



DIRECTIONS FOR IMPROVING INVESTMENT ATTRACTION MECHANISMS

Tolaganova Rukhshona Farrukh kizi

Tashkent Institute of Finance, Student of the Faculty of Budget
Accounting and Treasury

Ochilov Bobur Bakhtiyor ugli

Senior teacher, Department "Valuation and investments", Tashkent
Institute of Finance, Tashkent city, Uzbekistan

<https://www.doi.org/10.5281/zenodo.10612578>

ARTICLE INFO

Received: 25th January 2024

Accepted: 30th January 2024

Online: 31th January 2024

KEY WORDS

Enterprise risk, investment potential of the enterprise, investment climate, innovation in enterprises, small business entities, investment process.

ABSTRACT

The article on the creation of a positive investment environment should not be interpreted as the main process of the globalization of the economy and, as a result, the expansion of opportunities for the use of investment resources, which in turn increases competition among investors. If we want to increase the volume of foreign investments, it is necessary to raise the investment potential of enterprises, regional conditions and conditions to a more acceptable and higher level compared to others (competitors), as well as to stimulate domestic (national) investments. We must focus on ensuring its integrity.

1. Introduction.

In today's era of globalization and intense competition, it is difficult to imagine the stable development of the country's economy without its active participation in world economic relations. Today, in addition to international trade, international investment flows based on mutually beneficial cooperation between the two countries are of great importance. In turn, foreign investments accelerate the pace of structural restructuring of the economies of developing countries. Attracting foreign investment as the most important direction will largely depend on the political and socio-economic reforms implemented in the country. Foreign investment plays an important role at both the macro and micro level, it determines the future of a particular economic entity and the entire country, it is the driving force of the economy.

The more favorable the investment climate, the lower the entrepreneurial risk of the investor, and this will increase the influx of investors. Conversely, the more unfavorable the investment climate, the higher the risk. This will increase the cost to the recipient of the investment. The state of the investment environment is important not only for the investor but also for the investor [1]. A number of such cases require a series of measures to improve the existing mechanism for attracting foreign investment to the country's economy and increase its efficiency in ensuring the competitiveness of national enterprises. In turn, the process of ensuring the competitiveness of national enterprises by attracting foreign investment in the country's economy is multifactorial integration. Therefore, a methodological approach to indicators that assess the competitiveness of the national economy is required in this regard.



The analysis of the socio-economic changes taking place in our country shows that the modernization of the economy and the role of active investment policy are very important in the achievements and successes. Accordingly, it is important to create an effective system of enterprises, to study the theoretical and methodological basis for assessing the attractiveness of their investment climate and potential.

2. Literature review.

The investment attractiveness of enterprises depends on the country's investment policy and the created investment climate. In particular, the investment climate is considered as a system of three elements: investment potential, investment risk and legal conditions [2].

Considering the factors influencing the formation of a favorable investment climate in the country/region, it should be noted that it is important for the country to be integrated in the world community in terms of investment attractiveness. The strategy of increasing the country's investment prestige is important for attracting foreign direct investment [3].

Interpretation of "investment potential" as a set of investment resources, consisting of part of the accumulated capital, expressed in the form of investment demand in the investment market, which has the potential to become a real investment demand that meets the material, financial and intellectual needs of capital reproduction reaches [4].

The attractiveness of the investment climate, the economic development of each region depends on the potential of capital and labor resources, the level of their use. It is generally accepted that the economic potential of a region and its potential is determined by the production of vital goods through the efficient use of all the complex resources available there [5].

Determining the ratio between dividends and reinvestment in a country's dividend policy, protecting the rights of minority shareholders, increasing share prices, and expanding business activities can increase a company's investment attractiveness, which has a positive impact on the country's investment attractiveness [6].

Regardless of the field in which joint-stock companies operate in the country, one of the important tasks is to place additional financial resources, including attracting foreign investment. One of the most modern ways to attract investment in joint-stock companies is to use the IPO mechanism [7].

Thus, the investment gives the company a competitive advantage and often serve as the most powerful means of growth. It is extremely important for investors is the analysis and evaluation of investment attractiveness of the enterprise as it gives an opportunity to minimize the risk of incorrect investment [8].

3. Research methodology.

The role of foreign investment in ensuring the competitiveness of enterprises, the classification of risks affecting the activities of the enterprise, as well as scientific proposals and practical recommendations for improvement through the methods of systematic analysis were formed.

4. Analysis and discussion of results.

In recent years, intensive, qualitatively new structural and deep market reforms have been taking place in the economy of Uzbekistan, the priorities of the country's socio-economic development are being fundamentally revised, and new, practical drivers of economic growth,

which have the power to actually move the economy, are being introduced. Old, ineffective institutions and economic regulatory tools are giving way to new, innovative and effective forms and methods of influencing the economy. Considering the multiplicity of effectiveness (that is, not only money, but capital in the form of leading technologies, effective marketing and advanced management experience) in attracting foreign investments to the economy, and understanding that its importance and volume are significant, we will consider foreign direct investments in particular. Foreign loans and investments under government guarantee, with full transfer of risk to the recipient, are difficult to equate to direct investment. Moreover, such investments are not always accompanied by new technologies, effective marketing and advanced management experience. Most importantly, we believe that the country should not attract foreign investments under the guaranty of the government, because this violates the principle of social responsibility of generations, that is, “those who live now consume, and future generations pay for it [9]”

Decree of the President of the Republic of Uzbekistan dated January 28, 2022 “On the new development strategy of Uzbekistan for 2022-2026” Decree No. PF-60 was adopted [10], the 3rd part of the strategy According to the 26th goal put forward in terms of rapid development of the national economy and ensuring high growth rates, further improvement of the investment environment in the country and increasing its attractiveness, 120 billion US dollars in the next five years, including measures to attract 70 billion dollars of foreign investment. Establishing a new system based on the “bottom-up” principle of effective use of investments and increase of export volumes. Implementation of the strategy of attracting foreign and local investments until 2026. Attracting investments worth 14 billion US dollars in energy, transport, healthcare, education, ecology, communal services, water management and other sectors on the basis of public-private partnership. Establishing foreign economic relations between the republic's territories and business representatives of foreign countries, including the strengthening of investment and foreign trade relations with the People's Republic of China of the Syrdarya region, the Russian Federation of the Surkhandarya region, and the Indian business circles of the Jizzakh region aimed at further developing the country's economy. introduces as an actual plan.

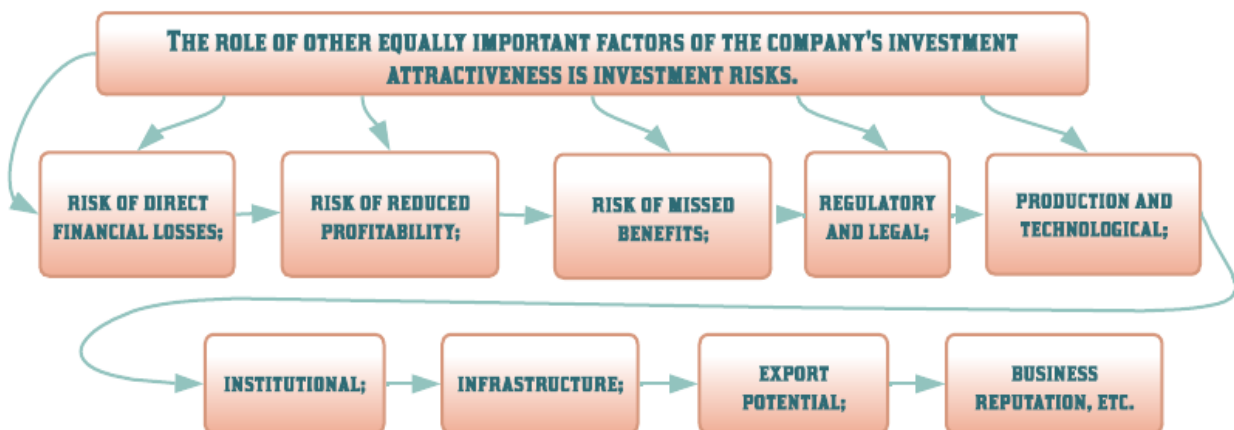


Figure 1. Figure 1. Other equally important factors of the company's investment attractiveness [11]



It can be seen that the basis of relations related to the attraction of foreign direct investments is measured by the level of development of industries and sectors within the country. This, in turn, is a factor that determines the country's investment attractiveness. It is natural for investment flows to politically, socio-economically stable countries. It is possible to witness many foreign direct investment transactions between countries worldwide [12].

We are sure that the preliminary study of the national assessment of Uzbekistan's readiness to participate in global indices and the proposed strategy for its implementation will allow for a more appropriate presentation of the country's economy in the above-mentioned inter-country comparisons. In addition, such mutual cooperation of the community of scientific experts and representatives of existing practices, along with education and science, leads to further activation of education, scientific research and economic practice to increase the efficiency of the economy.

The most important thing is to create conditions for Uzbekistan's proper participation in international rankings, as well as to significantly increase the attraction of foreign direct investments, actively create a favorable investment environment around Uzbekistan, and help to strengthen and strengthen the country's positive image in the international community.

- formation of an expert community to determine the possible place of Uzbekistan in the GCI rating, identifying the country's strengths and weaknesses in the indicated rating, and conducting a national study (i.e. SWOT of the state of the investment environment in the republic to conduct analysis);

- development and application of a computerized crowdsourcing platform aimed at collecting, discussing and summarizing advanced suggestions and ideas, models of participation of some CIS countries in international indices, and benchmarking experience;

- adoption of a national program on improving the current business management mechanism and preparing regulatory legal documents in order to eliminate inconsistencies with the determined GCI rating indicators to do;

- improving the investment environment and foreign direct introduction of the principle of "the need to comply with the requirements of global indices" in the development of new laws, decrees and decisions related to the promotion of investment attraction.

As a result of the great attention paid to attracting foreign investment in our country, the economy is growing at a stable and high rate. Further strengthening the attraction of foreign investment in the economy of the republic is a necessary factor in creating a business environment as a source and condition for the effective implementation of the planned measures for the renewal and modernization of the country.

The more favorable the investment climate, the lower the entrepreneurial risk of the investor, and this will increase the influx of investors. Conversely, the more unfavorable the investment climate, the higher the risk. This will increase the cost to the recipient of the investment. The state of the investment environment is important not only for the investor but also for the investor.

In our view, although there are a variety of factors that can affect investment attractiveness, there are currently three major segments in Uzbekistan: social, economic and political. In today's globalization and technological armament, the role of investment flows as a combination of economic development is becoming increasingly important.



The issue of creating a positive investment climate should not be interpreted as a key process in the globalization of the economy, and as a result, the expansion of access to investment resources, which in turn will increase competition among investors. If we want to increase the volume of foreign investment, it is necessary to increase the investment potential of enterprises, regional conditions and conditions to a more acceptable and higher level than others (competitors), as well as to stimulate domestic (national) investment. We need to focus on ensuring that it is holistic.

It is known that the competition between the countries of the world to attract foreign investment to their national economy is growing from year to year. Therefore, the more favorable the conditions for foreign investors, the more likely they are to make a profit, in other words, the more interested they are in investing in the economy of that country. This is a solution that conforms to the law of relative efficiency of the market economy, i.e., where the profit potential is relatively high, entrepreneurs tend to be more interested in the market there. In this regard, today Uzbekistan is one of the countries with the highest investment climate in the transition to a market economy. This will undoubtedly increase the inflow of foreign direct investment into our economy.

Table 1

Flow of foreign direct investment in Central Asia and Uzbekistan [13]

Characters	Central Asian countries	Uzbekistan
Growth	The growth of foreign direct investment has led to economic growth and increased efficiency	Direct investment has led to financial growth and declining poverty
Sector	More foreign investment has been attracted in energy, agriculture and manufacturing	More foreign direct investment was attracted in mining, agriculture, energy, services, textiles and tourism.
Natural resources	Countries in the region have attracted foreign direct investment because they are rich in natural resources	Attracting foreign direct investment due to the country's rich natural resources
Education and infrastructure	They are not the main factors in attracting foreign direct investment	They are not the main factors in attracting foreign direct investment
Legal basis	The rule of law has developed in high foreign direct directions	Many legal reforms have not been implemented
Protecting the environment	Foreign direct investment has increased CO2 emissions in the region	A successful environmental strategy has been used

As of 2021, 3648.9 billion soums will be invested in foreign direct investment. Foreign loans under the guarantee of the Republic of Uzbekistan amounted to 6006.1 billion soums. soums, 4945.2 bln. soums were used at the expense of other foreign investments and unsecured



foreign loans. The growth rate of foreign investment and loans in fixed assets compared to the same period last year amounted to 117.9%.

Also, the issuance of municipal and corporate bonds as a source of investment in the regions and the establishment of incentives for income from them can lead to an increase in investment flows [19]. There is a set of measures that will help to create a favorable investment and improve the investment climate in the country, or otherwise have a negative impact, which are reflected in the table below (Table 2).

Table 2

Factors affecting the country's investment environment [14]

Positive effects	Negative effects
• high potential of the domestic market;	• political instability;
• high income level;	• social tension (strikes, wars, mafia structures, ethnic and religious conflicts, etc.);
• low level of competition;	• high rate of inflation;
• stable tax system;	• high refinancing rates;
• cheapness of resources (raw materials, labor, financial);	• exterior and interior high-end debt;
• effective state aid.	• budget deficit;
• a monopoly-free economy;	• passive payment balance;
• transparency of information.	• underdevelopment of legislation, including non-compliance with legislation regulating the investment sector.

As we can see, in the table above, we have mentioned the positive and negative segments affecting the country's investment environment. At the same time, there are international indices that use a quantitative method to determine the country's investment attractiveness. Among the indices, the most common methods are expressed as numerical values.

The importance of investment is not only in the creation of new jobs and capital investment, but also in the introduction of new technologies and know-how. Old devices and machines are replaced with new ones; better management methods will be introduced, and the efficiency of companies and sectors of the economy as a whole will increase.

As the economic policy of our country is aimed at attracting and encouraging more direct investment, the flow of various forms of investment is growing from year to year. Because in the framework of reforms in our country, it is the direct participation of investors, and we have enough conditions for this. In particular, such factors as the rich mineral resources of the regions of the republic, a healthy environment, political, socio-economic stability will undoubtedly contribute to the further inflow of foreign investment and the development of enterprises operating in the regions of the republic.

5. Conclusions and suggestions.

Summarizing the above-mentioned analysis and considerations, it should be noted that in the context of increasing modernization processes, it is appropriate for the state's medium- and long-term investment strategy to focus on solving the following tasks:



1. Development of models for effective use of economic resources and optimal use of economic resources based on the law of finite diminishment of capital resources in increasing regional wealth;

2. To ensure the steady development of the regions and to develop comprehensive programs that serve their uniform development without large differences and take measures to implement them;

3. Creating a favorable business environment that serves to organize joint projects based on high technologies and creating high added value;

4. In order to maintain high and stable rates of economic growth, it is necessary to form a stable and competitive model of the country's economy, in which most of the assets of the banking system are in the hands of private investors;

5. In order to increase investment attractiveness and ensure rapid growth of investments in infrastructure, which is one of the main factors of sustainable economic growth, it is necessary to stimulate investment activity by developing public-private partnerships and project financing tools;

Based on the scientific proposals and recommendations presented above, their deep study, analysis and practical implementation will give results in the near future [30]. Also, by creating a favorable investment environment in the country, it has a positive effect on further increasing the investment attractiveness of the state.

References:

1. Aminova N. U. Q., Zukhurova M. S. Q., Tulagankhujaeva I. S. Q. INVESTMENT PROCESS AND INVESTMENT POLICY //Science and Education. – 2021. – T. 2. – №. 2. – C. 219-225.
2. Jo'rayev O. THE ROLE OF COMMERCIAL BANKS IN IMPROVING THE COUNTRY'S INVESTMENT CLIMATE //Science and innovation in the education system. – 2024. – T. 3. – №. 2. – C. 9-13.
3. Qizi A. N. U. ISSUES OF FINANCING OF INVESTMENT PROJECTS ON THE BASIS OF SYNDICATE LOANING //Open Access Repository. – 2023. – T. 10. – №. 12. – C. 8-14.
4. Giyozovich K. I., Vokhidovich G. S. Issues Of Tourism Development In Uzbekistan //The Peerian Journal. – 2024. – T. 26. – C. 7-12.
5. Murtazaevich K. S. FOREIGN EXPERIENCE IN ATTRACTING FOREIGN INVESTMENTS INTO THE NATIONAL ECONOMY //American Journal of Interdisciplinary Research and Development. – 2023. – T. 22. – C. 101-107.
6. Kiyosov S. U. et al. WAYS TO ENSURE THE STABILITY OF STATE FINANCES BY INCREASING LOCAL BUDGET REVENUES //Best Journal of Innovation in Science, Research and Development. – 2023. – T. 2. – №. 9. – C. 21-26.
7. Murtazaevich K. S. Improving Foreign Investment Insurance in Uzbekistan //Eurasian Scientific Herald. – 2023. – T. 20. – C. 68-79.
8. Jo'rayev O. POSITION OF BANKS IN FINANCING INVESTMENT PROJECTS //Solution of social problems in management and economy. – 2024. – T. 3. – №. 1. – C. 189-193.



9. Murtazaevich K. S. THE ROLE OF FOREIGN INVESTMENTS IN THE SOCIOECONOMIC DEVELOPMENT OF THE REGIONS //World Economics and Finance Bulletin. – 2023. – Т. 22. – С. 7-10.
10. Aminova N. U. Development of foreign economic activities in the republic of uzbekistan through attracting foreign investment //Asian Journal of Multidimensional Research. – 2021. – Т. 10. – №. 8. – С. 216-221.
11. Egamberdiyev A. O., Payzillaxon K., ABDUVAXIDOVICH A. D. DASTURIY-MAQSADLI YONDASHUV TAMOYILIDAN FOYDALANIB TALABALARNING MAXSUS KOMPETENSIYALARINI RIVOJLANTIRISH: DASTURIY-MAQSADLI YONDASHUV TAMOYILIDAN FOYDALANIB TALABALARNING MAXSUS KOMPETENSIYALARINI RIVOJLANTIRISH. – 2023.
12. Murtazaevich, Khoshimov Sabir, and Ganiev Shahiriddin Vohidovich. "ISSUES OF INCREASING THE ATTRACTIVENESS OF THE INVESTMENT CLIMATE WHEN ATTRACTING INVESTMENTS INTO THE ECONOMY." (2024).
13. Караев П., Эшанбабаев А. ЙЎЛ-ТРАНСПОРТ ҲОДИСАЛАРИ НАТИЖАСИДА ИҚТИСОДИЙ ЙЎҚОТИШЛАРНИ АСОСЛАШ: ЙЎЛ-ТРАНСПОРТ ҲОДИСАЛАРИ НАТИЖАСИДА ИҚТИСОДИЙ ЙЎҚОТИШЛАРНИ АСОСЛАШ. – 2023.
14. Abdullayevich N. I. ATTRACTING FOREIGN DIRECT INVESTMENT IS A GUARANTEE OF PROGRESS //Miasto Przyszłości. – 2022. – Т. 24. – С. 226-230.