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The Investigation of Factors Affecting the Investment in Economic Processes

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Abstract

The economic environment has unique features that have a considerable impact on the formation of economic management. Without a doubt, compliance management models, management skills, economic and financial environment have a profound effect on quality improvement in all areas of the economy. Among the factors that affect economic management include personal sense, cyberspace, economic policy, media, supply and demand, operating costs and other factors which are mentioned in the content. The results of this study showed that the patterns have a direct impact on improving the quality of economic management in the community, boost confidence, increase efficiency and enhance corporate social and personal motivations people.

Keywords: *economic, investment, economic boost.*

1. Introduction

Basic premise is that capital investment in the culture of risk economy tends towards efficiency and profitability (Berger, 2008). So the venture capital aversion to risk and risk capital to the extent that there is an unknown horizon of interest and their principal is to refuse. But where can we find that investors. It is not at risk? Risk of loss of principal and interest on capital are everywhere. There are some high-risk investments and low risk to store some.

Due to the risk and investment risk (Francis, 1958), expected dividends and the return of a significant proportion of the stocks. Usually investors are followed by an analysis of its financial returns and are commensurate with the risks involved.

In a traditional market in which market forces are entitled to information, high efficiency is always the risk more will follow as well. This makes the decision of which are the relationship between risk (Hirano, 2008) and return on investment to be made and an investor. Two factors have on the risk and return analysis and portfolio management of its investments (Demsetz, 1967).

In other words, investment as a financial decision always has two various combinations of these two components of risk and return that investment exchange offers. Investment in the economy generally and in particular it is assumed that investors rational act. Rational investors prefer certainty to uncertainty. In this sense, it is natural that investors do not like risk, the race investors are rather an escape (Berger, 2008).

Note that in this case Accept the risk of doing not unreasonable, although the risk is too high, this high efficiency is expected as well. In fact, investors could not reasonably expect, without the high risk, high yield gain (Francis, 1958).

Generally, investment means the use money available to achieve more money in the future. In other words, the investment postponing consumption has the current ability to reach more consumers in the future.

The issue is therefore important to remember that investment spending in the present done and the amount is fixed, but its rewards in the future. It is usually associated with uncertainty. In some cases, the dominant feature is Such as government bonds) and in some cases, the risk is of primary importance (e.g. tab Common stock options) and at other times both are important (Hirano, 2008).

Real and financial investments can be divided in two main forms. Investments true, some investors who value individual sacrifice in the present, an asset actually earned. Buying a property or apartment is a sample of this investment (Hirano, 2008). In financial investment, in return for sacrificing the present value, as a result of its financial assets usually cash flow is earned (Francis, 1958).

The economies of most traditional investments have a real, but in advanced economies major investments are made to focus on assets and institutions financial investment solutions for real investment is more possible (Hirano, 2008). In fact, these two Investment not only against each other, but rather complement each other.

The third step in the investment process, including the identification of the desired properties for Find the ratio of constant capital investment allocated to each investor's wealth Property is selected. At this stage, investors considering result of the previous steps use the following factors in making their desired Cart (Jones, 2004):

a) To analyze and predict changes in the prices of individual securities in each of them.

b) Prediction of changes in common stock prices and their relation to fixed-income securities.

c) Preparation of a basket with a given level of output with a minimum of risk.

Usually people prefer current consumption to future consumption. Therefore, to encourage People in postponing current consumption, we should expect to get rewarded for their investment created for them (Jones, 2004).

Investors prefer current consumption to future consumption (Jones, 2004). Most of the returns in order to introduce Investment returns on the returns of an asset during a period when stored That is to say, used to price changes and cash flow from its Assets during the investment period. These suggest that the changes in percentage. Representing a percentage of the amount invested and the rate of return investors say Returns an important factor for investing in financial decisions of the policies.

The most important component of profit efficiency is defined as cash flows Investment period and could be in the form of interest or dividends (Jones, 2004). The distinguishing feature of this is that the issuer receives payment in cash to the holder of the asset pays. The cash flows related to cost. The second important component efficiency, profit (loss) for capital common stock, but the long-term bonds and other fixed-income securities papers true (Jones, 2004). This component is due to the increase (decrease) in asset prices, the profit (loss) on investment say. The profit (loss) resulting from the difference between the purchase price and cost of capital when the Owner wants to sell its bonds. This difference can be a gain or loss (Jones, 2004).

Overall, the two components of the total return of the mattress papers securities and negotiable papers (Moschandreas, 2000) that measure the rate of return to Investors' decision to invest is calculated as follows:

Various definitions of the concept of risk in investments is taken. In a defined Volatility of investment returns to investment risk, "Generally it can be stated that In other words, the more return on investment than a font change. Some call it as more risky investments (Hirano, 2008). Scale used to measure the rate of return of Used, and the standard deviation is calculated as vulnerable.

Government regulators and policy makers have a major role in the capital market and one the functions of government, providing a program that is able to stimulate the capital market. But in general Diversity centers of power and decision-making, role ambiguity and their relationships with other centers (Hirano, 2008), the interaction of the three branches Country, there are different interpretations and conflicting transparency of laws and their associated regulations is inappropriate and unwieldy, economic liberties and political instability, the government increased, the reduction of systematic risk and therefore investors (Jones, 2004).

Different industries and companies seriously affected by political, economic, social and even domestic and foreign geography could be a boom and bust. For example, if the improvement Oil prices, industries related to petroleum products, and its shares have been affected Boom or in case of drought, agricultural products affected by industries related to their shares were placed into recession.

On the other hand, the degree of emphasis on industry Intermediate and higher consumption and dependence on foreign industries, the risk systematically increased the lead to reduced investment in these industries. Falling interest rates alone may be an effective agent for increasing the efficiency of investment in there. By reducing the interest rate decreases investment costs and leads return on investment. But the ideal is when the interest rate according to determine the mechanism of supply and demand, as this type of interest rate, if combined with appropriate means of controlling it, although it can increase the rate of investment (Jones, 2004), but it is likely that investment in non-productive sectors and sometimes destructive to Economy.

Increase in expected inflation also affects investment in financial products is such that the expected inflation rate, expected rate of return on assets Physical versus financial assets (financial products) further increased assets. Replacing physical assets means financial assets in the portfolio. In a growing economy (business development cycle) the amount of wealth and income is increasing, the demand for increased investment in financial products that Lead to increased prices and investment returns on the product. Economic downturn and Decrease in employment has increased systematic risk and lower investment (Tapiero, 2004).

To be elastic, it means to have a demand for goods produced by the company and its impact on investment risk. It does mean that the demand for goods produced lower rates and price elasticity for goods produced, the more the company will increase investment risk. Conservative strategy is to keep company with cash and commercial papers Power strives to keep its liquidation sale. This strategy is very little risk, Because of the relatively high liquidity of the company; this allows the inventory to adequately prepare to sell its credit (Wilkinson, 2005).

The risk of losing the customer There is, on the other hand, relatively high liquidity that enabled them to resume debt Timely receipt of the deal were not faced with the threat of bankruptcy. The conservative director tries to work in the company's capital structure minimizes the amount of short-term loans that are. This is likely to default risk (inability to timely repayment of loans or extensions thereof) to Intensity will decrease (Demsetz, 1967).

Give the composition of the financial structure of the company and its shareholders' equity to determine the Cost and risk of the firm's performance. Different financing structure and its effect on different structures for different companies in different economic conditions are considered. For example, if the capital structure and corporate bonds is likely that firms with a financial crisis. Company when the financial crisis that was not of principal and interest by Pay their due date (generally unable to act in accordance with the provisions of the contract).

2. Results and Discussion

The results suggest the hypothesis that the high correlation Risk scores exist between the present and the past (78%), so Hypothesis 1 is approved. In other words, the risk of an indicator for risk behavior in the future is analyzed. In this study, the Test to reject the hypothesis that there is no difference between past and present risk scores, t-test was used. The results showed statistically significant differences between the scores of the risk Past and present exist, meaning that the risk of foot between the mean scores than the scores Current risk and investment portfolio risk is increasing over time.

The negative correlation between risk perception and risk propensity (allocation Investment) across all financial products except deposits were found. The second hypothesis for all types of financial products except the deposit was proven. Put other investors to have one of the lowest and the highest risk of They received their allocation. Investment in delivering significant difference between Novice and expert investors, most investors do not show, so some of Deposit money into the account and risk assessment regardless of their assignment.

The results suggest the hypothesis that a group of Investors who may have information on past performance, with an average rate of return. This information is expected to be higher than that. This means that the similar investments, providing information on past performance, yields higher expected while past performance information has not been provided as well. Therefore, all products are tested and approved (Demsetz, 1967).

The results suggest the hypothesis that the correlation is expected for future rate of return and the allocation of investment across all account types except products Deposits is significant. In other words, higher expected rate of return, investment allocation is higher as well. Also in this study, no significant difference between professional investors and Beginners to account deposit is found, in other words, the decision to invest in Deposits, the rate of expected return and risk perception are not considered (Demsetz, 1967).

Conclusion

This article refers to the investment process and investment risk and return. Financial products, financial factors on investment in products is divided into three categories: economic factors, micro-economic factors and non-economic factors are briefly discussed. Finally, the model was presented and a combination of these factors is outlined (Demsetz, 1967).

- Macroeconomic factors (social and cultural factors, economic conditions, and final Commercial, financial, industry, politics and government policies) on systematic risk investments in financial products are effective.
- Microeconomic factors (level of demand and the elasticity of goods produced by the company's financial position and company accounts, management policy, the address associated with the production and critical factors) and unsystematic investment in financial products are effective.
- Risk perception and risk propensity are negative, meaning perception that individual with a high risk of a financial product; less willing to invest in its financial products will reduce the amount of the investment in the financial product.
- Downside is correlated with the allocation of investment in financial products is positive, not negative, meaning that higher expected rate of return on a financial product pursuant leads investors to increase investments in financial products revolves about it.

Associated with investors' investment knowledge and experience leads to communicate between risk and return decisions to better understanding and obtaining financial decisions.

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