



Analysis of the Investment Environment and Influencer Factors

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Abstract

This article covers the classification of investments, the analysis of factors affecting investment attractiveness, and the impact of foreign investments on developing the country's economy. It presents foreign and domestic scientists' scientific and theoretical views on the topic. It also presents the essence and theoretical foundations of attracting foreign investments in the development of the national economy and formulates scientific conclusions and recommendations on improving the investment climate.

Keywords: Foreign investment, investment classification, investment attractiveness, investment environment, investment resource, capital, investor

Introduction

No matter which developed country's economy we consider, first of all, the health of the investment environment and its attractiveness, as a result of the rapid inflow of investment flows, we witness the progressive results of trends related to the country's economy (Зарипов, 2022). Today, in the world at the stage of globalization and technological armament, the role of investment flows in interpreting the combination of economic development is of great importance (Hoshimov, 2023). To attract foreign investments through the recipient position, states pay attention to the investment potential created in the country, the established modern infrastructure, the socio-economic policy pursued to improve the investment environment, in particular, the unhindered entry of foreign companies, the inviolability of private property, the establishment of special economic and small industrial zones in the country to direct their capital as a business entity, and the availability of tax and other financial incentives. (Имомжолов, 2023)

In his Address to the Oliy Majlis of the Republic of Uzbekistan dated December 29, 2020, the President of the Republic of Uzbekistan, Sh.M. Mirziyoyev, noted that "Economic growth will be achieved, first of all, through the creation of competitive industrial chains and increased investments in such projects." Also, the Decree of the President of the Republic of Uzbekistan No. PF-158, dated September 11, 2023, "On the Strategy of Uzbekistan — 2030"

put forward the issue of doubling the size of the economy by 2030 and including it in the list of "upper-middle-income countries". In this regard, the ultimate goals are set, such as further increasing the investment attractiveness of our country and attracting \$250 billion in investments in our country, including \$110 billion in foreign investments and \$30 billion in investments within the framework of public-private partnerships, through the rapid development of the securities market. Large-scale changes and structural reforms are being carried out in all sectors of Uzbekistan's economy. The implementation of such reforms directly depends on the country's investment process, the state's investment policy, its priorities, and the investment activity of enterprises in the country. (Grabara et al., 2021)

Literature Review

The concept of "investment attractiveness" has been defined by many foreign and domestic scientists, among which, according to the well-known economists M. Glagoleva and S. Belogura, "The factors that determine the investment attractiveness of a country or region and a certain level of attractiveness of financial investments are a generalization of the characteristics of the political, social, economic and legal conditions of the state". This opinion explains the general concept of investment attractiveness, which determines the implementation of investment processes, and indicates the presence of various factors that determine the investment environment. (Zsiborács et al., 2023)

Investment attractiveness is a set of characteristics that allow a potential investor to assess how attractive a particular investment object is compared to others to invest available funds (Rolik, 2013). Increasing investment attractiveness contributes to a company's effective operation, development and growth in modern competitive conditions (Volik et al., 2018). In economically developed countries, the investment process depends on the impact of market conditions, sources of investment financing and the volume (Gutkevych, 2019).

Ensuring investment attractiveness and rational use of investment potential are aimed at increasing investment attractiveness, taking into account the capabilities of the region, accelerating investment activities aimed at innovative renewal of the socio-economic structure, increasing the level of diversification of sources of financing for regional research and attracting innovative investments (Neves et al., 2020). Regardless of the field in which joint-stock companies operate in our republic, one of the important tasks is to allocate additional financial resources, including attracting foreign investments. The IPO mechanism is one of the most modern methods of attracting investments in joint-stock companies (Jumaev et al., 2019).

Research Method

This article studies the scientific works and articles of economists from Uzbekistan and foreign countries devoted to analyzing sources that express the role and importance of investment attractiveness in developing the country's economy. Economic research methods such as graphical grouping, economic-statistical analysis and synthesis, and logical thinking were widely used as research methodology.

Result and Discussion

Based on today's economic factors, we can say that investments significantly drive the country's economy (Nuraliev, 2022). The main goal of each state's economic arsenal is to apply various financial mechanisms related to attracting foreign investments, acting as a recipient, and creating regional investment attractiveness. Also, our country is implementing sufficient reforms to actively attract investments. The three major areas of the investment sector are reflected in the figure below (Table 1).

Table 1. The investment potential of the country and a set of factors influencing it

\$№	Group	A set of indicators
I. FACTORS AFFECTING THE LEVEL OF INVESTMENT POWER OF REGIONS		
11	Natural-geographical potential	- raw material resources: mineral raw materials; land and water; fuel and energy; various ores and metals.
22	Work potential	- demographic potential of the region: population density; quantity and quality of labor resources; labor force; average monthly salary; number of unemployed; age level of employed and unemployed; skills and level of the unemployed.
33	Production potential	- production capacity: gross regional product (GRP); condition of fixed assets; productivity of factors of production; specialization of the region by industries and sectors; volume of imports and exports.
44	Innovative potential	- scientific and technical potential of the region: scientific and technical achievements; those with academic and research degrees; volume of scientific and technical projects; those engaged in science; existing research and development institutes/branches in the region.
55	Institutional potential	- republican and local legislation: consumer rights; principles of corporate governance; healthy competitive environment; business environment and information support; accounting and statistical reporting; development of financial markets and institutions.
66	Infrastructure potential	- infrastructure: the state of water and electricity in the region; availability of airports, highways and railways; development of information and communication technologies.

77	Financial potential	- the main criteria of financial capacity: the volume of loans issued by commercial banks for the activities of business entities; the amount of funds deposited by the population in bank deposits in national and foreign currencies; volume of deposits of legal entities in banks (in national and foreign currencies).
88	Consumption potential	- consumer demand in the region: wages; all other forms of income (rent, rent, dividends, interest, profit, pension, subsidy, etc.)

As we can see in the table above, these areas are of great importance in the countries receiving investments (Oblomuradov, 2021). They are the investment climate, investment attractiveness and investment potential. The segments that are part of the areas are directly involved in the operational attraction of investments. There are also sectors formed under the influence of segments, which contribute to the increase in investments from a state and regional perspective in a comprehensive way. In addition, the most important thing is that foreign investors bring with them not only capital, but also advanced knowledge and experience from their countries. This also creates opportunities for the country's future economic growth. (Ibadullaeva, 2024)

The socio-economic development of the Republic of Uzbekistan and its transformation into one of the most competitive countries in the world are inextricably linked to the investment policy being pursued to increase the investment attractiveness of the country, the region and its economic sectors, as well as individual enterprises (Butaboyev M.T. & Askarov F.R., 2023). Investment attractiveness is determined by the simultaneous influence of the country's investment potential and the level of investment risk. Such indicators help determine the feasibility and attractiveness of investments. The level of investment risk is directly related to the investment environment. (Subramanian et al., 2018)

The investment environment is reflected at the macroeconomic level, that is, in the relations between the investor and specific state bodies and economic entities. The investment environment is an objective state for any specific time and includes a set of conditions for investing capital. However, the investment environment is formed under the influence of the management activities of state bodies. Therefore, the state's investment policy is one of the most important factors. In this sense, each state has its own specific capital acceptance system when importing capital. The worse the level of the investment environment, the higher the risk the investor sets. (Chepel, 2023)

Three broad segments determine investment attractiveness in Uzbekistan, which are various factors that have an impact on the structure of political, economic and social networks (Abubakirova et al., 2023). The stability of these factors not only serves as the basis for relations for the influx of investments in the donor position, but also increases the investor's potential for directing his capital to the territory and sectors of the country. In addition, on the

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contrary, the worse the level of the investment climate, the higher the investor determines his risk. (Kodirkhonov et al., 2022)

Enterprises with foreign investment can be established by its establishment or as a result of the acquisition of a share (share, shares) in an enterprise previously established without the participation of foreign investment, or as a result of the purchase of such an enterprise by a foreign investor in its entirety, including during the privatization process. (Kurpayanidi, 2023)

The establishment of enterprises with foreign investment can be divided into internal and external reasons.

Table 2. Reasons for establishing enterprises with foreign investment

<i>Internal reasons</i>	Taking advantage of the investment climate
	Risk sharing
	Economies of scale in production
	Learning new management methods
	Accelerating entry into foreign markets
	Reduce contract costs
<i>External reasons</i>	Entering the global market
	Easing of political tensions
	National government requirements
	Creating effective competition

Enterprises with foreign investment shall have the rights of a legal entity from the moment of their state registration. The Cabinet of Ministers of the Republic of Uzbekistan shall determine their establishment and state registration procedure. Foreign investors may establish enterprises with foreign investment in the territory of the Republic of Uzbekistan and enjoy all the rights, guarantees and privileges granted to them by the legislation of the Republic of Uzbekistan. (Bondarenko, 2021)

Investment environment is a widely used concept that covers all the issues an investor should consider. The investor evaluates the advantages and disadvantages of investing in a particular country and the ideology, policy, economy and culture of the country in which he intends to invest his capital (Abubakirova et al., 2023). 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 our view, although a variety of factors 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.

Conclusions

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

- a. Developing models for the effective use of capital resources and the optimal use of economic resources in increasing regional wealth based on the law of finite factor depletion;
- b. developing and implementing comprehensive programs that ensure the sustainable development of regions and their uniform development without significant differences;
- c. creating a favourable business environment that will serve the organization of joint projects based on high technologies and creating high-added value;
- d. 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 a significant part of the assets of the banking system are in the hands of private investors;
- e. to increase investment attractiveness and ensure rapid growth in infrastructure investments, one of the main factors of sustainable economic growth, it is necessary to stimulate investment activity by developing public-private partnerships and project financing instruments.

Suggestions

Based on the above scientific proposals and recommendations, their in-depth study, analysis, and substantiated implementation in practice will yield results soon. In addition, by creating a favourable investment climate in the country it will positively impact further increasing the state's investment attractiveness.

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