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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

MODERN DIRECTIONS OF INVESTMENT POLICY IN THE FIELD OF LIGHT INDUSTRY

Speciality: 5311.01 – "Organization and management of enterprises"

Field of science: Economics

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BED 1.10 Dissertation Council operating under the AR ETN Institute of Economics of the Higher Attestation Commission under the President of the Republic of Azerbaijan

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GENERAL CHARACTERISTICS OF THE RESEARCH WORK

Relevance of the topic and level of development. The reforms implemented in the Azerbaijani economy in recent years have also been an impetus for positive changes in the activities of light industry enterprises. The policy of adapting the economy to market relations has set as the main condition the improvement of the competitiveness of goods by creating a basis for more efficient use of production potential. As a result of this policy, the negative effects of globalization on the economy have been eliminated, and the country's economic security has been generally ensured.

The specific features inherent in the Azerbaijani light industry are directly related to the rapid turnover of economic assets, the unchanging demand for the products of this sector, the dynamic expansion of production, and the operational renewal of equipment and technologies. All these factors are the main conditions for the development of business in new conditions. It should be noted that light industry operates in interaction with other sectors. This sector needs raw materials and materials from other sectors of the national economy.

The development of light industry in the country in modern times requires the creation of appropriate institutions related to attracting investment to this sector. Also, a favorable business and investment environment, qualified personnel potential, institutional potential, efficient infrastructure, availability of raw materials and other such factors determine the investment attractiveness of the light industry sector. However, the mobilization of such opportunities, improvement of the structure of light industry is of great importance in terms of ensuring economic growth and its sustainability in the country.

The main part of the investments made in the country in recent years has been directed to the oil and gas industry and infrastructure sectors. Although the development of infrastructure sectors has a positive impact on the growth of production in the real sector and the standard of living of society, it is important to coordinate

investments with the development of sectors that use the services of this sector. In such conditions, the development of the light industry sector is one of the priority directions of economic policy in the country. It is no coincidence that in recent years, a number of state programs, Strategic Roadmaps and laws have been adopted and some of them have been implemented regarding the development of light industry, as well as sectors that provide light industry with raw materials. In this regard, the "State Program for the Development of Industry in the Republic of Azerbaijan for 2015-2020", the "Strategic Roadmap for the Perspective of the National Economy of the Republic of Azerbaijan", the "State Program for the Development of Silkworm and Sericulture in the Republic of Azerbaijan for 2018-2025", the "State Program for the Protection and Development of Carpet Art in the Republic of Azerbaijan for 2018-2022", etc. can be noted.

The issues of increasing investment activity in light industry, forming a favorable investment climate, efficient use of attracted domestic and foreign investment resources, and stimulation of investment activity by the state are of great importance for the country's economy. The above-mentioned points indicate the relevance of the dissertation work dedicated to the study of the main directions of investment policy in light industry.

The problems of investment policy in light industry have been widely covered in the works of various economists from local and foreign countries. Among the Azerbaijani scientists engaged in the study of these problems, the following scientists can be especially noted: Z.A. Samadazadeh, T.H. Huseynov, A.Kh. Nuriyev, F.A. Mammadov, A.Sh. Shakaraliyev, M.J. Atakishiyev, R.N. Nuraliyeva, N.H. Abbasova, H.A. Israfilov, E.B. Mammadova, I.A. Feyzullabayli, etc. Among the researchers from foreign countries, scientists such as L.S.Valinurova, A.N.Vasilyev, O.V.Kasheyev, V.M.Kozhukhar, V.Y.Kolomensky, M.N.Smagina, B.I.Gerasimov, T.D.Chutayeva, S.G.Yamyshev, S.N.Yashin, S.V.Halley, L.D.Skol, L.T.Wels, A.G.Vint, M.L. Gulrajani and others can be noted.

Nevertheless, the aspects of analysis and assessment of factors related to investment policy in light industry have not been carried

out in a comprehensive manner. It should be noted that the development of solutions to these issues by the above-mentioned authors is of great scientific interest.

The object and subject of the research. The object of the study is light industry enterprises operating in the Republic of Azerbaijan. The subject of the research is the study of the economic relations arising from the investment of light industry enterprises.

Research goals and objectives. The purpose of the study is to identify modern directions of investment policy in light industry enterprises and to prepare scientifically substantiated proposals and recommendations in this direction.

In accordance with the purpose of the study, the following tasks were set:

• analysis of the essence of the concept of investment and its role in the economic development of the country;

• analysis of factors determining investment activity in light industry enterprises;

• analysis of modern approaches aimed at regulating investment activity in the process of developing and implementing investment policy;

• analysis of methods for managing and regulating investment activity in light industry sectors;

• assessment of the current state of investment activity and the investment climate in light industry;

• assessment of the level of investment flows and the impact of attraction in the light industry sector;

• econometric assessment of investment activity in light industry enterprises;

• determination of priority directions of investment activity in light industry;

• determination of methods for state regulation of investment activity in the light industry sector.

Research methods. In the research work, a systematic and logical approach was used, using general scientific functional, statistical and graphical methods, observation methods, expert assessment, comparative economic analysis, and other tools and

mechanisms, with the help of computer technology and modern software tools.

The main provisions defended: The main provisions put forward for defense are characterized by the following:

1 It is important to determine and generalize the functionality of investments at the micro level based on scientific and theoretical aspects;

2 It is necessary to identify the possibilities for the efficient and purposeful implementation of the financial strategy to ensure that the investment policy achieves the long-term goals of light industry enterprises;

3 The use of investments should be evaluated in terms of the structure and directions of the strategic management policy of light industry enterprises at the business and functional levels.

4. It is important to develop the infrastructure and service sector in connection with attracting investments to light industry;

5. In Azerbaijan, the relationship between investments directed towards fixed capital in the light industry and the total output of light industry enterprises and the index of consumer goods has been determined based on correlation-regression analysis. The results show that increasing investments in fixed capital is advisable in the textile, clothing, leather, and footwear production sectors to boost output;

6. The decrease in investment in light industry enterprises in Azerbaijan leads to an increase in the price index of consumer goods in this sector;

7. Within the framework of forming the investment policy in the light industry sector, the market conditions, external factors, demand for investments, and opportunities related to investment placements should be aligned with the principles and expectations of consumer behavior in the market.

Scientific novelty of the research - The scientific novelty of the dissertation work includes the development of new scientific, theoretical and applied aspects aimed at studying the issues of strengthening the role of investments in the sustainable development

of light industry. The scientific novelty of the research work includes the following:

- the aspects of the efficiency of investment policy in light industry have been determined based on scientific approaches to determining the main goals and principles of investment policy in the global value chain;
- the main features of its efficiency at the micro and macro levels in the context of improving investment policy in a global competitive environment have been revealed;
- factors affecting investment activity and investment attractiveness have been identified;
- in order to increase the efficiency of investment management in light industry enterprises, an updated investment policy has been formulated based on such elements as technological innovations, sustainable development principles, effective monitoring and diversification of investment attraction mechanisms;
- the trend model for investments directed to light industry sectors in Azerbaijan shows a high correlation relationship and, according to forecasts, these investments will develop with increasing dynamics until 2030;
- special criteria for improving the organizational structure of light industry enterprises based on the efficiency of their investment have been developed;
- priorities for state regulation of investment activities in light industry have been determined.

Theoretical and practical significance of research. The nature of the main provisions of the dissertation work, methodological approaches, results and proposals create opportunities for further research on increasing the efficiency of investments in light industry and improving investment attractiveness. The theoretical generalizations obtained in the study can be used in the policy of sustainable development of light industry and increasing the efficiency of investments in this area, in the preparation of relevant state programs, strategies and concepts, and in improving the management mechanisms of light industry enterprises.

Approval and application. The results of the research on the topic of the dissertation were presented and approved at scientific-theoretical and practical conferences. Among the main scientific works reflecting the results of the dissertation work are "The content of investment policy and factors influencing its formation" (Baku, 2018), "Problems of legal regulation of light industry of Azerbaijan" (Dashkant, 2019), "The economic essence and economic effects of investments in the context of theoretical research" (Baku, 2020), "Formation and development of a risk management system in light industry enterprises in modern conditions of activity" (Ganja, 2023), etc. The proposals put forward as a result of the research were approved and accepted for use by "Ganja Textile" OJSC (January 29, 2019, protocol No. 1).

The name of the organization where the dissertation work was performed - Azerbaijan University of Technology.

Dissertation structure and volume - The dissertation consists of an introduction, three chapters, a conclusion and a list of used literature, and is 226947 characters in total. The introduction is 10603 characters, Chapter I is 66275 characters, Chapter II is 66603 characters, Chapter III is 63256 characters, and the conclusion is 5714 characters. The dissertation uses 121 references and consists of 212451 characters excluding images, tables, graphs and a list of used literature.

The research work contains 10 tables, 7 schemes, 10 graphs, 1 diagram and 1 picture.

DISSERTATION CONTENTS

SUMMARY OF THE RESEARCH WORK

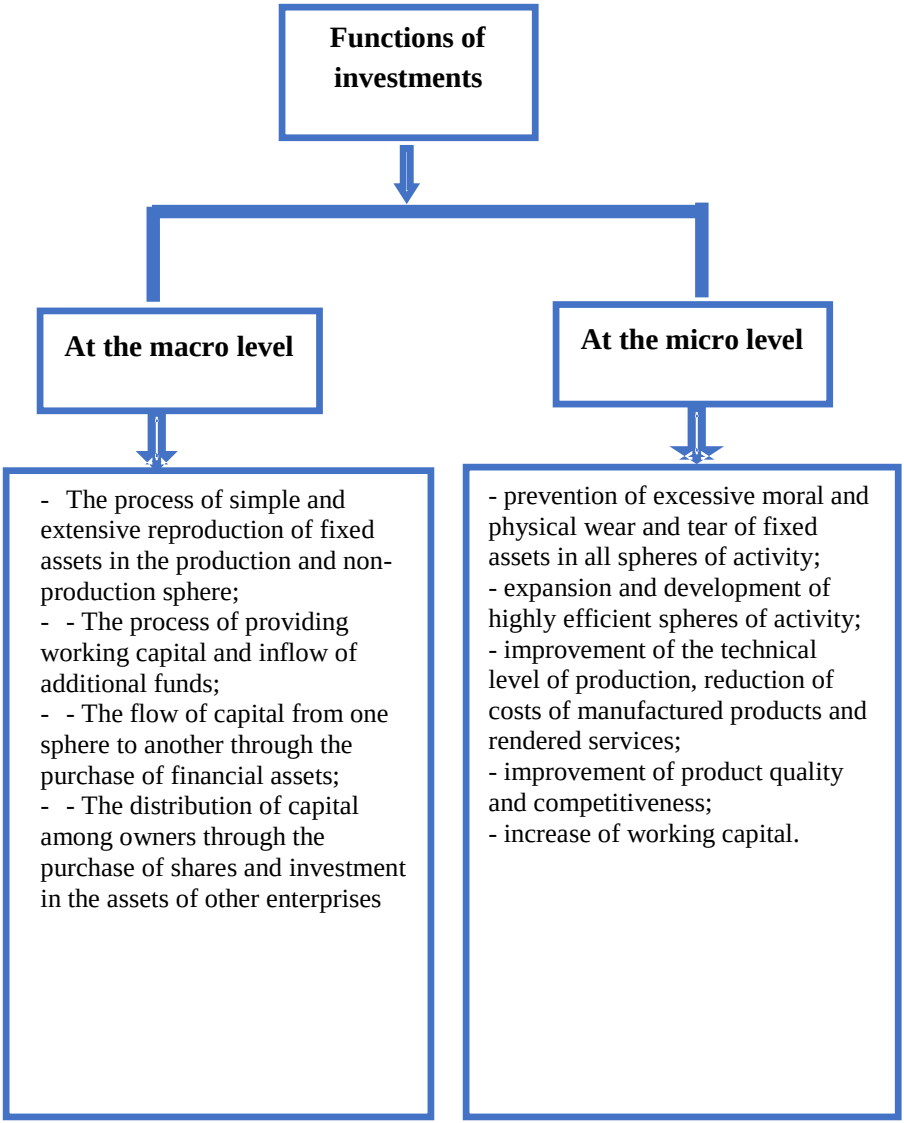
The introductory part of the dissertation work explains the relevance of the topic, the state of study of the problem, the goals and objectives of the research, the object, subject, scientific novelty, practical significance, etc.

The first chapter of the dissertation work, entitled **"Theoretical and methodological foundations of the formation of investment policy in the sphere of light industry".** This chapter explains the economic essence of investment, its role in increasing the efficiency of production, the concept of investment policy, its determining factors, modern approaches to macroeconomic regulation of investment activity in the system of formation and implementation of investment policy.

Investment serves to increase assets and profits as long-term costs directed at the use of financial, labor and material resources. Therefore, one of the priority tasks of any state in order to achieve a high rate of economic growth is to achieve an increase in investment in the country's economy. The successful solution of the specified task determines the place and role of the national economy in the world economy, leading to sustainable socio-economic development, increasing the welfare of the population.

It should be borne in mind that achieving all this is impossible without investing funds, that is, the development of economic processes requires constant investments. Accordingly, it can be said that the role of investments as a means of serious influence on the processes taking place in society is directly related to its characteristics, the volume of social production, the level of employment, structural changes in the economy, and the development of individual sectors of the economy.

The essence and importance of investments reflect their functions in the economy, and these characteristics attract attention with their multifacetedness and multifunctionality at the macro and micro levels.



Scheme 1. Functions of investments

Source:https://www.elibrary.ru/download/elibrary_12965231_48032967.pdf *compiled by the author.*

Investments, in addition to having a serious impact on economic processes, create multifaceted effects in the country's economy. These attract attention as economic, social, environmental and a number of other effects, at the same time, investments play an important role at the macro and micro levels of the system of economic relations, acting as an important source of economic development and modernization of production. In this regard, it is necessary to conduct theoretical assessments of the essence, types and functions of investments[1].

Investment policy reflects the possibilities of selecting and implementing more efficient forms of capital investment in connection with the implementation of appropriate and purposeful financial policy in order to achieve long-term goals. Such a policy serves to ensure that individual sectors of the country's economy and enterprises in the country can continue to compete, continue their activities, and maintain financial stability in difficult conditions. It is for this reason that a serious investment policy of the state is necessary to solve the problem of attracting investments to the country's economy.

The main goal of the state's investment policy is to create conditions that ensure capital inflows into the economy. The effectiveness of this policy can be measured by the dynamics of investment attraction. The mechanisms that regulate investment activity have a different impact on each sector of the economy and determine sectoral development. Investment policy is determined by the degree of state intervention in economic processes and the level of its interaction with key economic institutions such as tax, customs, finance and credit. The direction of this policy is also closely related to the structural model of public administration. Approaches based on the classification of forms of governance divide investment policy into two main types: liberal and centralized models. This

[1] Əliyeva, Ş.Y. İnvetisiyaların iqtisadi mahiyyəti və iqtisadi effektləri nəzəri araşdırmalar kontekstində // – Bakı: Kooperasiya, – 2020. №1, – s. 133-137. – URL: https://www.kooperasiya-journal.az/wp-content/uploads/2022/02/1-2020.pdf

division differs according to the methods of using economic regulation tools and the mechanisms for managing resources[2].

One of the main features that distinguishes a liberal-type investment policy is that the state intervenes in investment activity not directly, but through stimulating and regulatory means. In this approach, the vertical organization of the investment system is striking, that is, a coordinated distribution of resources across sectors is ensured. In addition, this policy is based on the effective integration of various financial sources - including the state budget, private capital, foreign investments and attracted funds. The level of infrastructure development is one of the important factors that increases the sustainability and attractiveness of such a model. In the liberal model, the main role of the state is to promote the activities of investors by regulating their relations within a legal and institutional framework. Such an approach creates a more free operating environment for economic entities, creating conditions for the effective functioning of market mechanisms and the development of the general economic system based on its potential.

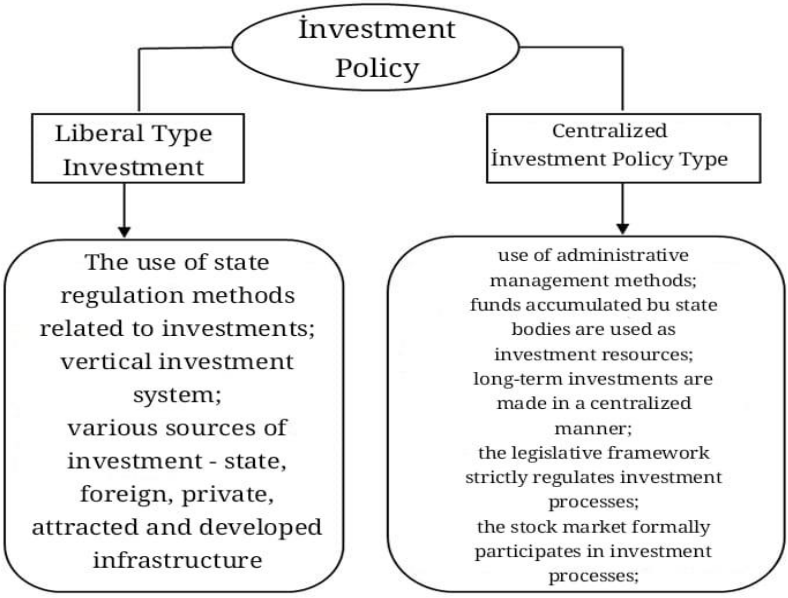
The main features of centralized investment policy are the direct and strong influence of the state on investment processes. In this model, state bodies perform the function of collecting and directing investment resources, and the priority is to provide funds mainly from the state budget. Long-term investment projects are centrally managed by the state, and this approach is supported by strict legislative requirements. As a result, a system is created in which the role of the stock market is more limited and investment processes are highly regulated.

From the above, it is clear that the activity of investors directly depends on the type of investment policy[2].

Thus, the essence of the state's investment policy is to determine the volume and structure of investments in various sectors of the

[2] Алимов, В. В. Влияние государственной инвестиционной политики на формирование инвестиционного климата страны / В. В. Алимов // Бизнес в законе. – 2010. – № 3. – С. 247-249. – URL: https://www.elibrary.ru/download/elibrary_15273182_99707162.pdf

economy, and to determine the areas in which they should be used. The main task of the state's investment policy is to create favorable and appropriate conditions for attracting the funds required for the development of the country's economy and social sphere.



Scheme 2. Types of state investment policy

Source:*https://www.elibrary.ru/download/elibrary_15273182_99707162.pdf compiled by the author.*

The second chapter of the dissertation work, **entitled "Current state of light industry and assessment of investment activity"**. This chapter assesses the current state of light industry, conducts a macroeconomic analysis of investment policy in light industry, examines the system of making and managing investment decisions in light industry, and also econometrically evaluates the factors affecting investments in fixed capital in light industry enterprises.

During the years of independence, the issue of developing light industry as one of the priority directions began to become relevant in the process of developing the non-oil sector, preparing regional development programs, preparing and implementing the Strategic

Road Map and relevant development concepts. In this regard, it should be noted that currently 170 light industry enterprises operate in the republic, 34 of these enterprises are large and medium-sized, and the rest are small enterprises[3]. Over the past 10-12 years, more than 20 light industry enterprises have been established in Yevlakh. It began operating in Lankaran, Agstafa, Salyan, Sheki, Gakh, Saatli, Ismayilli, Horadiz and Baku (Table 1).

Table 1.

Light industry enterprises established in the Republic of Azerbaijan in recent years

Opening year	Institutions
2005	Leather processing plant in Yevlakh
2006	- "Lal-Textile" LLC sewing factory in Yevlakh district - Lankaran sewing factory
2007	Leather processing factory of "Gilan-Deri" LLC in Yevlakh district
2008	- Akkord Group of Companies' sewing factory in Agstafa - Cotton ginning plant in Shirvan - Baku yarn factory of MKT Production-Commerce LLC in Baku - Atanur Company's wool processing plant in Salyan
2009	- New cocooning workshop under "Sheki Silk" OJSC - New sewing workshop producing special clothing for workers in industrial areas in Gakh city
2010	- New sewing workshop in Dashkesan district - "Intertekstil" OJSC in Sumgayit city
2011	- Yarn Factory in Saatli district
2012	- Gilan Textile Park in Sumgayit
2013	- Sewing factory in Ismayilli
2014	- "Baku Sewing House" OJSC - Horadiz Sewing Factory - Gilan Textile Park Yarn Factory - Gilan Textile Park Yarn Dyeing Factory - Gilan Textile Park Fabric Weaving Factory - Gilan Textile Park Fabric Weaving Factory - Gilan Textile Park Towel Factory
2018	Yarn production facility of "Mingachevir Textile" LLC

Source: *The table was compiled by the author based on data from the State Statistics Committee.*

[3] Azərbaycan Dövlət Statistika Komitəsi, Azərbaycanın Sənayesi Statistik Məcmuə // – Bakı: Azmega Group. 2020. 345 s.

All this indicates, first of all, that the light industry in the country cannot meet the needs of not only foreign markets, but also the domestic market. Such a picture cannot be considered satisfactory for a period when economic stability is ensured in the country and the country's economy has entered a stage of sustainable economic development.

Let us pay attention to the dynamics of industrial production in the Republic of Azerbaijan over the past 5 years. It turns out that in 2022, compared to 2018, there was a 1.9% decrease in the textile industry, a 64.1% increase in clothing production, and a 50.8% increase in the production of leather and leather products (Diagram 1).

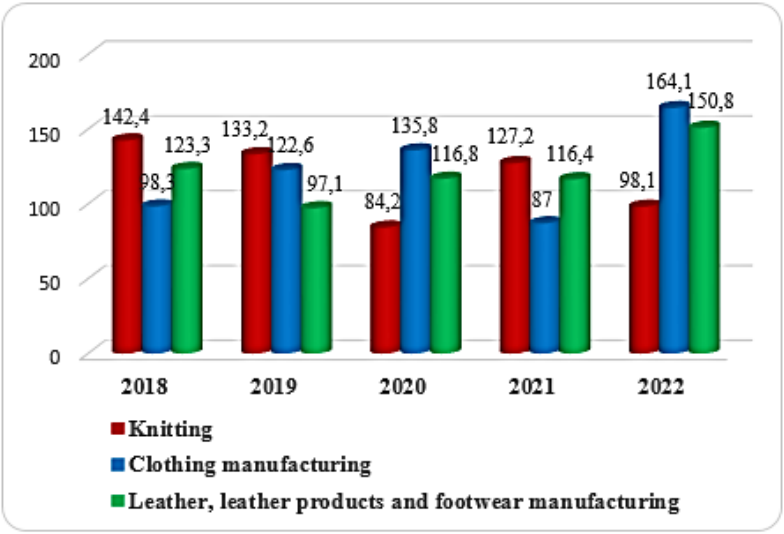


Diagram 1. Value of industrial output (works, services), in actual prices (million manats).

Source: *The diagram was compiled by the author based on data from the State Statistics Committee.*

Table 2.

Exports of light industrial products (in 1000 US dollars)

Goods groups	2018	2019	2020	2021	2022	In 2022, compared to 2018, in percent
Raw hides, tanned leather, natural fur, and articles thereof	13340,2	11 857,6	8 400,1	12 228,0	13 149,0	98,6
Raw hides and tanned leather	13259,4	11 632,9	8 333,2	12 090,0	13 025,6	98,2
Leather goods, handbags and similar goods	79,9	224,6	66,9	137,9	123,3	154,3
Textile materials and products	135209,5	185 435,1	182 123,6	303 015,3	246 682,8	182,4
Silk	292,2	959,7	1 100,4	4 213,1	1 701,8	5,8 times
Cotton	108 346,1	158 468,8	156 842,5	273 002,8	213 760,4	197,3
Chemical threads	1480,5	1 253,8	836,4	1 353,4	623,4	42,1
Carpets and other textile floor coverings	324,0	472,0	379,6	390,3	219,4	67,7
Special fabrics, lace, tapestries, embroidery	788,4	685,9	422,1	97,3	248,1	31,5
Impregnated, coated textile materials	46,2	6,8	91,6	31,8	23,7	51,3
Knitted garments and accessories	358,1	504,7	544,5	452,2	878,5	2,5 times
Clothing and clothing accessories (except knitwear)	985,2	626,5	876,3	968,8	2042,3	2,1 times
Other ready-made textile products, used clothing	21981,1	22 090,1	20 260,5	21 913,5	26 459,1	120,4
Shoes	165,0	848,6	876,7	422,9	584,5	3.5 times

Source: *The table was compiled by the author based on data from the State Statistics Committee.*

https://www.stat.gov.az/

As can be seen from the table, compared to 2018, exports of light industry products increased by 54.3% in 2022 for leather goods, handbags and similar goods, 82.4% in textile materials and products, 5.8 times in silk, 97.3% in cotton, 2.5 times in knitted and crocheted clothing and accessories, 2.1 times in clothing and clothing accessories (except knitwear), 20.4% in other finished textile products, finished clothing, and 3.5 times in footwear. A decrease of 1.4% was recorded in raw hides, tanned leather, natural fur, and products made from them, 1.8% in raw hides and tanned leather, 57.9% in chemical threads, 32.3% in carpets and other woven floor coverings, 68.5% in special fabrics, lace, tapestries, embroidery, and 48.7% in impregnated and coated textile materials (Table 2).

Table 3.

Investments in fixed capital in light industry (million manats).

Indicators	**2018**	**2019**	**2020**	**2021**	**2022**	**In 2022 compared to 2018, in %**
Textile industry	42,9	88,3	15,4	25.3	23.3	54,3
domestic investments	42,9	88,3	15,4	25.3	23.3	54,3
Clothing production	23,7	20,0	26,5	26.9	25.5	107,6
domestic investments	23,7	20,0	26,5	26.9	25.5	107,6
Manufacture of leather, leather goods and footwear	1,9	0,7	-	0.2	0. 5	-
domestic investments	1,9	0,7	-	0.2	0.5	-

Source: *The table was compiled by the author based on data from the State Statistics Committee.* *https://www.stat.gov.az/*

Based on statistical data, it should be noted that various changes were observed in fixed capital investments in light industry sectors. Thus, compared to 2018, fixed capital investments in the textile industry in 2022 decreased by 45.7% to 23.3 million manat. In clothing production, compared to 2018, it increased by 7.6% to 25.5

million manat in 2022. No fixed capital investments were recorded in the production of leather and leather products and footwear (table 4)[4].

Such a situation requires taking into account a number of important issues when formulating an investment policy. In this regard, it is necessary to keep in mind the frequent fluctuations in the investment market situation, the possibility of relatively low profitability of capital investments in industry, the possibility of crises and their negative effects, etc.

From the above, it is clear that in the modern era, the activity of the economy and its individual sectors also requires the formation of an effective management system that can respond to changes in the internal and external environment. Making investment decisions occupies a special place in the development and management of production sectors, including light industry.

Investment decisions, serving various scopes and goals, contribute to the development of both enterprises and the economy as a whole. These decisions are expected to solve the following tasks[4]:

1. The prepared investment decisions are focused on long-term general goals and investment objectives, ensure the development of the organization and its individual structures.

2. These decisions make it possible to realistically assess investment opportunities, maximize the use of internal investment potential and more efficiently manage investment resources.

3. In accordance with changes in the external investment environment, investment decisions create conditions for the implementation of new promising investment opportunities.

4. When preparing investment decisions, factors that are difficult and sometimes impossible to consider in advance should be

[4] Чараева, М. В. Формирование инвестиционной политики предприятия в современных условиях / М. В. Чараева // Финансовые исследования. – 2010. – № 1(26). – С. 59-64. – URL: https://www.elibrary.ru/download/elibrary_15617045_88366525.pdf

taken into account, and measures should be taken to reduce their negative effects.

5. Within the framework of these decisions, the comparative advantages of enterprises and sectors are determined and taken into account in comparison with the capabilities of competitors.

6. Investment decisions allow for the formation of the correct mechanism that coordinates the strategic, current and operational management of investment activities.

7. When making the most important strategic decisions, they create a solid basis for determining appropriate organizational behavior programs.

The research work has determined the relationship between investments in fixed capital, total output of light industry and consumer price index for the country. To determine this relationship, we denote the volume of total output of light industry as X1, the consumer price index for the country as X2, and the volume of investments in fixed capital for light industry enterprises engaged in the textile industry, clothing production, leather and leather products and footwear production as Y as the result factor, and using the EViews-12 software package, we obtain the following result.

According to the results obtained using the Eviews-12 application software package, the regression equation will be as follows:

$$Y = 0{,}18387x_1 - 2{,}2659x_2 + 231{,}42587\ ,\ R^2 = 0{,}6032$$

(t) (-1,16098) (4,0707) (1,5689) DW=2,223

As can be seen from the regression equation obtained from the Eviews-12 software package, X1, which expresses the volume of total product production in light industry, increases the factor Y, which expresses the volume of investments in fixed capital in light industry enterprises engaged in the textile industry, clothing production, leather and leather products and footwear.

Table 4.

Result of regression analysis of the relationship between fixed capital investment in light industry, gross domestic product, and consumer price index

Dependent Variable: Y				
Method: Least Squares				
Date: 05/20/22 Time: 10:05 Sample: 2009 2020				
Included observations: 12				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
X2	-2,265933	1,407518	-1,609879	0,1419
X1	0,183873	0,04517	4,070723	0,0028
C	231,4259	147,5104	1,568878	0,1511
R-squared	0,675333	Mean dependent var		32,33333
Adjusted R-squared	0,603185	S.D. dependent var		30,89196
S.E. of regression	19,45986	Akaike info criterion		8,986902
Sum squared resid	3408,174	Schwarz criterion		9,108129
Log likelihood	-50,92141	Hannan-Quinn criter.		8,94202
F-statistic	9,360358	Durbin-Watson stat		2,223325
Prob(F-statistic)	0,006331			

Source: *Developed by the author based on the Eviews-12 application software package.*

On the contrary, the increase in the factor X2, which reflects the consumer price index for the country, reduces the result factor. However, in order to ensure the adequacy of this result, the statistical significance of the given coefficients should be checked. For this, it is necessary to check the following hypothesis.

$$\begin{cases} H_0: \beta_1 = 0 \\ H_0: \beta_1 \neq 0 \end{cases}$$

The above hypothesis is tested based on the following t-statistic:

$$t_1 = \frac{b_1}{S_{b_1}} = \frac{-2{,}265933}{1{,}407518} = -1{,}60988$$

$$b_2 = \frac{b_2}{S_{b_2}} = \frac{0{,}183873}{0{,}045170} = 4{,}070723$$

The critical point of the Student's distribution (t-distribution) ($\alpha = 0{,}0005$)) will be $t_{0{,}005;9} = 4{,}781$[5]. As can be seen, the coefficients of the variables X1 and X2 are statistically significant, since $-1{,}60988 < 4{,}781$ and $4{,}070723 < 4{,}781$.

Since the correlation coefficient between the indicators for the studied period is $r = \sqrt{R^2} = \sqrt{0{,}6032}$ =0,77666, according to the Chaddock scale, there is a high correlation between investments in fixed capital in light industry enterprises engaged in the textile industry, clothing production, leather and leather products and footwear, total light industry production and the consumer price index for the country.

The coefficient of determination is equal to $R^2 = 0{,}675$ according to the results obtained using the Eviews-12 software package. This means that the independent variables included in the model, namely the total output of the light industry and the consumer price index for the country, explain 67.5% of the Y factor, which expresses the volume of investments in fixed capital in light industry enterprises engaged in the textile industry, clothing production, leather and leather products and footwear, and 32.5% is explained by other factors not included in the model.

The statistical significance of the regression equation obtained using the Eviews-12 software package with the help of the F-Fisher criterion is determined by comparing the F-Fisher criterion with the $F_{cədvəl}$ (a; m; n − m − 1).

$$F_{cədvəl}\ (\text{a; m; n} - \text{m} - 1) = (0{,}05; 2; 9) = 4{,}26$$

If we compare the F- Fisher criterion with the $F_{cədvəl}$ (a; m; n − m − 1) value, we see that F- Fisher criterion = (9.36) > $F_{cədvəl} = 4{,}26$. This means that the regression equation is statistically significant overall.

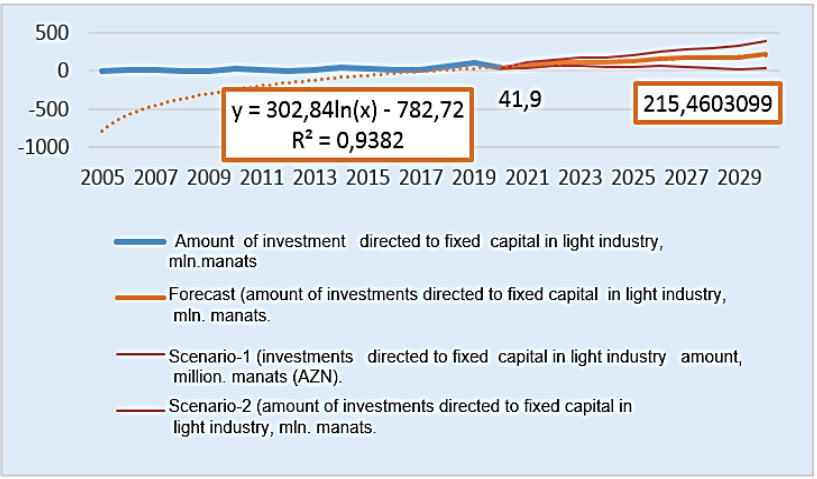
[5] Yadigarov, T. Əməliyyatlar tədqiqi və ekonometrik məsələlərin MS Excel və Eviews proqram paketlərində həlli: nəzəriyyə və praktika / T.Yadigarov. – Bakı: Avropa, – 2020. – 352 s. – URL: https://anl.az/el/kitab2022/04/cd/777797.pdf

The critical points of the Darbon-Watson statistics will be as follows.

$$d_l = 0{,}812 \;\; d_u = 1{,}579.$$

Therefore, $d_u = 0{,}812 \leq \text{DW} = 2{,}223 < 4 - d_u = 2{,}421$ there is no autocorrelation between the studied indicators. This means that the regression equation is statistically significant as a whole and the model $Y = 0{,}18387x_1 - 2{,}2659x_2 + 231{,}42587$ obtained based on the Eviews-12 application software package is an adequate and statistically significant model as a whole.

If we forecast investments in fixed capital for light industry in the Republic of Azerbaijan in the research work, we will get the following result.



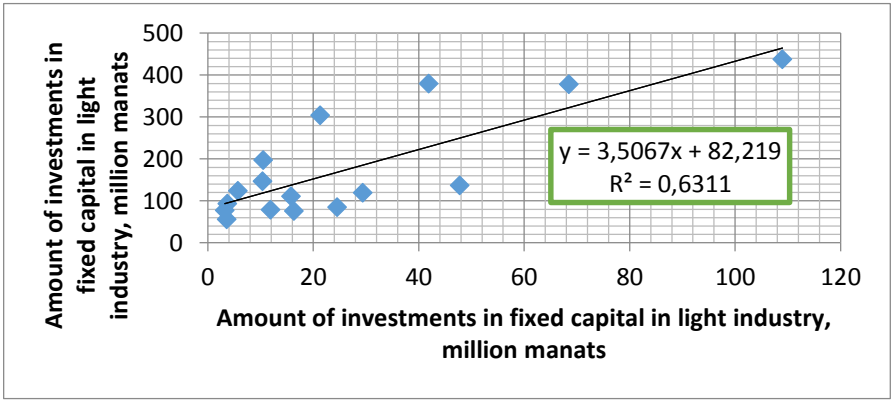
Graphic 1. Forecast prices of fixed capital investments in light industry in Azerbaijan until 2030

Source: *Prepared by the author based on the MS Excel software package.*

As can be seen from the graph, there is a very high correlation between the forecast values of fixed capital investments in light industry in the Republic of Azerbaijan and the time factor, expressed by the regression equation y = 302.84ln(x) - 782.72 (R^2 = 0.9382)

based on the trend model. According to the graph, according to the forecasts, the volume of fixed capital investments in light industry enterprises engaged in the textile industry, clothing production, leather and leather products and footwear production will develop with increasing dynamics until 2030 and will reach 215.5 million manat in 2030.

It should be noted that since fixed capital investments directly affect product production, if we examine the dependence between fixed capital investments in light industry enterprises engaged in the textile industry, clothing production, leather and leather products and footwear production and total product output in light industry, we will obtain the following result.



Graphic 2. The relationship between fixed capital investments in light industry in Azerbaijan and total output.

Source: *Prepared by the author based on the MS Excel software package.*

As can be seen from the graph, there is a positive correlation between investments in fixed capital in light industry in Azerbaijan and total output, expressed by the regression equation y = 3.5067x + 82.219. If we calculate the elasticity coefficient according to the coefficient of the free variables in the relationship equation and the

arithmetic average values of the volume of the causal factors and the result factor for the studied periods, we get the following result[6].

$$E_{investment\ in\ fixed\ assets} = \frac{\alpha \times \bar{x}}{\bar{Y}} = \frac{3{,}5067 \times\ 26{,}47063}{175{,}0438} = 0{,}530293$$

Based on the calculated values of the elasticity coefficient, it can be concluded that a 1% increase in fixed capital investments in light industry in Azerbaijan results in a 0.53% increase in the volume of production in light industry.

The third chapter of the dissertation work, entitled **"Directions for improving investment policy in light industry and regulating investment activity"**. This chapter identifies ways to improve investment policy in light industry and priorities for state regulation of investment activity in the light industry sector.

The investment policy of light industry enterprises consists of a set of its goals and objectives, the process of searching for domestic and foreign investments and attracting them to production. It is precisely the investment policy that determines the strategic and tactical features of the activities of light industry enterprises: it serves to create favorable conditions in light industry enterprises and search for mechanisms for providing investment policy assistance to various enterprises. This, in turn, calls for the identification of appropriate improvement measures.

In modern times, the high level of organization of production creates a favorable and fertile ground for the success of enterprises in the conditions of market economy relations. The implementation of strategic plans in light industry enterprises and the adaptation of the management system to the relevant requirements require changes in the management system of enterprises. Research shows that special attention should be paid to the attractiveness of light industry enterprises in the context of realizing their competitive advantages.

[6] Yadigarov, T. Gömrük statistikası və müasir informasiya texnologiyaları/ T.Yadigarov. – Bakı: Avropa, – 2020. – 520 s. – URL: https://www.anl.az/el/Kitab/2020/09/cd/Ar2020-136.pdf

The main indicators of the investment attractiveness of enterprises are the following, which investors pay special attention to:

1) Financial and economic indicators, capitalization, business plan, growth prospects and enterprise development.

2) Enterprise development strategy, market share, sales network, enterprise assets.

3) Market growth prospects, availability of innovation projects, unique technologies, patents, licenses, etc.

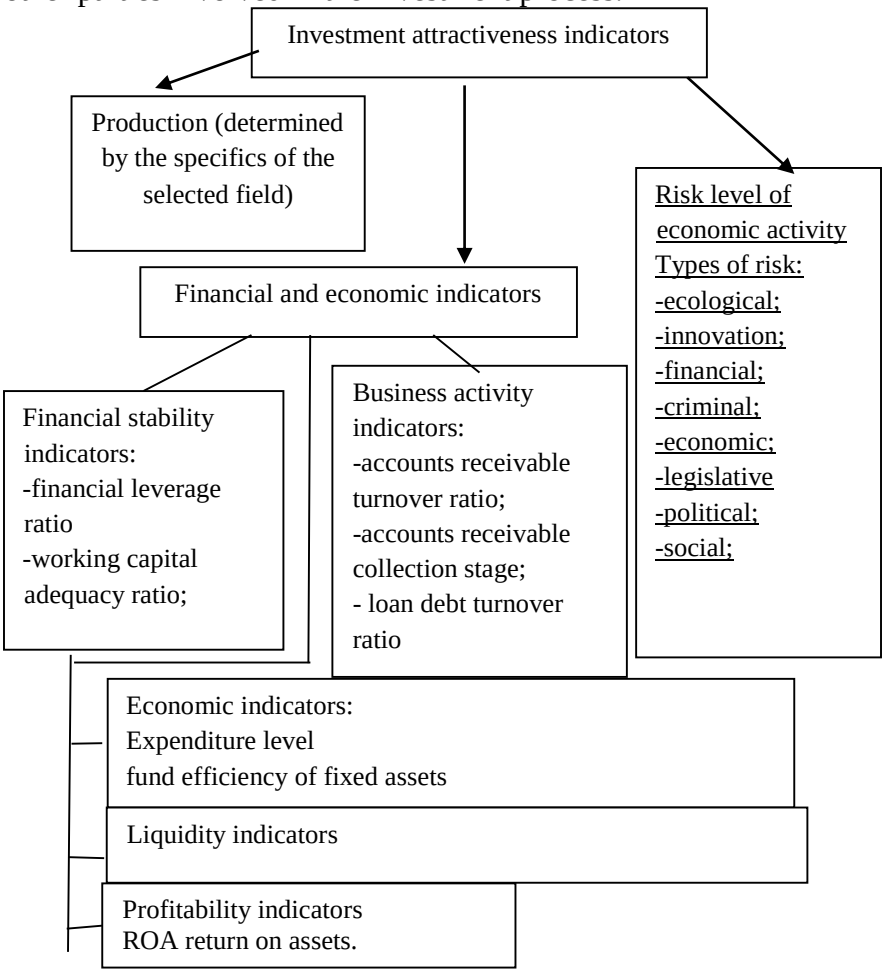
From the above, it is clear that in order for enterprises to operate sustainably and effectively in a fiercely competitive environment, it is important for them to constantly develop. Enterprises must adapt to frequent changes in the external environment and provide the market with modern, innovative and high-quality products. To maintain such a level, investments must be continuously made in enterprises, especially investments in fixed assets and the development of scientific and technical projects. Investors are interested in investing only in enterprises with attractive investment potential[7].

One of the main elements in assessing the attractiveness of light industry enterprises is the selection of specific indicators that allow for a detailed description of individual areas of their activity and the creation of a complete picture of the enterprise as a single system.

Effective implementation of investment policy will be possible not only through the improvement of various forms and methods of activity, but also through the further activation and efficient implementation of this activity. It is important to increase the investment attractiveness of light industry enterprises, while simultaneously achieving this goal by applying appropriate management principles and methods. This approach requires increasing the importance and influence of the state's investment

[7] Мозглякова, Екатерина Викторовна. Совершенствование инвестиционной политики в системе управления предприятиями легкой промышленности : диссертация ... кандидата экономических наук / Москва, 2012. - 205 с. URL: https://search.rsl.ru/ru/record/01006550052

policy. The main goal of the state's investment policy is to support the development of the national economy and create appropriate conditions by providing legal and legal security to investors and other parties involved in the investment process.



Scheme 3. Selected indicator groups for a comprehensive assessment of the investment attractiveness of industrial enterprises

Source: *compiled by the author.*

The elimination of existing problems in investment activity can only be carried out in accordance with the country's strategic development priorities. In this regard, updating and optimizing the organizational structure of the state's investment policy acts as one of the main tasks. In this direction, it is considered necessary to take the following measures:

- Formation of an operational and reliable information system on the investment climate at the national level, increasing the level of information of investors;

- Institutional reforms are needed in the economic management system to create a more favorable investment climate. In this context, the main focus should be on reducing direct state intervention in economic activity. Digitalization and acceleration of administrative procedures such as registration and licensing, as well as increasing transparency in customs policy and simplifying tariffs, can create the basis for more flexible direction of investment flows. Such an approach stimulates more active inflow of extra-budgetary funds into the real sector and gives impetus to the growth of entrepreneurial initiatives[8];

- Strengthening the mechanisms for the protection of property rights, especially intellectual property, bringing the regulatory and legal framework in this area into line with international requirements, expanding legal protection opportunities by making the necessary amendments and additions to the existing legislation.

The main strategic direction for ensuring the sustainable development of the light industry sector should be focused on increasing the effectiveness of innovative activities in this area. Such an approach allows for significantly increasing the competitiveness of the sector by promoting structural modernization. In this context, the following priorities are of particular importance:

[8] Əhmədov, M.A. İqtisadiyyatın dövlət tənzimlənməsinin əsasları / M.A.Əhmədov, A.C.Hüseyn – Bakı: İqtisad Universitet, – 2011. – 120 s. – URL: https://unec.edu.az/application/uploads/2020/06/qtisadiyyat-n-d-vl-t-t-nziml-nm-sinin-saslar-.pdf

• Modernization of production processes through the application of new technologies, strengthening technological equipment and shortening innovation cycles through increased labor productivity;

• Creation of mechanisms for commercialization of scientific research results, as well as minimizing investment risks in projects aimed at technological innovations;

• Formation of a more favorable legal and economic environment for small and medium-sized enterprises, promotion of their integration into international markets and support for export-oriented activities.

The innovative development model is the main decisive factor in achieving strong economic indicators of light industry and increasing competitiveness in the sector. This model is not only associated with increasing productivity and technological development, but also promotes strengthening international cooperation in the sector and establishing new relationships with foreign partners.

While accelerating the overall development of light industry, the innovative approach also has a positive effect on the formation of new business structures, which in turn strengthens investment flows. Also, these innovative changes taking place in the sector increase the country's export potential, bring additional income to the economy and strengthen the state budget. As a result of these positive transformations, light industry is becoming an important strategic role in the country's economy and further strengthening Azerbaijan's position in the international economic world.

This development model will also ensure more sustainable and long-term development of light industry, and will allow it to reach a high level of technical and financial indicators. As a result, this approach will make a valuable contribution not only to the sector, but also to the country's economic development strategy as a whole.

The development strategy for the light industry of the Republic of Azerbaijan until 2025 can be divided into three main stages:

1. In 2019-2021, it is planned to achieve competitive advantages in domestic and international markets by implementing innovative projects, optimizing scientific and technical potential, and flexibly

adjusting economic policies to accelerate the development of light industry.

2. In 2022-2023, it is planned to attract foreign and state investments and develop public-private sector cooperation by strengthening innovation and technological development, applying clean technologies, developing ecological production methods, and intensifying scientific research.

3. In 2024-2025, it is planned to implement a model that supports the economic growth of light industry, changes in technology and legislation, and adapting production volumes and product quality to consumer requirements, thereby increasing the competitiveness of light industry and increasing its competitiveness in new markets.

Table 5.

Strategic indicators of light industry development

Indicators	**Innovation scenario 2019-2021**	**Innovation scenario 2022-2023**	**Innovation scenario 2024-2025**
Increased labor productivity	148,3%	151,1%	165,2%
Textile and weaving products	147,0%	145,7%	161,0%
Leather, leather products and footwear	148,1%	144,4%	160,9%

Source: *The table was compiled by the author based on data from the State Statistics Committee. https://www.stat.gov.az/*

The implementation of investment policy and the execution of projects are not only related to increasing transparency in resource management, but also to a clear distribution of authority and responsibilities. These structural changes will ensure a more targeted and systematic approach to planning and implementing investment projects, and at the same time increase the effectiveness of the projects being implemented. Thus, clear leadership and management

opportunities will be created for enterprises to properly direct investments and create real impact.

CONCLUSION

Thus, the studies conducted on determining the development directions of investment policy in light industry allow us to summarize the following results:

1. Studies conducted in the field of formation and improvement of investment policy of light industry enterprises show that this policy is based on a system of interconnected principles. These principles, in turn, imply the specific development patterns of the sector and the adaptation of the production potential of enterprises in the conditions of a changing market economy. Adaptation of investment policy to modern conditions creates the basis for its continuous and flexible renewal.

2. The studies conducted prove that the investment policy of light industry enterprises is not limited to being adapted only to the national economic development strategy. At the same time, this policy also includes the specific development trends of the sector. This situation necessitates a flexible response to market demands in the activities of enterprises, increasing the competitive advantage of products in the market, and updating production capabilities on modern technological bases.

3. The studies have determined that, along with determining investment priorities in the light industry sector, the application of effective management systems is also of great importance. Assessing investment attractiveness and making decisions based on these indicators creates conditions for increasing the efficiency of re-production processes in enterprises. This also plays an important role in maintaining a stable position in domestic and foreign markets.

4. Within the framework of the study, investments in fixed capital in light industry in Azerbaijan and the coefficients of factors affecting them were analyzed using the EViews-12 application

software. Residual diagnostics and histogram normality tests were conducted based on the confidence ellipse, Q-statistics, and the model was determined to be adequate based on its statistical indicators.

5. During the study, the prices, standard errors and forecast characteristics of the model for fixed capital investments in light industry by year were analyzed. Based on the results obtained, it was determined that the established model is suitable for forecast purposes and, according to calculations, it was predicted that the volume of these investments will increase by 5.05 times compared to 2020 and reach 215.5 million manat by 2030.

6. Based on the trend model established between the forecast prices of fixed capital investments in light industry in the Republic of Azerbaijan and the time factor, it was predicted that the volume of investments in the textile industry, clothing production, leather and leather products, as well as industrial enterprises engaged in the production of footwear will develop with increasing dynamics by 2030.

7. There is a statistically significant and positive correlation between fixed capital investments in light industry in Azerbaijan and total output. This relationship is expressed by the linear regression equation $y = 3.5067x + 82.219$. According to calculations, a 1% increase in fixed capital investments leads to an increase in production volume in light industry enterprises by approximately 0.53%.

In order to activate the investment policy in light industry enterprises, to increase the efficiency of its management and implementation, the following proposals and recommendations are put forward:

1. In order to increase the investment attractiveness of light industry enterprises, it is necessary to create a purposeful and continuous monitoring system at the state level. Such a system will allow to monitor changes in both local and global economic conditions and ensure the adaptation of investment policy.

2. It is recommended to create a single management structure in order to effectively implement investment activities in enterprises.

This structure should be based on the principles of quality control at both the corporate and production levels, and should provide for the application of ISO 9001 and other international standards.

3. “For the successful implementation of investment projects, it is important to assess and manage risks in advance. For this purpose, a “Risk Map of Investment Projects” should be developed and used at each stage of the projects. This approach will help minimize risks and ensure the stability of projects.

4. A scheme for assessing the investment attractiveness of enterprises has been developed, taking into account internal and external factors. The parameters (criteria) of the factor that will allow calculating the investment attractiveness of enterprises should be developed.

5. It is necessary to assess the investment attractiveness of light industry enterprises from the point of view of related groups of indicators. The assessment of investment attractiveness should be carried out on complex financial and economic indicators.

6. One of the main elements when assessing the attractiveness of light industry enterprises should be the selection of specific indicators that allow for a detailed characterization of individual areas of their activity and the creation of a complete picture of the enterprise as a single system.

7. We believe that in times of crisis, when the socio-economic situation is unstable, the application of the Keynesian model becomes more relevant. However, once favorable growth rates of production have been achieved and economic problems have been resolved, it would be more appropriate to use the monetarist model.

The following articles and theses of the author have been published on the topic of the dissertation.

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