

INVESTMENT ATTRACTIVENESS OF THE ENTERPRISE, AS WELL AS
FACTORS INFLUENCING ITS DEVELOPMENT IN THE ECONOMY OF
UZBEKISTAN

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Abstract: this article examines the issues of investment attractiveness of the region as an integral characteristic of individual regions of the country from the point of view of the investment climate, as well as the level of development of investment infrastructures and opportunities for attracting investment resources, as well as other factors that affect the formation of investment returns and investment risks.

Keywords: economy, investment, investment activity, innovation, own funds, efficiency, attractiveness

Introduction. At the present stage of development of Uzbekistan, as part of the modernization of the economy and the liberalization of market relations, the role of investments attracted to the country's economy is significantly increasing.

Implementation of the medium-term Investment Policy Strategy of the Republic of Uzbekistan will improve the investment climate and conditions for private business development by increasing transparency and improving the quality of regulation, strengthening the protection of the rights and interests of investors and entrepreneurs. This will lead to an increase in the inflow of direct and other foreign investments, increase the involvement of the population in investment processes due to the development of the securities market.

In the general theory and practice of investment, an important place is occupied by the issues of investment activity (attractiveness), which can contribute to the activation of investment and innovation activities in the country. "The main goal of innovative development of our country is the development of human capital; until 2030, Uzbekistan should take the 50th place in the Global Innovation Index in the ranking of advanced countries." [1]

The main part. Investment activity (investment intensity) is determined by investment attractiveness, which is often identified with the investment climate. However, various indicators are provided for assessing the investment climate and investment attractiveness. At the same time, the concept of "investment climate" is broader. Investment attractiveness is an integral part of it, the result.

Investment attractiveness of an enterprise is a generalized characteristic of its attractiveness in terms of prospects, profitability, efficiency and minimizing the risk of investing in the development of this enterprise both at the expense of its own funds and the funds of other investors. Investment attractiveness is the subject of assessment at various hierarchical levels.

Investment attractiveness at the macro level is the conditions (economic, legal, political, social) created by the state for all business entities, as well as for foreign investors for profitable investment in order to develop the national economy.

Investment attractiveness at the macro level depends on the following factors: current and long-term political stability; social and criminal situation in the country; macroeconomic indicators that characterize the state of the national economy at the current time and in the future (inflation rate, GDP level, refinancing rate, state of public debt, budget deficit or surplus)*

the existence and perfection of investment regulations; * the degree of perfection of the tax system in the country.

Investment attractiveness of a region is an integral characteristic of individual regions of a country in terms of the investment climate, the level of development of investment in frastructures, the possibility of attracting investment resources, and other factors that affect the formation of investment returns and investment risks.

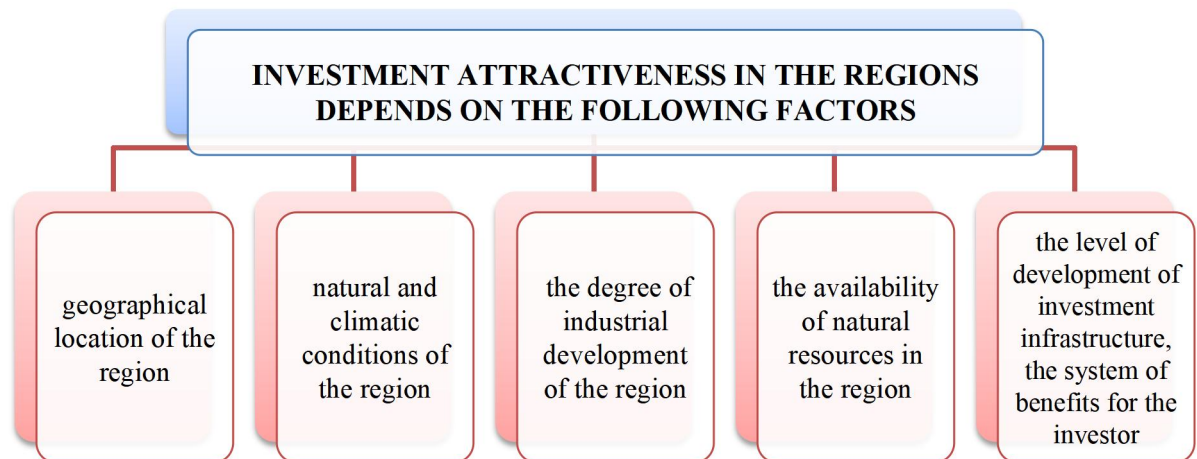


Fig. 1 Factors influencing investment attractiveness in the regions

The investment attractiveness of an enterprise depends on the following factors:

– performance indicators of the enterprise (liquidity, solvency, financial stability); development prospects; market share price of the enterprise; reputation, image of the enterprise.

To assess the investment climate and investment attractiveness of countries abroad, the following criteria are used:

- methods of Te in-Waters, Kotler-Heizler, ratings of Fortune, Euromoney (USA), and The Economist (England) magazines;
- digital scale methodology of the Harvard Business School USA etc.

Investment attractiveness of the regions of Uzbekistanis determined using indicators of these methods and foreign methods specially adapted to the Uzbek reality. In practice, the method of the Expert-RA agency is used to assess the investment climate of the IP region. It combines investment potential assessment and investment risk assessment. The total investment risk of a region, which is a qualitative characteristic of the region, shows the probability of loss of investment and income from them.

There is a direct and inverse relationship between the investment climate and investment policy. The investment climate determines the starting points for the development of investment policy. On the other hand, the investment climate is the result of the investment policy being implemented. The investment sphere requires the creation of certain conditions for the successful implementation of the investment process. The set of political and economic conditions that are formed in a country for making investments in order to generate income in the future is called *the investment climate*.



Fig. 2. Factors influencing the investment attractiveness of the enterprise

Next, let's take a closer look at the above factors:

a) macroeconomic (GDP dynamics, inflation and interest rates, for savings in GDP).
b) regulatory framework (quality and stability of the legislative framework, compliance of regional and national legislation, policies of central and local authorities, protection of property rights, protection of investors' interests, level of monopolization in the economy, openness of the economy, level of compliance with law and order, administrative barriers to entry into the investment market, level of corporate governance).

c) taxation (the quality of the tax system and the level of tax burden).

d) information support (formation of an information support system, completeness and availability of information about information opportunities in the country as a whole, about companies in general, about companies in particular, relevance of information, trust in the source of information, conducting advertising and information campaigns in the media, organizing investment exhibitions, presentations, seminars, investment missions).

e) unpredictability, non-transparency of the country for investors (non-transparency of the country for investors is understood as the absence of clear, generally accepted rules for doing business in the world and national capital markets, clothed in formal procedures). The quantitative assessment of opacity was developed by the well-known auditing company Price Water house Coopers. For each criterion, the country is assigned a certain number of points (from 0 to 150) and an arithmetic mean value called the opacity index (opacity index) is output.

f) debt on external obligations of international economic and financial organizations. This factor plays an important role in characterizing the investment climate in the country. It is most fully reflected in the so-called "solvency indicator", determined by the well-known business magazine Euromoney. The integral indicator of a country's solvency includes nine components: political risk, economic prospects, external debt indicator, debt due to default or debt restructuring, credit rating, access to banking resources, access to short-term financial resources, access to capital markets, and access to forfeiting services. The maximum final score for a country is 100 points.

Uzbekistan has the largest population in the region, 32.9 million people, which is not much less than all the other Central Asian countries combined (38.9 million people). In addition, 72%

of the population is under 40 years of age, and the median age is 28 years. The labor force is also the highest in the region, with 15.2 million people, which, together with a high level of literacy, provides investment attractiveness for labor – intensive industries-mining, textiles, engineering and agriculture. Traditional industries, namely, oil and gas, chemical and mining, agriculture and textile industry, as well as new promising areas – construction, banking and telecommunications sectors, and tourism-have the greatest investment potential. The rich natural resources-gold, copper, and uranium-are still insufficiently developed. For example, taking the 10th place in the world in terms of copper reserves, Uzbekistan is on the 20th place in terms of their production. Foreign investment will attract new technologies, accelerate the development of reserves, and ultimately boost regional economic activity, employment, and tax revenues. Uzbekistan's economy is quite diversified: individual sectors of the economy account for no more than 20% of GDP. According to the State Statistics Committee of Uzbekistan, GDP growth was 5.1% in 2018 and 5.2% in 2019. Uzbekistan occupies a strategic location in the Central Asian region and has a well-developed transport infrastructure.[2]

Conclusion. In recent years, there have been trends in improving the investment climate in our country. In the 2019 Economic Freedom Index, Uzbekistan rose from 152nd to 140th place over the year with a score of 53.3, which improved by 1.8 points, thanks to receiving higher scores on indicators of freedom of investment, freedom of labor and freedom of business. Since 1998, Uzbekistan has managed to improve its position in the ECO by 21.8 points. The World Bank in its "Doing Business" report publishes ratings on the ease of doing business indicator for 190 countries around the world. Over the past 5 years, Uzbekistan has been among the top ten reform countries (it rose from 166 (2012) to 76th place (2019), which created a more favorable business environment for businesses. Most of the reforms have been implemented in the areas of business registration (an area where Uzbekistan shows the best results, ranking 12th in the world), taxation, obtaining loans and property registration.

In the field of organizing information support for reforms and promoting the image of Uzbekistan in the international arena, it is planned to:

1. Providing information and consulting support to exporters and their foreign counterparts on marketing, pricing, transport logistics, certification, standardization and quality control, tax and customs administration;

2. Annual publication of the report "Investment climate in the Republic of Uzbekistan" (possibly at the regional level). Inclusion of investors, representatives of the business and expert community in the editorial team for preparing the report. Organization of a broad public discussion of the report;

3. Organization of close cooperation between experts of rating agencies and specialists of ministries, raising awareness of international experts about the ongoing reforms and their effectiveness, ensuring the objectivity of the country's assessments;

4. Development and launch of a mechanism for continuous online survey of opinions and proposals of investors, as well as potential investors, regarding measures necessary to improve the investment climate in Uzbekistan;

5. Improvement of the specialized Internet portal on investment activities in the Republic of Uzbekistan and its regions, including through the development of versions of the portal with information in the languages of potential foreign investors.

6. Strengthening media promotion of the investment potential and investment climate of the republic through the implementation of information campaigns in order to form an adequate, free from stereotypes perception of the country abroad, targeted dissemination of relevant information and analytical materials through the country's trade representative offices;

7. Expansion of the list of documents and analytical materials translated into foreign languages for wide dissemination on the issues of socio-economic development of the country,

8. Organization of regular training and advanced training of personnel in the field of investment activities and attracting investment, development of program documents (primarily at leading foreign universities and business schools)

9. Ensuring regular meetings of foreign journalists with heads of state authorities, business, science and culture, and civil society organizations;

10. Reducing administrative barriers, improving the quality of public administration and protecting property rights.[3]

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