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THE IMPACT OF THE INVESTMENT ENVIRONMENT ON ECONOMIC DEVELOPMENT

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A B S T R A C T	K E Y W O R D S
The article highlights the advantages of using investments in the development of the country's economy, as well as approaches related to extended multifactor and risk-oriented investment, and issues related to indicators of investment activity at the enterprise level.	Investment, investment advantages, extended multifactor approach, risk, evaluation indicators.

Introduction

Investment is considered a driver of the economy. Today, the country's economic policy is closely linked to investments. In 2022, a total of 240 trillion soums were attracted to Uzbekistan, of which 8 billion dollars came in directly, and the export volume amounted to 19 billion dollars. Under the state investment program, 158 large projects worth 3.7 billion dollars were launched, creating nearly 25,000 new jobs. Most of these projects correspond to the energy and mining-metallurgy industries, agriculture, light industry, and the production of building materials. It is planned to attract 30 billion dollars of investments in 2023, 25 billion of which will be private investments. Legal bases have been created in the Republic of Uzbekistan to develop the investment environment, and several regulatory documents reflecting guarantees and benefits have been adopted. These documents define the protection of private property by the state, conditions for a competitive environment, and the creation of necessary investment infrastructure. Furthermore, the political stability and rich natural mineral resources in the country open wide opportunities for developing the investment environment. However, these alone are not sufficient for progress in line with modern times.

Rapid development in the global community requires the generation of new modern ideas to achieve appropriate positions in world rankings. Attracting foreign investments on a large scale allows for structural changes in the economy, strengthening the country's export potential, creating high-tech competitive sectors, and applying advanced foreign technologies, know-how, and management experience. From this perspective, reforms are being implemented today to attract foreign investment and bring the economy to a new stage of development.

Literature Review

Today, the issue of investment has become one of the main directions of economic research. Among foreign and local scholars who have conducted research in this field are L.D. Gitman, M.D. Jonk, D.G.

G‘ozibekov, N.M. Mahmudov, Sh.A. Madjidov, X.X. Imomov, R.Z. Yuldashev, Sh.Sh. Shodmonov, U.V. G‘afurov, Sh.Sh. Shoh’zamiy, O.Yu. Rashidov, X.A. Qurbonov, M.S. Qosimov, B.B. Samarxojaev, N.I. Kenjaev, and others. Economists L.D. Gitman and M.D. Jonk define investment as a means through which money’s value can be preserved or increased and can generate positive income. Leading economists in Uzbekistan, Sh.Sh. Shodmonov and U.V. G‘afurov, in their textbook “Economic Theory,” define investments as the monetary form of expenditures aimed at restoring and increasing fixed and circulating capital and expanding production capacity. Although the theoretical aspects of directly attracting investments for the development of the national economy have been explored in these studies, approaches to evaluating investment activity, such as the extended multifactor and risk-related approaches, as well as enterprise-level indicators of investment activity, have received less attention.

Research Methodology

The research uses methods of analysis and synthesis, as well as systematic and comprehensive approaches.

Analysis and Results

It is known that no country can develop without studying both the theory and practice of developed countries and the global community. Therefore, for each country to efficiently organize production, achieve high economic indicators, and improve the social living standards of the population, mutually beneficial cooperation with national and foreign partners is appropriate. The investment environment and investment activity in the country are of critical importance. Where effective investment activity exists, the flow of investments accelerating economic development intensifies. The country’s modern level of economic development depends on the pace of investment activity, which ensures steady economic growth. Investment activity is determined by economic, social, organizational, legal, political, and other generalizing factors. The set of interrelated factors influencing investment activity is considered crucial for a country’s economy. Thus, investment activity is a multidimensional, complex, and resource-intensive concept.Investment potential is evaluated based on macroeconomic indicators, including:

- the availability of production factors and consumer demand in the region;
- results of economic activity;
- the level of scientific development and implemented achievements;
- the development of leading investment institutions;
- provision of integrated infrastructure.

Foreign methods of evaluating investment activity differ. Typically, this evaluation is applied at the macroeconomic level. For example, in Japan, a descriptive approach is used, and quantitative assessment is not applied. In the USA, it is determined based on a combined four indicators: entrepreneurial activity, the development potential of the economic system, economic efficiency of investments, and the main components of tax policy. International experience shows that to increase objectivity in evaluating investment activity, several important methodological principles developed by modern economic science must be considered. Supporters of the limited-scope approach accept two options for calculating the usefulness of assets used as the main indicator of investment attractiveness:

- the ratio of gross profit from the sale of goods and services to total assets used;

- the ratio of net profit to total assets used.

This approach is simple and universal, considering the main goal of business activity—profit and return on investment. It can be applied to study investment activity in various economic systems. However, this approach does not reflect the balance of interests, denies the objective connection between investments and resource factors, and is not linked to innovative development and economic stability. The multifactor method of evaluating investment activity better meets methodological requirements. Its advantages include: accounting for the mutual influence of resource factors; using statistical data that reduces subjectivity; separate approaches at different levels of the economy; and striving to use all possible investment sources efficiently. The risk-level evaluation method primarily attracts the strategic investor's interest. It identifies not only the attractiveness of investments but also the level of risk specific to a new object compared to the usual level of business risk for the investor. In this approach, both economic and political interests of the investor are taken into account. Modern institutionalism in economic thinking provides new opportunities for analyzing investment activity. Investment activity, by forming a separate structure within the institutional system of the economy, performs the task of creating conditions for the optimal use of social and economic relations through active investment during the development of production forces and scientific-technical innovation.

Conclusion

In our opinion, assessing investment activity should be carried out in a hierarchical manner based on management organization and the economic entity. At the enterprise level, beyond the absolute volume of investments, the following can serve as indicators of investment activity:

- the ratio between old fixed assets and production equipment and new types created with new investments, describing the state of the enterprise's material-technical base and its alignment with modern scientific-technical achievements;
- the share of new products produced using newly invested resources in total production volume, reflecting the creation of competitive products and the enterprise's stable market position;
- the ratio of expenditures, including those aimed at forming production and non-production infrastructure, to revenues ("active" and "passive" parts), describing not only the total amount of capital invested but also its structural composition;
- the share of mechanization and automation costs in total production investment, describing the reduction of manual labor and the increase in operations performed with technical means, as well as the transition from single to mass production;
- the share of foreign investments in total investment volume, reflecting both the enterprise's cooperation relationships and the participation of foreign capital in production;
- the volume of new (additional) investments and the corresponding increase in profit or income, reflecting investment efficiency and the direct results of investments. Thus, in our opinion, investment activity is, first, the thoroughness of investment activity analysis; second, the selection of correct evaluation indicators; and third, the implementation of measures based on the effectiveness of investment plans. In any case, investment activity is aimed at improving the vital activity of enterprises and increasing their contribution to the development of the national economy.

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