

Strategic Directions for Increasing the Efficiency of Investment Attraction

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Abstract. In this article, the theoretical basis of investment attraction by improving the mechanisms of the financial market, the normative and legal basis of investment attraction, regulatory mechanisms and practical aspects, the practical aspects of investment attraction and the infrastructural analysis of the financial market mechanisms, proposed to obtain long-term economic results in the development of the economy the ways of constant improvement of strategies and mechanisms are highlighted. In the article, the analysis of foreign scientists on the attraction of investments was carried out using econometric models based on the materials, statistical data and factors influencing the attraction of investments.

Keywords. Economic development, investment, development, financial markets, investment climate, investment attractiveness, strategies.

1. INTRODUCTION

In the conditions of global economic changes and hyper-competition, every country creates the ground for the development of its economy based on the provision of beneficial international cooperation and deep integration in the world market. This trend affects the global financial market as well as the components of the financial market of Uzbekistan, including the state budget, state credit, off-budget savings, social security, insurance, investment, has its effect.[1]

The Republic of Uzbekistan is taking consistent steps to improve the investment environment in order to ensure sustainable economic growth. Effective use of financial market tools to attract local and foreign investments is one of the important issues of the agenda. This report evaluates various strategies and mechanisms and their quantitative and qualitative characteristics through financial market instruments. In addition, the socio-economic impact of these tools on the country's development is analyzed. The use of financial market instruments to attract investments has a quantitative and qualitative effect. From investment volumes and rates of return to regulatory frameworks and social responsibilities, many aspects need to be assessed to fully understand their impact. In addition, these tools affect not only economic indicators; they also have far-reaching socio-economic impacts affecting job creation, technological progress, income distribution and overall quality of life. Therefore, the Republic of Uzbekistan should strategically use these financial instruments, adapting the advanced world experience to local conditions, in order to build a stronger, more stable and inclusive economy..

Debate continues about which economic paradigms are most effective in today's environment. [2]At this point, should the country adopt a globalized approach and integrate into international value chains or focus on regional, protectionist policies? Should the economy be governed by market forces or by government intervention? A number of questions arise whether success can be achieved through increased competition at a higher level or through the development of transnational corporations and oligopolies. Recent trends indicate a waning faith in laissez-faire economics and a growing recognition of the role of national governments as a veritable "invisible hand" that can make economies boom or bust.[3] The 21st century global economy, dominated by transnational corporations and countless oligopolies, shows that it has never been a fully open market economy. This raises important questions about the appropriate economic policies and strategies that countries should adopt to ensure sustainable growth.[4]

In this complex global scenario, the Republic of Uzbekistan faces an important task of attracting investments to ensure its economic growth. The role of financial market instruments in this regard is not significant. Given the complexity of modern globalization, the use of these instruments, such as bonds, shares and derivatives, should ensure the necessary financial flow from local and foreign investors for the socio-economic development of Uzbekistan.

2. LITERATURE REVIEW

As economists and politicians continue to debate the merits of different economic models, one consistent truth emerges: long-term growth is inextricably linked to technological progress, human capital, and sustainable capital investment, and financial market instruments play a critical role in mobilizing this critical capital for Uzbekistan. [5] Uzbekistan would do well to focus on a multifaceted approach that incorporates elements of global and regional strategies, market forces, and state intervention in the context of modern globalization. [15]

Economists (P. Drucker, T. Levitt, K. Ohme) can talk about the processes of globalization since the beginning of the transnationalization of financial markets, the unification of the markets of individual products produced by multinational companies (that is, not earlier than 30 years ago,) i.e. 40 years ago [14], they believe that a number of factors determining the need for globalization and integration of the world economic system have historically existed for a long time, but the opportunities for their implementation have appeared relatively recently due to radically new events in the world economic system has been. [6]

According to Faminsky, globalization is a qualitatively new stage in the development of the internationalization of economic life, which began at the turn of the 19th-20th centuries. Scientific literature uses the terms "global studies" and "globalization", which are close to each other. At the same time, the globalization of the economy is the most profound, system-forming part of global studies. It is often noted that globalization leads to the growing economic openness of countries, the liberalization of national trade regimes and capital flows, the formation of the world financial market and the world information network. [7]

M. Castells, professor of sociology at the University of California (USA), described globalization as a "new capitalist economy" and listed the following as its main features: information, knowledge and information technologies are the main sources of increasing productivity and competitiveness; this new economy is organized primarily through a networked structure of management, production, and distribution, rather than individual firms as before. [8]

A many of experts present globalization as a rather narrow concept: the convergence of consumer preferences and the process of universalization of the range of products offered around the world, in which global products displace local products. [9]

3. ANALYSIS AND RESULTS

As the world increasingly recognizes the limitations of a single economic model, countries are free to develop their own unique strategies. For the Republic of Uzbekistan, the effective use of financial market instruments can be a decisive element in the unique formula of economic success. [10]

Taking into account the diversity of national development strategies and goals, the Republic of Uzbekistan can make significant progress by regulating the efficiency of investment attraction methods through financial market instruments. These instruments, including bonds, stocks and derivatives, can serve as powerful tools for achieving many of the goals set out in the national strategy, particularly capital accumulation, industrial modernization and technological progress. [11]

Through this multifaceted approach, Uzbekistan can not only achieve, but potentially exceed, the goals set out in its national strategies, even in the complex conditions of modern globalization. Distribution of economic development strategies by country (Figure 1.)

Taking into account the complexities of the current globalization, Uzbekistan should carefully develop its own strategy. It may choose a hybrid approach combining practices of contemporary origin with some elements of emulation, especially in sectors where it aims to be a global leader. Financial market instruments can help this by attracting both domestic and foreign investment, the latter taking into account technological autonomy and national security.

Countries employ different strategies based on economic efficiency, potential return on investment, and the long-term goal of securing key roles in global value chains. They also aim to develop a competitive advantage in specific technological areas. Uzbekistan can learn from these approaches for its economic development, especially in attracting investments through financial market instruments.

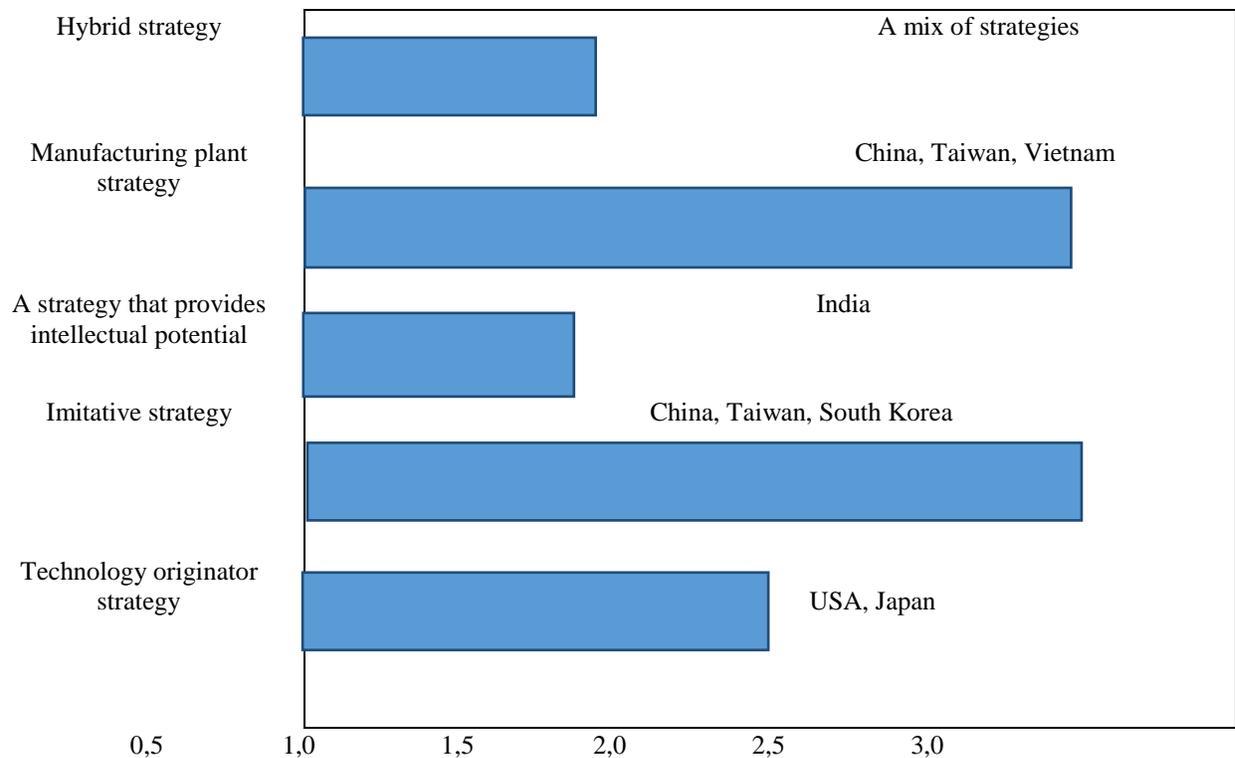


Figure 1. Visualization of economic development strategies by number of countries.

For Uzbekistan, understanding this dynamic will help to formulate policies that facilitate not only attracting investments, but also the country's integration into global value chains. Through this, Uzbekistan can gain a good position in the global economic landscape and become an attractive destination for meaningful investments that will contribute to its long-term development..

The strategy of attracting investments to improve the economy of Uzbekistan through the use of financial market instruments is intended to be adopted in the long term from 40 to 75 years. This strategy can be divided into three distinct phases, each of which serves different purposes and uses unique approaches and mechanisms.

Phase One: Mainstream Development (20-40 years) The primary focus is on laying the foundations for structural changes in both the domestic and global economic landscape. The main areas of attention during this period are:

- Pooling resources for technological advancements.
- Accumulation of technological capital.
- Investing in fundamental and applied research.
- Development of human capital in accordance with future needs.
- Establishing basic production capabilities through a reconfigured set of production factors.
- Creation of a comprehensive state support system to encourage entrepreneurship and industrial development.
- The purpose of this stage is to create a solid foundation that will allow Uzbekistan to attract targeted investments, in particular, through financial market instruments.

This second phase: Technology cluster and product development (up to 20 years)

The second stage focuses primarily on the following:

- Creating a solid portfolio of products and services
- Development of a "technological cluster" focused on R&D programs
- Increasing investments in the industries identified as priority directions for the development of production capabilities
- Increasing the demand for innovative goods and services.
- Encourage the diffusion of national technology in domestic and international markets through more parallel technologies and capital exports.

Uzbekistan can effectively use financial market tools to ensure economic growth and attract meaningful investments, focusing on the specific directions noted. [12]

The third stage: increasing rentability and preparing for new cycles (up to 15 years)

The final phase of the strategy focuses on:

- Maintaining high profitability in the priority sectors of the economy.
- Stimulation of domestic demand.
- Adopt aggressive foreign market strategies.
- Shortening the life cycle of products through continuous innovation.
- Maximize profitability for reinvestment in new development cycles.
- Continuous assessment and adjustments are critical to determining technology priorities and continuously building technology capital. [13]

Uzbekistan's goal in implementing this multi-stage, long-term strategy is to create an environment that not only attracts investments, but also effectively distributes them through financial market tools, making the country a competitive player in the era of globalization.

According to A.Grove, it should be noted that the low cost of manufacturing and engineering in Asia has led American companies to outsource these activities, which has caused stagnation in the creation of domestic jobs. On the example of the USA, Uzbekistan emphasizes the need to occupy itself strategically on the world stage not only by attracting foreign investments, but also by stimulating domestic technological development.[14]

Positive results:

- the import of capital and loans increases capital accumulation in the receiving country, thereby accelerating its economic development, improving the balance of payments;
- the inflow of foreign investment capital in the form of direct foreign investment is accompanied by the transfer of technology, organizational and management experience, the results of scientific and technical research and development embodied in technology, patents, licenses, trademarks, etc;
- increases the level of employment and skills of the local workforce;
- production operations of foreign firms expand the types of products produced, promote more active development and full use of local resources;
- increase the standard of living and purchasing power of the population;
- the influx of foreign investment capital has a stimulating effect on the development of service industries, from banking and insurance to transportation and advertising;
- foreign investment capital in the form of direct foreign investment creates an additional incentive for other investors, as it increases confidence in the country, facilitates the flow of capital;
- foreign investment capital increases competition in the national economy, reduces the level of monopolization;
- foreign investment capital makes a certain contribution to the development of the social sphere.

However, foreign investment capital has both positive and negative consequences.

- possible repatriation of capital and profits from foreign investments will be transferred abroad in various forms;
- can worsen the balance of payments of the host country;
- Foreign investment capital in the form of foreign direct investment puts pressure on local producers and suppliers and can thus limit competition;
- foreign investors, unfortunately, do not always take into account local conditions based on global considerations, in fact, the success of their operations in the host country depends mainly on the stability and capacity of the local market.

The inflow of foreign investment capital affects not only the financial and economic situation of the country, but, on the contrary, the conditions in a particular country affect the opportunities to attract foreign investment. Therefore, it is important to determine the factors that determine the prospects of attracting foreign investment capital to manage the investment process. In our opinion, these factors are primarily the following.

1. Activity of internal investment processes and placement of internal investment capital in the country;
2. Stability of the legislative base, transparency of legislation on foreign investments;
3. Transparency of financial information about potential investment targets;
4. The existence of special structures working to create a positive image of the state;
5. Regulation of activation of the investment process by the target state;
6. Level of taxation of foreign investors.

The influence of the above factors is reflected in the following. First of all, it should be noted that the volume of

attracting foreign investment capital depends on the level of development of economic potential, changes in the financial and production infrastructure, the efficiency of the use of natural and labor resources, and the improvement of the financial mechanism and investment policy.

4. CONCLUSIONS

In our opinion, the increase in financial flows of foreign investments, first of all, if investments are attracted not only to intermediary operations, but also to the real sector of the economy, changes in internal investment processes can have an impact. There are serious internal reasons why low investment activity makes investment in the manufacturing sector ineffective. The purpose of the financial and investment policy is to provide financial support for the implementation of the strategic plan for economic and social development of the country. The goals of financial and investment policy depend on more specific goals. These include:

- attraction of foreign investment capital;
- attraction of domestic investment capital;
- ensuring the balanced development of all sectors of the economy
- ensuring the competitiveness of local products;
- development of high-tech productions;
- development of the financial sector of the economy;
- supporting the development of small and medium-sized businesses;
- ensuring the employment of the population;
- development of the social sphere, etc.

Financial and investment policy, in our opinion, can be divided into the policy of the whole country (macro level), regional financial and investment policy, sectoral policy and policy of economic entities. Financial and investment policies at the macro level should help stimulate investment activity at the regional and micro levels.

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