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# METHODS AND MECHANISMS FOR INCREASING THE FINANCIAL AND ECONOMIC EFFICIENCY OF INVESTMENT PROJECTS IMPLEMENTED AT INDUSTRIAL ENTERPRISES

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**ABSTRACT**
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*This article substantiates methods and mechanisms for improving the financial and economic efficiency of investment projects implemented at industrial enterprises. A mechanism for enhancing and developing the efficiency of industrial investment activities has been developed. A SWOT analysis has been conducted in the context of enhancing and developing the efficiency of industrial investment activities. Scientific proposals and practical recommendations have been developed for effectively addressing issues related to the efficient placement and development of industrial enterprises.*

**KEYWORDS:** *Investment Efficiency, Innovation Potential, Industrial Enterprises, Cost Reduction, Optimization, Profit, Production Volume, Technological Modernization, Product Diversification, Income, Industrial Projects, Investment Projects.*

## INTRODUCTION

In the context of increasing global competition, technological innovations, and the expansion of energy- and resource-efficient approaches in industrial production, the importance of the industrial sector in ensuring sustainable economic development and the well-being of the population is increasing. According to the World Bank's calculations for the end of 2025, the share of industry in GDP was 23.0 percent in Germany, 35.5 percent in Norway, around 26.4 percent in Poland, 25.0 percent in Switzerland, around 22.0 percent in Italy, 26.6 percent in Kazakhstan, and 33.0 percent in Azerbaijan. International experience shows that industrial development is also important in ensuring the socio-economic development of the country, improving the well-being of the population, and eliminating employment problems. In particular, "According to the World Bank for 2025, if about a quarter of total employment in the world falls on industry, this figure will be 31.8 percent in China, 26.0 percent in Germany, 26.4 percent in Italy, 23.0 percent in Japan, 27.3 percent in Turkey, and 33.0 percent in Kazakhstan. "It is recorded at around 20.0 percent." This demonstrates the urgency of the problem of increasing the economic efficiency of the industrial sector in the world.

During the study, taking into account the current state of industrial enterprises, the mechanism for increasing and developing the efficiency of investment activities of industrial enterprises can be expressed as follows, divided into institutional-legal, scientific-research, organizational-economic, and financial-economic parts.

The above are the components of the mechanism for increasing and developing the efficiency of investment activities of industrial enterprises. In our opinion, the mechanism for increasing and developing the efficiency of investment activities of industrial enterprises should cover institutional and legal, scientific and research, organizational and economic, and financial and economic aspects. Because the first chapter of this study extensively discussed and substantiated this issue in the coverage of the theoretical foundations of the topic.

In addition, the effectiveness of investment activity and its development directly depend on the innovative activity of industrial enterprises. Therefore, in order to develop methodological approaches for the implementation of statistical assessments of the innovative potential of industrial enterprises and their structural composition, it is necessary to take into account the advantages of this system and its components. Therefore, the connection of such methodological approaches with the direct field of application should be based on the following criteria:

1) Establish a comprehensive assessment of the innovative potential of industrial enterprises as the goal of their methodological approach;

2) Taking into account the specifics of the enterprise in the processing industry;

3) To examine the organizational and management characteristics of industrial enterprises;

4) Step-by-step analysis of innovation processes in the enterprise and in-depth analysis of the decisions being made.

The extent to which these factors affect the economy of industrial enterprises, in particular investment activities, can

lead to its future sustainable development or underdevelopment. Therefore, giving special priority to investment projects of industrial enterprises at the national level, providing them with comprehensive financial and economic support, and establishing friendly relations and cooperation with foreign partners are promising directions for the industrial sector.

In this regard, it is appropriate to conduct a SWOT analysis to more broadly describe the internal and external factors of the effective placement of industrial sectors, as well as their negative and positive aspects, based on the results and analysis of this research.

This analysis is a methodology used for strategic planning and management, and can be used effectively in creating organizational strategy and competitive strategy.

This method has become popular as a means of organizing production strategies at a high level, and is important in developing scenarios for sustainable development and deployment of the network. That is, the SWOT analysis reflects the weaknesses, strengths, threats and opportunities of the process of planning and managing the facility.

In particular, the use of SWOT analysis in identifying problems related to the effective placement and development of industrial enterprises and developing their solutions provides the following opportunities:

- Strengths of effective placement and development of industrial enterprises;
- Weaknesses in the effective placement and development of industrial enterprises;
- Available opportunities for the effective placement and development of industrial enterprises;
- Allows you to identify threats to the effective placement and development of industrial enterprises.

Therefore, it is appropriate to conduct an analysis based on SWOT analysis on the effective placement and development of industrial enterprises, highlight its internal and external negative aspects, eliminate them, that is, develop scientific proposals and practical recommendations for effectively solving problems related to the effective placement and development of industrial enterprises (Table 1)

**Table 1**

**SWOT analysis on improving the efficiency and development of investment activities of industrial enterprises**

| | *Positive* | *Negative* |
|---|---|---|
| | **Strong sides** | **Weak aspects** |
| *Internal* | - enterprises develop according to state programs working published;<br>- to enterprises being given financial opportunities and freedoms;<br>- in enterprises export to do of possibilities high;<br>- cheap worker of strength availability;<br>- main from funds further effective use possibility;<br>- rich raw material base availability;<br>- innovative potential done increase of opportunity existence. | - low competitiveness of products;<br>- disruption of cooperative relations;<br>- lack of infrastructure for exporting products and services;<br>- problems with the sale and storage of products;<br>- the outflow of highly skilled labor to other sectors;<br>- the absence or lack of investment projects at the enterprise;<br>- Significant lack of investment, low profitability of many enterprises. |
| | **Capabilities** | **Threats** |
| *External* | - opportunities for diversification of products and services in enterprises;<br>- creation of a favorable investment climate, state economic policy to support the activities of enterprises;<br>- the possibility of entering foreign markets;<br>- extensive development of integration processes in enterprises. | - price changes in domestic and foreign markets;<br>- Insufficient motivation to work;<br>- increased competition in the world market ;<br>- changes in the economic and political situation in countries. |

According to the results of the SWOT analysis, it was observed that, along with the strengths and weaknesses of increasing the efficiency and development of investment activities of industrial enterprises, there are also weaknesses. In particular,

- Low competitiveness of industrial products. Proposal - increasing product competitiveness is to achieve an increase in product sales through a better study, understanding and adaptation to market demand. This is done, firstly, by reducing the cost of products and improving their quality;
- Poor cooperation relations. It is necessary to ensure high interaction between supply - raw material supply - producer - market and storage and transportation services, and for this it is necessary to improve the infrastructure for all related activities;
- Lack of infrastructure for exporting products and services, as well as problems with selling and storing products. Proposal - This is mainly due to the saturation of the domestic market in small enterprises and the lack of product quality, therefore, it is advisable to expand the market for products by organizing the practice of "corporate purchasing";
- The departure of highly skilled labor to other sectors. The main reasons for this are: low wages, the presence of heavy physical labor, improper distribution of working hours, and inadequate rent in the labor market. The proposal is to transfer industrial enterprises to Industry 3.0 and 4.0 in order to reduce these negative factors, and to create favorable conditions for this, the state should provide all possible assistance;
- The absence or scarcity of investment projects at the enterprise. Proposal - today there are really few investment projects in the industry. Industry is the main sector of the economy, where high value-added products and energy resources are produced. Therefore, it is necessary to increase

the number of promising investment projects in the industrial sector and create all the necessary conditions for their effective and sustainable operation;

- Low profitability of industrial enterprises. Proposal - ensuring high profitability of industrial enterprises is a complex process. Because, as noted in the previous paragraphs of the study, profitability is the ratio of profit to costs. So, there are the following approaches to increasing profitability in industrial enterprises:

a) cost reduction – optimization;

b) determine the profit-maximizing output volume;

c) achieving high and stable income through technological modernization and product diversification;

e) optimal placement of industrial projects;

j) taking into account other specific factors to ensure the effective organization of investment projects, etc.

There are many positive changes. However, there are also many problems that are still waiting to be solved in this process. In particular, due to the fact that many enterprises still have old equipment, the products produced are not sold and remain in warehouses, labor productivity is low, and the gap between the levels of industrial development remains sharp, especially in the structure of regional industrial production.

In addition to the above, in order to ensure sustainable growth of the industry:

- Equipping industrial enterprises with modern equipment and technology;
- Increasing the efficiency of using material raw materials;
- Increasing competitiveness among manufacturers;
- Mastering new types of products;
- Improving the "quality" of the workforce;
- Increasing the production of export-oriented products;
- It is necessary to develop the creation of large joint ventures based on attracting more foreign investment.

In addition, it is advisable to further improve the structural structure of the industry, increase the share of modern driver industries of the processing industry in the total output of the sector. It is also necessary to rationally use the raw material resources available in the regions and ensure territorial imbalance.

## CONCLUSION

The use of economic methods to increase the efficiency of industrial projects and regulate their development at the highest level will ensure the freedom of industrial enterprises, implement large investment projects envisaged in the state investment program, deepen economic reforms in the regions and open up a wide path for the development of entrepreneurial forms, improve the sectoral structure of industry in territorial structures, and accelerate the development of advanced forms of territorial organization of industry production. In addition, the effective use of economic mechanisms to ensure the further development of industrial enterprises on the basis of investment projects will lead to the formation of a favorable macroeconomic environment for industrial producers at the level of industrial enterprises.

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