THE ROLE AND FUNCTIONS OF INVESTMENTS IN CONTEMPORARY ECONOMIC SYSTEM

Karen SARGSYAN
PhD in Economics, Associated Professor
Vardan KALANTARYAN
Applicant, ISEC of the NAS of the Republic of Armenia
Yerevan, Armenia

Key words: investment, economic system, function, capital, fund, definition, allocation

Introduction. One of the most important factors in ensuring economic growth in any economic system is investment. In the conditions of contemporary economy, investments are the main driving forces for ensuring the growth of the economy of any country. The increase in the volume of investments leads to the expansion of the volume of production in the country, the creation of new jobs, and the increase in the standard of living of the population. Investments are one of the most important economic factors, playing a primary role in the market economy, as they ensure the replenishment, expansion and modernization of basic means in the production of goods and services, thus contributing to their competitiveness. Investment volumes affect the level of employment, structural changes in the economy, sustainable development of industry and economic sectors. Despite the fact that the role and importance of investments have been repeatedly discussed by economists, however,ensuring the effectiveness of investment funding sources and their engagement mechanisms is quite a serious issue.

Research methodology. The main methodological basis of the conducted research is the methods of observation, comparison and analysis. The observational method was used to comprehensively analyze the main theoretical approaches to investment and classification criteria in professional research. By means of comparison method the main features of the definition of investments in various studies were distinguished The analysis method was used to analyse the main functions of investment in economic system. The research was based on scientific works by various authors on various issues related to the essence, classification and functions investments.

Literature review. It should be noted that in the professional literature, the term "investment" has many definitions and accordingly there are various positions and interpretations regarding it, each of which presents it in its own way, emphasizing certain features of the latter. Therefore, perhaps none of them provides a definitive and exhaustive definition of "investment". This is explained by the fact that investments are characterized by many manifestations, the effects of which are interpreted by economists in different ways, depending on goals, types, sources of financing and other features. Contributions to professional literature are considered in both broad and narrow sense:

• investments in a broad sense are considered from the point of view of acquisition of new assets and durable goods,

• in a narrow sense, as investments in the creation and reproduction of fixed assets with the aim of obtaining profit or other beneficial effects in various sectors of the economy [Semina, 2010, 108].

Actually, in the scope of the observation of the term "investment" in the narrow sense, the latter's manifestation in the form of capital is taken into account, in which case only the part of the investment directed to the acquisition of fixed assets or their re-equipment, as well as the acquisition of other commodity stocks, is considered. However, if these products are not acquired for the purpose of further resale, then the expenses incurred on them cannot be considered as investments, because they do not provide income in the future [Sheremet, 1998, 54]. Sometimes, investments are understood to mean only long-term investments (although they can also be short-term) or investments made only in monetary form, despite the fact that they can also be made in the form of buying shares, acquiring working capital or goodwill [Sharp,2001, 79]. The most general definition of investments presented in the economic literature characterizes them as forms of capital allocation, which is aimed at ensuring the preservation and increase of the value of this capital [Gitman et al, 1999, 10]. Here are some more definitions of investment. American economist William F. Sharpe gave the following definition of investment. "Investing involves parting with money at the moment with the expectation of receiving more money in return."[Sharp, 2001, 9-10]. Investment is the allocation of capital in business and other activity objects for the purpose of obtaining profit or ensuring a positive social effect[Rimer, 2008, 25]. Investing is the use of money to generate profit or provide capital growth, or both [Rozenberg, 1997, 57]. Investment is a long-term investment in the company's assets in order to expand the scope of activities, increase profits and increase its competitiveness [Savitskaya, 2003, 365]. Investments are funds (cash, securities, other property and property rights) that are invested in business and/or other activity objects in order to make a profit and/or achieve another useful effect [Strelakova, 2010, 343]. Based on the above characteristics, from a comprehensive perspective the term "investment" can be generalized: investment is the allocation of capital in various sectors and branches of economy, in business and other types of activity objects, in order to obtain profit (income), as well as to achieve other economic or non-economic results. From a comprehensive point of view, the term "investment" can be generalized as follows: investment is the allocation of capital in various sectors and branches of the economy, in entrepreneurial and other types of activity objects to obtain profit (income), as well as other economic or non-economic in order to achieve results.

Scientific novelty. In order to reveal the economic importance of investments, a comprehensive analysis of their nature and content is important. On the basis of the research carried out within the framework of this article, a comprehensive definition of investments was presented, which characterizes the latter's economic significance.

Analysis and Results. From an economic point of view, investments represent the allocation of capital with the aim of increasing it in the future, which should be sufficient to compensate for the temporary abandonment of the use of the invested funds, to cover the losses arising from the risks and to compensate for possible future losses due to inflation [Kuznetsov, 2010, 8]. In this case, the concepts of "investment" and "capital investment" are identical to each other [Garina et al., 2017, 61-68]. However, there is another point of view, according to which it is proposed to differentiate these terms. The peculiarity of investments is their productive nature, that is, investment means the purchase of means of production. In particular, the costs of construction of production facilities, the purchase of equipment included in the fixed capital, or the costs of the growth of material assets in the enterprise, which contribute to the growth of capital. Capital investment is both the purchase of means of production and the acquisition of financial assets. Emphasizing the productive nature of investments is completely justified, because sustainable economic growth mainly depends on the amount of investments aimed at the development of production in the real sector of the economy, modernization of the production process and, of course, scientific and technical progress and development [Rumyantseva et al, 2015, 103-107].

It should be emphasized, that any purchase or expenditure of funds cannot be recognized as investments, because investments are always associated with risk and require a clear analysis and forecast of the economic situation, as well as are aimed at a certain result that the investor considers desirable or profitable for him. In other words, investing always involves abstracting from everyday processes and thinking towards the future [Kovalev et al, 2022, 4]. Both on the macro and micro level of the economy, investments are among the most important economic tools and are considered important components of the country's national income, which have a significant impact on ensuring stable and dynamic economic growth. Under investments, in this case, it is understood the investment of real and financial capital in economic projects, the implementation of which leads to the increase of real wealth in kind, money, information and other forms at the expense of redistribution of capital among the society [Blank, 2004, 512]. At the macro level, investments (primarily capital) are the basis for the growth and development of the economy, increasing the efficiency of social production, as a result:

- periodic updating of fixed assets of enterprises.
- acceleration of scientific and technical progress,
- development of various sectors of the national economy,
- development of country's economic potential [Romanovskaya et al, 2022, 69].

Investment is one of the most fundamental and changing components of GDP. Investments in various countries account for about 20-25% of GDP, usually higher in less developed countries than in advanced economies. This is normal because they are in the process of industrialization, which requires more investment. However, this indicator can vary somewhat by country. Thus, at the moment, in the USA and Great Britain, this figure is about 17-18%, in France up to 25%, in Germany 23%, in Japan 26%[1].

The investments can be classified according to different criteria. According to investment objects, investments are classified into real and financial types. Real investments are actual investments in material assets (equipment, land, factories), and financial investments include investments in financial assets. From the point of view of the investor's participation in the investment process, direct and indirect investments are distinguished. Through direct investments, the investor directly participates in the selection of investment objects. In this case, the investor must have accurate and reliable information about these objects, as well as a certain level of knowledge in the field of finance and investments. In the case of indirect investments, the process takes place indirectly under the control of other persons authorized to carry out investment activities, financial intermediaries [Kuznetsov et al, 2010, 59-62]. According to the affiliation of investment objects, internal and external investments are distinguished. Internal investments include the investor's capital investments in own assets and external investments in the assets of other economic entities.From the point of considering the life cycle of the enterprise, initial, extended investments and reinvestments are distinguished. The initial investments are directly related to the establishment of the enterprise. Expanded investments are used to expand the enterprise's activities, and reinvestments are aimed at reproducing the enterprise's fixed assets.

According to the investment period, short-term and long-term investments are distinguished.

Connected to the form of ownership, investments are classified into public, private, foreign and mixed types.

From the point of view of the affiliating to the branches of the economy, investments are classified according to the specific types of economic activity. Accordingly, they can be in mining, manufacturing, agriculture, construction, education, transport, telecommunications and other sectors[Gruzdeva et al, 2018,p.8].

Depending on the level of risk, investments are classified into low-risk and high-risk ones.

[1] https://www.theglobaleconomy.com/rankings/investment_percent_of_gdp/

According to the organizational form, investments are classified into individual and portfolio types. The first ones include investments that are made directly by the investor and are directed to the acquisition of a specific asset. Portfolio investment refers to the acquisition of various financial assets in order to profit from their price changes.

According to the method of financing, investments can be divided into gross and net investments. Gross investments are directed to the operation of new fixed assets, as well as the modernization and re-equipment of existing assets. In this case, amortization allocations are also a source of investment.

As an economic term, investments perform a number of important functions in the economy: regulatory, stimulative, distributive, indicative (Table 1).

Table 1. The functions of investments and their features [1]

Function	Feature
Regulative	The essence of the regulatory function is to ensure capital reproduction processes and maintain its development rates, as well as support the largest and most important sectors of the economy. The regulatory function, in fact, extends not only to the processes of production, accumulation and consumption, but also to the development of social processes and infrastructures, that is, to penetrate all levels and spheres of society's life.
Stimulative	Investments within the framework of the stimulating function are aimed at the modernization of the means of production, the activation of its most mobile and rapidly changing elements, the development of science and technology. Investments in the mentioned role, as a matter of fact, serve economic development as such, determine its growth rates and qualitative characteristics
Distributive	Through investments, the distribution of the total of the gross social result takes place in monetary form according to business entities, sectors and levels of the economy. The nature of the distribution processes directly depends on the targets, priorities and problems set by the state.
Indicative	Implementation of the indicative function of investments allows to control the process leading to the goal, that is, to develop such regulatory mechanisms that at least ensure a balanced state of the economic system.

Conclusions. Both at the macro and micro level of the economy, investments are among the most important economic tools and are considered important components of

[1] Compiled by the author

the country's national income, which have a significant impact on ensuring stable and dynamic economic growth. Investment is one of the most fundamental and changing components of GDP. Investments in various countries account for about 20-25 percent of GDP, usually higher in less developed countries than in advanced economies. This is normal because these countries are in the process of industrialization, which requires more investment.

From an economic point of view, investments represent the allocation of capital with the aim of increasing it in the future, which should be sufficient to compensate for the temporary abandonment of the use of the invested funds, to cover the losses arising from the risks and to compensate for possible future losses due to inflation. In this case, the concepts of "investment" and "capital investment" are identical to each other.

However, there is another point of view, according to which it is proposed to differentiate these terms. The peculiarity of investments is their productive nature, that is, investment means the purchase of means of production. Emphasizing the productive nature of investments is completely justified, because sustainable economic growth mainly depends on the amount of investments aimed at the development of production in the real sector of the economy, modernization of the production process and, of course, scientific and technical progress and development.c

There are many definitions of investment, each of which emphasizes one or another feature of this term. Based on the research of different definitions, we can define investments as the allocation of capital in various sectors and branches of the economy, in entrepreneurial and other types of activity objects, with the aim of obtaining income, as well as achieving other economic or non-economic results.

Investments perform a number of important functions, namely: regulatory, promoting, distributing and indicative, which ensure the sustainable development and progress of the economic system.

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Karen SARGSYAN, Vardan KALANTARYAN

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In this article, our goal is to identify the role and functions of investments in contemporary economic system. Both at the macro and micro level of the economy, investments are among the most important economic tools and are considered important components of the country's national income, which have a significant impact on ensuring stable and dynamic economic growth. Investment is one of the most fundamental and changing components of GDP. From an economic point of view, investments represent the allocation of capital with the aim of increasing it in the future, which should be sufficient to compensate for the temporary abandonment of the use of the invested funds, to cover the losses arising from the risks and to compensate for possible future losses due to inflation. Based on the research of different definitions, we can define investments as the allocation of capital in various sectors and branches of the economy, in entrepreneurial and other types of activity objects, with the aim of obtaining income, as well as achieving other economic or non-economic results.
Investments perform a number of important functions, namely: regulatory, promoting, distributing and indicative, which ensure the sustainable development and progress of the economic system.