table 2.

for rating the investment attractiveness of the enterprise shows the level of investment attractiveness of the enterprise.

We present the developed algorithm of rating assessment in assessing the financial ability and investment attractiveness of some enterprises of the textile industry of Uzbekistan.

Initial parameters.

Grades:

"good" - 2 points;

"satisfactory" - 1 point;

"allowable value" - 0;

  "unsatisfied" - 1 point;

"very unsatisfactory" - 2 points.

Volumes .

1. Efficiency of economic activity :

  Product profitability - 1.5;

  1 soum in relation to gross assets balance profit – 1;

1 soum profit on the balance sheet compared to private means – 0.7;

Percentage of depreciation of fixed assets - 0.5;

Circulating tools Profit on the balance against 1 soum - 0.3.

Total (volumes sum)- 4.

2. Financial situation :

Current liquidity coefficient - 0.8;

Required liquidity coefficient - 0.8;

Absolute liquidity coefficient - 1.5;

Financial leverage : net turnover in current assets   share of capital - 0.5;

General Solvency: enterprise the share of private funds in   passive i is 0.4. Total (volumes sum)- 4.

To dynamics fix :

" very positive » - plus 20%;

" positive " - plus 10%;

" stable " - 0;

" negative " - minus 10%;

" very negative » - minus 20%.

Table 2: Score evaluation of parameters

Indicators / evaluation	Good	Satisfactory	Road sheep value that can be	Satisfied you	Very unsatisfied
Product profitability	>20 %	5-20 %	0-5 % _	-20%-0	<-2 0 %
Profit on the balance sheet against the foreign exchange balance	>15 %	5 -15%	0-5 % _	-10%-0	<-1 0 %
Profit on the balance sheet against private equity	>45 %	15-45%	0-1 5 %	-30%-0	<-3 0 %
Depreciation percentage of fixed assets	<2 0 %	2 0 -30 %	30-45%	45-60%	> 60 %
Profit on the balance sheet in relation to the					

volume of current assets	>30 %	1 0 -30 %	0-10%	-20%-0	<-2 0 %
Current liquidity	>1.3 %	1.15-1.3	1-1.15	0.9-1	< 0.9 _
Required liquidity	>1%	0, 8-1	0, 7-0.8	0.5-0.7	< 0.5 _
Absolute liquidity	>0.3 %	0, 2-0.3	0.1 5 -0.2	0.1-0.15	< 0.1 _
Share of net working capital in current assets	>22 %	12-22%	0-12%	-11 %-0	<-11%
In the property gi share of private funds	>50 %	2 0 -50 %	10-20%	3-10%	<3%

Compiling the rating is the end of the absolute and relative assessment of the investment attractiveness of enterprises. In a practical key, it means that under the constraints and conditions imposed on the return of instruments, an investor can make numerical justifications for different choices of comparative profit when investing financial resources.

At this point, it is appropriate to review the application description and characteristics of the methods of effective management of the investment attractiveness of the enterprise based on the value approach.

Comparative description of separate analysis methods

1. EVA — economic added value

$$EVA = IC*(ROI–WACC) = NOPAT–IC*WACC \quad (2)$$

this where:

IC — invested capital;

ROI — return on invested capital;

WACC — weighted average cost of capital (price, costs);

NOPAT is net operating profit after taxes, but before interest payments on debt instruments

$$NOPAT = EBIT^{adj}(1-T^{eff}) \quad (3)$$

here:

$EBIT^{adj}$ — operating profit before taxes and interest, ITTMI, with a provision for capitalized lease expense adjustment;

T^{eff} is the actual effective tax rate, i.e. the actual tax for calculating NOPAT (net of interest on cost)

$$V = f(IC, PV(EVA)), \quad (4)$$

here:

V — market value of the enterprise;

PV(EVA) is the quoted EVA.

The weighted average cost of capital formula:

$$WACC = We* Ke + Wd * Kd *(1- T) \quad (5)$$

here:

We, Wd – debt and share of capital stock;

Ke , Kd - debt and special capital stock ;

T is the tax rate on profits

It is relevant as a tool for universal evaluation of efficiency, and it is an indicator of management decisions.

2. MVA — market added value:

$$MVA = PV(EVA) = V-VV, \quad V= Ve+Vd \quad (6)$$

here:

V — market value of the enterprise;

PV(EVA) is quoted EVA;

Ve, (Vd) is the market value of the company's private capital

Return on equity evaluation formula:

$$ROE_{EVA} = EAT/k_e + (EAT*(r_e - k_e)/r_{e*}k_e)* g/k_e - g \quad (7)$$

here:

EAT is profit after tax

(EAT = NOPAT - Int - T), where Int is financial deductions on debt capital;

r_e is new investments according to profitability of private capital;

g is growth speed _

k_e — on private capital demand done prosperity

All actual and future investments of the enterprise reflect the discounted value, but do not give an idea of the effectiveness of the enterprise's strategy and are not considered a motivational instrument.

3. DCF - cash flows discounted method (PO) (I.S. Mezhov and dr., 2016.):

$$V = f(FCF, WACC), \quad (8)$$

here:

V is the market value of the enterprise

$$DCF = \sum_{i=1}^{t} \frac{CFt}{(1+t)^i}, \qquad CF = \begin{cases} EBIT = Am \\ OCF\ FCF\ FCFF \end{cases} \quad (9)$$

here:

CF_t — net cash flow in period t;

i is the discount rate

It is taken into account in the assessment of the future factors of the enterprise, and not of the past period, and also helps to determine the uncertainty associated with the risk in business activities.

4. EVO - Edwardsa-Bella- Olson model:

$$V = B_0 + \sum_{t=1}^{t} \frac{E_t[\Delta x_t]}{(1+r)^t} \qquad V_1 = B_t + \sum_{t=1}^{t} \frac{E_t[(ROE_{t-i} - k_e)xB_{t+i-1}]}{(1+r)^2} \quad (10)$$

here:

B_t — balance value in t period;

$E_{t[...]}$ — expected results for t period information *;

ке — price of share capital;

B_{t+i-1} - balance sheet value per (t+i) period;

Д x_t is the deviation of net profit from the norm for period t

The model combines elements of value and cost approaches. EVO model logic EVA to the model near _

5. SVA is the method of private capital added value analysis:

$$SVA = NPV_e — BV_e — netDebts \quad (11)$$

here:

NPV_e is the quoted value of share capital;

BV_e - share capital balance value;

netDebts — net value of debt obligations;

TCF is residual cash flow

Operating cash flow current value capitalized to change reflection makes _

6. CFROI — from investments cash flow income management model:

$$CFROI = {}^{gross}CF + SV / {}^{gross}IC \quad (12)$$

here:

$^{gross}CF$ – gross cash flow;

$^{gross}IC$ — gross investments;

SV — liquidation value of assets

The enterprise assets different structure with to compare help gives _

7. FCF — enterprise (project) net (free, free) cash flow:

$$FCF = EBIT + Am - SarEx - Int - D\ NWC - T_{Nur} \quad (13)$$

here:

EBIT — profit before interest and taxes;

Am is the main one tools and intangible assets depreciation;

SarEx - capital investments;

Int — interest on debt instruments ;

D NWC — working capital growth

$T_{Light} = T * EBIT$

here:

T_{Light} - taxes

Cash flow after financing investments in fixed and working capital.

8. FCFE is the potential cash flow to owners after paying down debt obligations:

$$FCFE = EBIT + Am - SarEx - D\ NWC - Int - DebtP + Debtls - T_{Nur} \quad (14)$$

b where:

SarEx - capital investments;

Int — q by debt instruments interest;

DebtP — on long - term loans and bonds payments;

Debts is new long- term financing benefit (loans, bonds, leasing)

from FCFE use enterprise the value of private equity to determine help gives _

9. ORT — Bleka — Sholes real options model:

$$S_{or} = k_c * PV_2, \quad S_1 = N\ PV_t + S_{or}, \quad k_t = \frac{\delta\sqrt{T}}{PV_{2/PV_x}} \quad (15)$$

b where:

NPV_1 — 1 - the project is net discounted value;

S_{or} — 2- project investment option value;

k_c — option value coefficient;

PV_2 — cash flow generated by project 2;

s — risk level;

T — time period;

PV_2 / PV_x is the price of option execution

It describes the value of real option management elasticity. This long New technology with long-term effect strategic invest value to determine help gives _

According to the classification of these proposed methods, the value-added measurer for efficiency evaluation is used in a case based on the principle that takes into account the factors of the duration of the invested capital, the price, based on the risk-adjusting and internal parameter changes, and based on various principles of the formation of results and costs. In this way, in our opinion, the method of evaluating the efficiency of the enterprise's investment resources management, based on the value approach, helps to use the following advantages:

The fourth stage of assessing the level of sustainable development of textile enterprises consists of the processes of standardization and normalization of the information module of the coefficients and bringing them to the calculated data set, at the same time, there is the application and use of methods that allow the calculation of the normalized value of zero and negative coefficients.

The studied indicators vary in different limits. For example, x is some minimum x min can vary from value (reflecting lack of quality) to some maximum x max value (extreme degree of presence, presence, dominance).

The fourth stage is to determine the partial integral coefficients of investment management of the studied textile enterprises, including the calculation and evaluation of various types of investment management performance indicators.

When developing an integrated indicator, it is necessary to take into account the unique characteristics and strategic important aspects of the evaluated textile enterprise. It is not enough to choose the necessary indicators to develop a formula for an integral indicator. In addition, it is necessary to choose a generalizing, integral function, there are different types of them, but mainly it can be additive or multiplicative. The following methods are often used to calculate the general integral indicator: method of sums; geometric mean method; method of coefficients; sum-of-places method; distance method and their variations, etc.

Thanks to these methods, it is possible to give a comparative description of different enterprises. It is possible to calculate the integrated indicator of sustainable development by performing various arithmetic processes with the private coefficients that are calculated due to the collected data.

When calculating specific integral indicators, we use the geometric mean value of its components. The use of this

formula makes it possible to compensate for low indicators of one level with high values of indicators of other areas. That is, a larger gap between the indices of the fields gives a smaller value of the result.

In this study, the generalized integrated indicator of investment management efficiency in the strategic development of textile industry enterprises ($К_{инт.}$) is calculated according to the following formula:

$$К_{integ.} = \sum_{i=1}^{n} W_i * K_i (16)$$

here, $К_{integ.}$ −a generalized integrated indicator of the effectiveness of investment management in the strategic development of textile industry enterprises;

W_i −determined by experts of the indicator importance level

K_i −coefficient amount;

n is the number of coefficients.

In the fifth stage, a generalized integrated indicator (rating) of the efficiency of investment management in the strategic development of textile industry enterprises is calculated.

At the sixth stage, measures will be developed to increase the efficiency of investment management in the strategic development of textile industry enterprises.

The results of the evaluation of the effectiveness of investment management in the strategic development of textile industry enterprises based on the developed methodology are finally evaluated using the following scale (Table 3).

Table 3: Evaluation scale of the effectiveness of investment management in the strategic development of a textile enterprise

Integral indicator (rating) result, score	The content of the assessment
-5 to -2 _	Very unsatisfied
-1.99 to - 1.0	You are not satisfied
-0.99 to 0	Allowable
0.1 to 1.0	Satisfactory
1.1 to 2.0	Good
2.1 and from him high	Excellent

5. CONCLUSIONS AND SUGGESTIONS

In conclusion, we can say that the method of evaluating the efficiency of investment management in the strategic development of textile industry enterprises allows to obtain objective results and to determine the factors affecting the sustainable development of these enterprises in the future and to develop measures.

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