

THE ROLE OF THE INVESTMENT AND INNOVATION POTENTIAL OF ENTERPRISES IN ATTRACTING FOREIGN INVESTMENTS TO THE COUNTRY'S ECONOMY

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ABSTRACT	KEYWORDS
This article examines the essence of investment attractiveness, the opinions of economists about increasing investment attractiveness in attracting foreign direct investments. Also, the factors influencing the investment attractiveness of our country were analyzed, and internationally recognized indicators assessing the country's business environment and the level of investment risks were discussed. Scientific conclusions and recommendations on increasing investment attractiveness in attracting foreign direct investments have been formulated.	investment, investment climate, investment attractiveness, Beri – (Business Environment Risk Intelligence) index, indicator, foreign direct investment, recipient, donor, business, segment, progression, investment potential.

1. Introduction.

Let's not compare the economy of any developed country, first of all, as a result of the healthiness of the investment environment, its attractiveness, we can witness that the trends related to the country's economy are achieving progressive results through the rapid influx of investments.

Today, at the stage of globalization and technological armament in the world, the role of investment flow in the interpretation of the combination of economic development is of great importance. In order to attract foreign investments through the position of the recipient countries, the investment potential created in the country, the modern infrastructure, the socio-economic policy of improving the investment environment, in particular foreign they pay attention to the unhindered entry of companies, the inviolability of private property, the establishment of special economic and small industrial zones in the country to direct one's own capital as a business entity, and the availability of tax and other financial benefits.

The President of the Republic of Uzbekistan, Sh. M. Mirziyoyev, in his Address to the Oliy Majlis dated December 29, 2020, stated that "Economic growth is achieved primarily by creating competitive industrial chains and increasing investments in such projects [1]" those who insisted. Currently, large-scale changes and structural reforms are being carried out in all sectors of the economy of Uzbekistan.

The implementation of such reforms directly depends on the investment process in the country, the state's investment policy, its priorities, and the investment activity of enterprises in the country.

2. Literature Review

Considering the factors influencing the formation of a favorable investment climate in the country/region, it should be noted that the integration of the state into the world community in terms of investment attractiveness is crucial. The strategy of raising the country's investment profile is important for attracting foreign direct investment [2].

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 [3].

In particular, the most important factors for assessing the investment potential of a country/region are: resource - raw materials (averaged supply of the main types of natural resources); production (total output of farms in the region); consumption (purchasing power of the population of the region); infrastructure (economic and geographical location of the region and its infrastructure); intellectual (level of education of the population); institutional (level of development of leading institutions based on a market economy); innovative (the degree of implementation of the achievements of scientific and technological development in the region). It should be noted that investment potential is one of the criteria for classifying regions [4].

The attractiveness of the investment climate, the economic development of each region depends on the potential of capital, labor resources and 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].

If the tendency of accumulation within the country is greater than investment, then the exports in this country will exceed the volume of imports. Otherwise, the country's exports will be less than its imports. The country, which consumes more than it can afford, seeks to outsource its imports by attracting foreign investment. In this case, the attracted investments take the form of loans [6].

Defining a normative ratio between dividends and reinvestment in a country's dividend policy, protecting the rights of minority shareholders, increasing stock market prices, and expanding business activities can increase a company's investment attractiveness, which has a positive effect on the country's investment attractiveness [7].

In our opinion, in order to ensure investment attractiveness and rational use of investment potential, it is necessary to pay attention to: the region's opportunities to increase investment attractiveness in order to stabilize the economy, accelerate investment activities aimed at innovative renewal of socio-economic structure; increase and innovative investment [8].

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 way to attract investment in joint-stock companies is to use the IPO mechanism [9].

3. Research Methodology

In this article, the scientific works and articles of the economists of Uzbekistan and foreign countries devoted to the analysis of sources representing the role and importance of investment attractiveness in

the development of the country's economy are studied. Economic research methods such as graphical grouping, economic-statistical analysis and synthesis, logical reasoning were widely used as a research methodology.

4. Analysis and Discussion of Results

Naturally, not all of the indicators in this ranking are perfect. They exclude the following important factors: macroeconomic policy, quality of infrastructure, skills of the workforce, exchange rate fluctuations, investor opinion, the risk of corruption and its level.

The World Bank's ranking includes government-created administrative procedures for starting and running a business, as well as key factors related to the country's economic potential (market size, labor costs and ect.), as well as the risks that a potential investor may encounter.

Investment environment is widely used concept that covers all the issues that an investor should consider. The investor evaluates the advantages and disadvantages of investing in a particular country, as well as the ideology, policy, economy and culture of the country in which he intends to invest his capital [10].

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, as well as increased competition among investors. If we want to increase the volume of foreign investment, of course, to create a more favorable and high level of investment climate and regional conditions than others (competitors), as well as it is needed to focus on ensuring to stimulate domestic (national) investment which is risk-free.

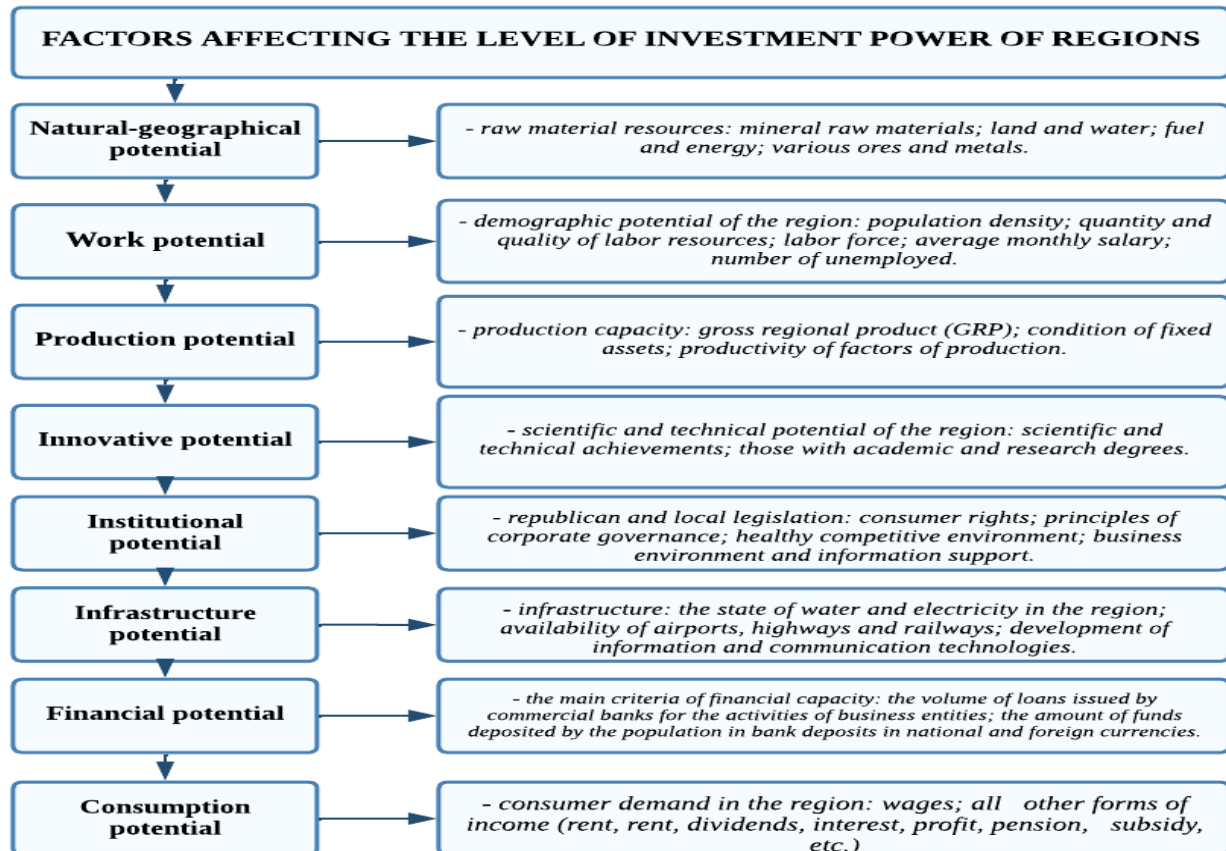


Figure 1. The investment potential of the country and a set of factors influencing it [11]

In the current socio-economic environment, the inflow of investment depends on the development of innovative industries and the development of innovative entrepreneurship, the investment climate and the investment mechanism.

Studies show that if the investment climate is good, on the one hand, it will increase domestic investment, and on the other hand, it will increase savings in relation to consumption as part of the planned expenditures. This is a guarantee of high economic growth.

In the course of research on the regional economy, the study grouped the factors that indicate the investment attractiveness of the regions into a single system. It summarizes and classifies scientific-practical views that represent the socio-economic potential of the region, reflecting the complex indicators of the quality of the main groups. The positive concentration of the various factors mentioned above allows for the active inflow of foreign investment. And that, of course, creates more jobs, more income, more opportunities for economic growth [12]. In addition, the most important thing is that foreign investors not only bring capital, but also bring advanced knowledge and experience from their home countries. This will allow the country to grow in the future.

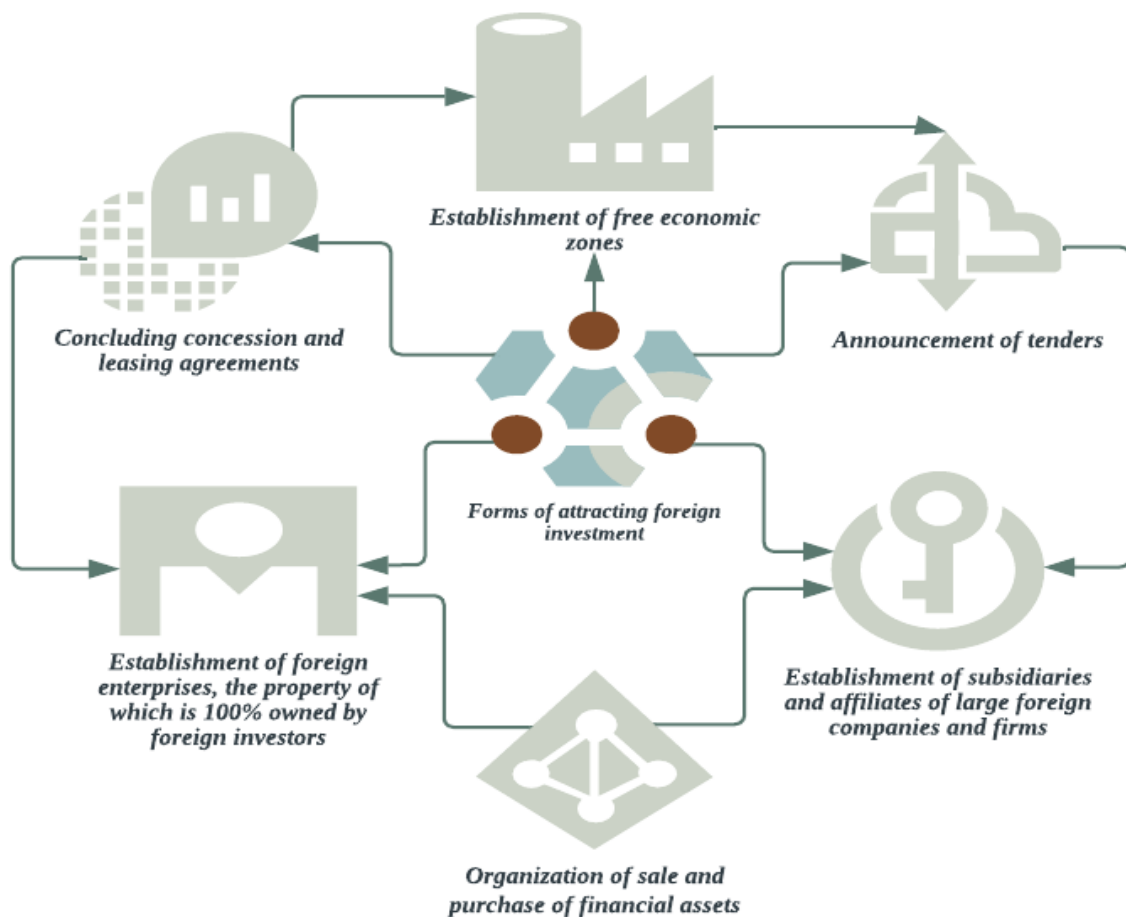


Figure 2. Forms of attracting foreign investment [13]

In addition to directing foreign direct investment into the country's economy, socio-political issues will also be addressed. In the context of globalization, not only economic but also social benefits have a significant impact on investors decisions. (Figure 2 below).

Taking into account that the issue of investment in our country has not lost its relevance in the last 5 years, as a result of the analysis of investments in fixed capital, we can see that the rate of growth of investment into the country has been recorded from year to year (table 1).

Table 1 Investments in fixed capital by regions [14]

Territories	growth rate %		
	2020	2021	2022
Republic of Uzbekistan	95,6	102,9	105,0
Republic of Karakalpakstan	69,9	105,1	118,9
Andijan	110,6	106,0	114,6
Bukhara	104,7	147,4	98,5
Jizzakh	147,4	72,4	106,9
Kashkadaryo	76,5	77,8	96,0
Navoi	77,1	86,0	105,9
Namangan	88,0	100,5	102,0
Samarkand	128,8	98,7	122,5
Surkhandarya	77,4	109,7	100,6
Syrdarya	111,2	107,7	127,6
Tashkent	92,2	120,3	102,4
Fergana	113,5	105,7	112,4
Khorezm	92,7	139,3	108,7
Tashkent city	108,6	105,0	97,6

It can be seen from the data of the above table that the growth rate of investments in fixed capital is given in the form of percentage. Compared to 2020-2021, the growth rate in 2022 is 105.0 percent, which, in turn, indicates that investments in fixed capital in Uzbekistan have a growing trend and a favorable investment environment.

In the case of such an investment, the further increase in growth rates is determined by the creation of a favorable environment for investors, the total economic, legal, political and social conditions that affect the dynamics and structure of investment.

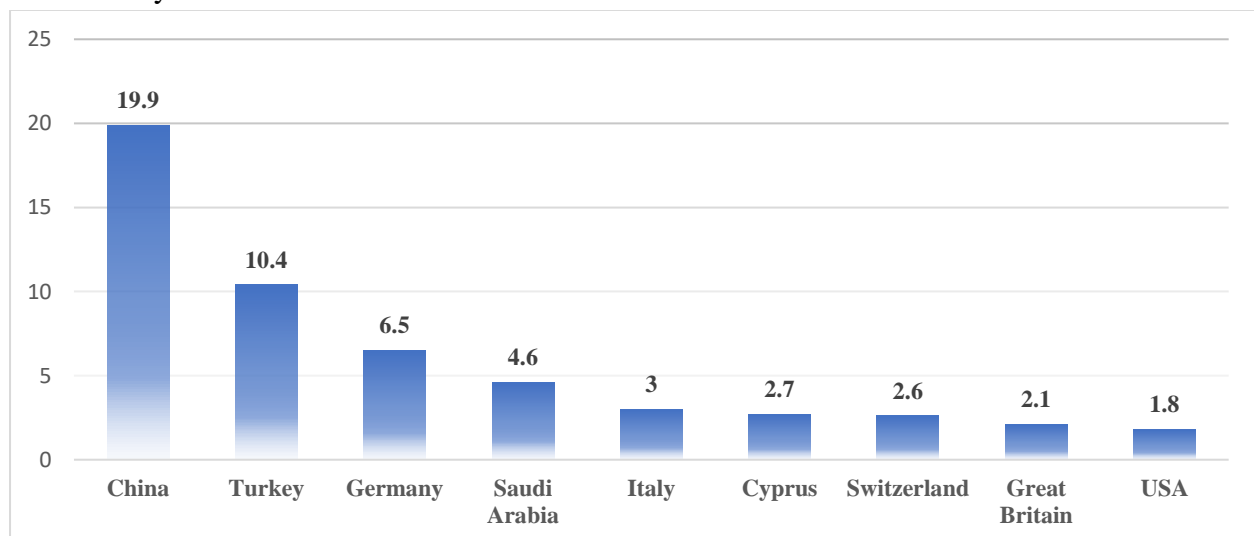


Figure 3. The share of foreign countries in the volume of foreign investments in Uzbekistan (in percent) [15]

It is known that the role of foreign direct investments in the stabilization of the economy of our country is incomparable. At this point, we can see the countries with the highest share in the volume of foreign investment absorbed in Uzbekistan.

The volume of investments in fixed capital in Uzbekistan is 190 trillion. amounted to soums. According to the data of the State Statistics Committee, the total amount of foreign investments and loans allocated to fixed capital is 72 trillion. was recorded in the amount of soums [16]. The figures in the above figure prove that among the investor countries with the highest share in the total amount of foreign investment and loans, Russia took the first place with 21 percent. We can see this indicator in the rest of the countries, including China 19.9%, Turkey 10.4%, Germany 6.5%, Saudi Arabia 4.6%, Italy 3%, Cyprus 2.7%, Switzerland accounts for 2.6 percent, Great Britain 2.1 percent, and the United States (United States) 1.8 percent.

5. Conclusions and Suggestions

Over the past few years, Uzbekistan has undergone rapid economic transformation and is increasingly seen in the international community as a symbol of openness, renewal and determination to overcome various barriers to business and investment. The state of the investment environment is an important process not only for the investor, but also for the recipient of the investment.

1. Consistent implementation of structural changes aimed at ensuring high competitiveness of the national economy;
2. Develop models for the efficient use and optimal proportion of economic resources based on the law of efficient and limited reduction of capital resources in the increase of regional wealth;
3. Develop and implement comprehensive programs to ensure the sustainable development of the regions and their smooth and uninterrupted development;
4. Support for priority sectors that serve to increase the import and export potential of the economy, as well as create high added value;
5. Support for priority investment projects aimed at the development of regional infrastructure;
6. Ensuring the attractiveness of the investment environment in order to increase the innovation and investment activity of local and foreign investors;
7. Creating a favorable business environment for high-tech and high value-added joint projects;
8. In order to maintain high and stable rates of economic growth, it is necessary to create 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 [17].

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

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