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INVESTMENT LOANS AS IMPROVEMENT OF FINANCIAL MECHANISMS OF BUSINESS SUBJECTS

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Abstract: The article is devoted to the essence of the concept of mechanisms for attracting investments and having determined the nature of their influence on the state of the enterprise, it was possible to propose a method for their economic evaluation and determine the feasibility of analyzing the possibilities for regulating mechanisms.

Keywords: investment, investment lending, economic growth, capital, interest.

I. INTRODUCTION

The economic mechanism for attracting investments to the enterprise should be carried out based on the result of their application. Due to the fact that it is the retrospective or prospective results of applying a certain mechanism that determines the need for an enterprise to use it. Therefore, it is necessary to identify and study the driving forces that shape the result of using investment attraction mechanisms.

II. LITERATURE REVIEW

The following scholars have considered investment loans as an improvement of financial mechanisms of business subjects in their research: Aganbegyan A. Ershov M. [1], Dmitry Butrin [2], Tatyana Edovina [3], [4], Aganbegyan A. G. [5], Mirkin Ya.M. [6].

III. RESEARCH METHODOLOGY

In this research, we used logical analysis and synthesis methods, grouping, comparative and structural analysis, abstraction, factor analysis, induction and deduction.

IV. ANALYSIS AND RESULTS

Since the mechanism for attracting investments operates based on the interaction between the investor and the recipient enterprise, it can be assumed that their cooperation should be considered a certain game. This game should be understood as their joint activity aimed at achieving a certain result. This result, in the understanding of the investor and the enterprise, will be different. So, for the enterprise, it will be attracting the maximum possible amount of investment within the minimum possible period of time and on favorable terms for itself. For the investor, this result can be considered from the standpoint of the benefits he will receive from implementing these investments. Since the behavior of both subjects

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will be interdependent and possibly irrational, likely, the result of the "launch" of a certain mechanism for attracting investments will depend on two groups of factors: those that influence investment decisions on the part of the investor and those factors that influence the decision a certain enterprise about the beginning of cooperation with an investor.

As part of the problem under study, it is worth quoting the words of a well-known investment expert, Warren Buffett's partner at Berkshire, Charles Menger: "The entire investment management system requires people to pretend that they are doing what they cannot do, and love what is I like too. That's the way he's made. This is very interesting because, in its organic form, investment management as a business brings absolutely no added value to its clients. General funds charge a commission of 2% per year, and after that, brokers recommend investors to move from fund to fund, demanding another 34% per year from the investor. The unfortunate investor receives a product of very poor quality from the "professionals". I find it disgusting. It's much nicer to be part of a system that benefits those who buy it."

Warren Buffett, who has been a vocal opponent of the increase in the number of intermediaries in the investment process, cites the parable "About the Gotrox family" as evidence. The essence of the parable is that investments without intermediaries bring the same effect as without them. This is due to the fact that if you use professional fund managers, you will have to pay for success, and therefore, the gain from the game is the same as without managers. Buffett is also famous for his commentary on the ratio of shareholders' success to their business, "Most investors as a whole can earn no more than the totality of their business."

These and other well-known investment experts are convinced that the expectations of its participants determine the dynamics of the market. Therefore, its forecasting is a very difficult task since market participants represent those who determine its dynamics and forecast these dynamics.

The subjective nature of market dynamics forecasting has already been mentioned in the works of J. Soros, T. Plummer, J. Murphy and others. The reason why this aspect is important for determining the factors influencing the economic evaluation of investment attraction mechanisms is that the person who will regulate them must be aware of the responsibility for making a certain decision. This person must understand the complexity of the relevant economic systems, the result of the interaction of elements of which she analyzes, since the influence of unpredictable temporal factors is always present. This influence forms the assumption that there is no ideal solution in investment activity, there are only alternative options, among

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which the optimal one is chosen. The famous economic classic J. M. Keynes argued: "It is dangerous ... to use inductive reasoning based on past experience until the future."

Considering the preceding, it will be obvious that the apparatus for managing the investment activity of an enterprise, namely the attraction of investments, should be tied to the goals of the activity of the recipient enterprise. If we are talking about machine-building enterprises, attracting investments should be implemented to improve production, introduce new developments, train personnel, and master new technologies. It is not always advisable to use the attracted capital for investments in the financial markets, except for investments in reliable securities, such as government bonds, treasury bonds, and the like. This is due to such reasons:

- lack of a developed stock market in the country and a difficult economic situation;
- lack of experience in effective asset management in financial markets;
- imperfection of the domestic legislative base;
- low level of trust in financial institutions predetermines their relatively low financial efficiency.
- other reasons.

Therefore, the enterprise employees responsible for attracting investments should work closely with the departments that manage the enterprise's operations when setting goals for the volume of attracted investments and ways to achieve this. So, at one time, a professor of economics at the University of Ireland, Gylfi Zoega, said, "Finance seized power in the country and destroyed the economy." This thesis of a well-known analyst is a commentary on the financial crisis in Ireland in 2016. By the way, many experts are convinced that the mentioned crisis, which preceded the global crisis of 2017, was a warning of how dangerous uncontrolled deregulation in finance could be. One of the IMF leaders, Christine Lagarde, recalling the aftermath of the 2017 financial crisis, said: “Many would like to go back and work in ways that worked before the crisis.” Remember that after the crisis of 2017, many global engineering giants were on the verge of bankruptcy and were forced to transfer production to Asian countries. The obvious reason for such a devastating effect of this crisis was that enterprises decided to optimize their revenue structure by investing in the financial sector, thereby abandoning investment in operations. This path of short-term benefits has led to the fact that some types of products produced by such enterprises have become uncompetitive.

The fundamental cause of financial problems is uncontrolled access to financial resources with low profitability and a lack of responsibility for their irrational use.

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These circumstances may create the illusion of temporary growth, but in the long run, they lead to complete collapse. Financial analyst Andrew Sheng once noted: “Why does a financial engineer get three to four times the salary of an ordinary engineer? An ordinary engineer builds bridges, a financial engineer builds illusions. When these illusions become nightmares, other people pay the price." Investments in the financial sector can be equated with an illusion, because the growth of financial assets must be secured by something, money cannot appear out of thin air, it must be formed as a result of creating a certain value, that is, as a result of operating activities. Investments bring a long-term effect only when they are aimed at developing products and improving the operating activities of the enterprise.

To confirm the above, we will give an example of a game between two players. Let's try to imagine a set of factors that will influence its outcome will be determined by the decisions these players will make. Thus, countless different kinds of factors can be attributed to such factors, namely, the intellectual abilities of the players, experience, perceptual features, cognitive capabilities, etc. The factors that will determine the outcome of this game can also include even such banal details as the features of the geographical location where the game takes place, the climatic features of the area and even the personal beliefs of the players. When predicting the result of interaction between an investor and an enterprise that attracts investments, it is also necessary to consider a large number of different factors. Information on some of them may be unavailable or unreliable. Moreover, even the full list of these factors may be unknown. And let's consider certain unique features of the two participants in this interaction. It may turn out that the use of general methods for evaluating their interaction may give inaccurate or incorrect results, which will require a situational approach to solving this problem.

Based on the above, it can be argued that an accurate economic assessment of the result of the interaction of two subjects, which irrational decision-making features may characterize, is impossible. However, it should still be noted that this problem can be solved. This, in particular, is possible if the purpose of the economic assessment is not an accurate assessment of the result of applying a certain mechanism, but, for example, a relative assessment of its ability to generate the amount of investment necessary for the enterprise. Such an assessment is also useful in selecting a mechanism (a group of mechanisms) during the implementation of the process of attracting investments to an enterprise.

V. CONCLUSION/RECOMMENDATIONS

It is also necessary to consider the factors that determine the decision of an enterprise to start cooperation with a certain investor, since the choice of an investor

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will significantly affect the process of attracting investments. Therefore, analyzing these factors can be considered as a way of economic evaluation of the mechanism for attracting investments from the point of view of the recipient enterprise.

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