



**EXISTING PROBLEMS IN INCREASING INVESTMENT
ATTRACTIVENESS IN ENTERPRISES AND WAYS TO
OVERCOME THEM**

Shayakubov Shakhzod Shakabilovich
Senior Lecturer, Department “Valuation and Investments”,
Tashkent Institute of Finance, Tashkent City, Uzbekistan
G-mail; shaxzodbek19790109@gmail.com

ABSTRACT	KEY WORDS
<p>The main issue of the work of the article is the development of scientifically based proposals and recommendations to increase the investment attractiveness of joint-stock companies. The implementation of the suggestions and recommendations presented in the research work can serve to further increase the processes of introducing foreign and local investments into joint-stock companies. The hypothesis of the research is to positively solve the problems of ensuring investment attractiveness by developing an investment strategy, to develop practical proposals based on the effective use of advanced foreign experiences in this field, and to scientifically substantiate the effect of dividend policy on increasing investment attractiveness.</p>	<p>innovative activity, innovative product, investment, investors, companies, investment risk, joint stock company, investment attraction.</p>

Introduction:

In the process of globalization of the countries of the world, strengthening consistent efforts to reform and modernize the economy in Uzbekistan and raising them to a new, higher level is a priority task. Unconditional implementation of these tasks is ultimately aimed at increasing the development of our country and increasing the well-being of our people, and the investment attractiveness of joint-stock companies is gaining importance as a decisive factor in strengthening the export potential.

The decree of President Shavkat Mirziyoyev “On the strategy of actions for the further development of the Republic of Uzbekistan” started a new stage in determining the priority directions of economic development and liberalization. The main goal of this Decree is to increase the effectiveness of the reforms implemented in our country, to create conditions for the development of the state and society in all aspects. In particular, in the third direction of this historically significant document for the next five years, the issue of ensuring reliable protection of the rights and guarantees of private property, eliminating all kinds of obstacles and restrictions, and giving complete freedom to the further development of the business and investment environment special importance is focused [1].

According to economists E.Sojli and V.T.Vinglar, the investment risk is assessed and determined in the context of a comprehensive and in-depth analysis of the investment environment. Investment climate

and risk levels are inversely related. The more favorable the investment environment is, the lower the investor's business risk is, and this activates the inflow of investors. Conversely, if the investment environment is unfavorable, the level of risk is high. This leads to an increase in spending on the part of the recipient of the investment. The state of the investment environment is important not only for the investor, but also for the recipient of the investment [2].

2. Literature Review

Regarding the concept of “investment attractiveness”, definitions were given by many foreign and local scientists, among them, according to the opinion of famous economists M. Glagoleva and S. Belogura, “The investment attractiveness of a country or region and the attractiveness of financial investments are known. The factors determining the level are a generalization of the description of the political, social, economic and legal conditions of the state” [3].

The concept of “innovation” is used to mean investing in something new. The concept of innovation entered the economy in the early twentieth century. Australian economist J. Schumpeter was the first to address innovation issues and give a detailed description of the innovation process. In the economic literature, many authors have different approaches to the concept of “innovation”. Many authors consider innovation to be economically feasible, meaning that new resources are created or existing ones are used in an unconventional way [4].

According to A. Busigin, innovation is the renewal of fixed capital or products using science, technology and engineering [5]. According to R. Fatkhutdinov, innovation is the end result of innovation, and the change of management of the object is effective in social, economic, scientific, technical, environmental and other ways [6]. Foreign economists B. Needles, H. Anderson, and D. Caldwell consider “intangible assets to be intangible assets that constitute capital investment in acquired assets” [7].

Prof. A. Sheremet defines intangible assets in general as follows: assets that represent a legal and other legal relationship that has no intangible value, bring profit (income) to its owner for a certain period of time, create convenience for users [8]. Innovation is the process of ensuring the systematic and continuous introduction of all innovations in any field, regardless of the field of innovation, published innovations, technical and technological advances and technological processes, product supply and other areas [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 the sources representing the role and importance of the investment attractiveness of the enterprise 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

Today, in many developed countries, there are special firms and organizations that study the investment environment, assess its attractiveness, and provide accurate conclusions and information for investors. For example, prestigious information services of countries such as Switzerland and Germany rate each country from "0" to assess the economic, political and social status of the country.

It uses the "BERI" (business environment risk index) indicator, which takes into account 15 important indicators evaluated on a scale of up to 12 points (0 - satisfactory and 12 - extremely convenient). Figure 1.2 below shows the BERI index based on its importance for making investment decisions.

Among the indicators included in the BERI index, political stability (12 points) is important. In general, "BERI" service is an organization that has gained a great reputation in this regard. This organization analyzes the investment environment in capital importing countries and determines the risk level of investments. "BERI" service, through the press, determines the level of risk and risk of investing in foreign countries by investors with various indices. Organizations providing such services are currently assessing the investment climate in more than 55 capital-importing countries. The higher the country's investment climate score, the more stable it is [10].

Let's take a look at the World Bank's approach to assessing the investment environment. The World Bank published "How to create an investment climate for all?" In the annual report on the topic (on the development of the world economy), it is said that "the government and relevant organizations support them in order to develop entrepreneurship and a successful market". In this report, it was noted that the investment environment creates opportunities and incentives for companies to invest in production, create jobs and expand their activities.

According to the approach of the World Bank, the factors affecting the country's investment environment are as follows

- uncertainty of economic policy and legal-normative practice;
- level of corruption;
- the quality of the judicial system;
- level of crime;
- "tax burden" and system of legal regulation of taxation;
- the possibility of obtaining financial resources and the cost of financing;
- level and quality of electricity supply;
- skill level of workers and quality of labor legislation.

In the economic literature, there is a wide field of description of the investment environment and its calculation methods⁶. In our opinion, it is appropriate to dwell on its following definition: investment environment is the environment in which investment processes take place. It is formed under the influence of political, economic, legal, social and other factors that determine the conditions of investment activity and the level of investment risk in the region. Uzbekistan is a country based, first of all, on political stability, confidence in the future, gradual progress of reforms in all spheres of social and political life.

The need to develop an investment strategy of the enterprise is determined by the formation of financial resources and their effective use in the conditions of changes in external and internal environmental conditions. Effective investment management can be organized only on the basis of a clear investment strategy adapted to possible changes in the external investment environment. Also, it should not be forgotten that the conflicting investment decisions of individual departments of the enterprise in the internal environment also cause a decrease in the efficiency of investment activity [11].

For each stage of the life cycle of the enterprise, the investment strategy, which describes the specific level of investment activity, the directions and forms of investment activity, the characteristics of the formation of investment resources, allows to adapt the investment activity of the enterprise to changes in its economic development.

The process of developing an investment strategy requires defining the strategic management objects of the enterprise. Such objects of investment activities include:

- integrated enterprise;
- strategic zones of economic management;
- strategic centers.

The strategic zone of economic management is an independent economy that performs its activities among closely related sectors united on the basis of common demand or common use of raw materials and technologies within the enterprise reflects the segment. A strategic investment center is an independent structural unit of an enterprise that specializes in performing specific functions in a separate strategic zone of economic management or provides effective economic activity.

The period of investment strategy formation depends on:

- the duration of the period adopted for the formation of the general strategy of the enterprise's development - the period of the investment strategy should not exceed this limit;
- opportunities to forecast the state of the economy and investment market - the investment strategy of large enterprises in developed countries is developed for 10-15 years; and in conditions of economic instability, it should not exceed 3-5 years on average;
- industry characteristics of the enterprise - the period of investment strategy formation in retail trade, consumer goods production is shorter (3-5 years in developed countries); longer (5-10 years) in the field of production of means of production, in the field of mineral resources; the longest period is set for institutional investors (over 10 years);



Figure 1. Stages of development of enterprise investment strategy [12]

The investment policy reflects the form of implementation of the enterprise's investment strategy at separate stages of its implementation in the section of the most important areas of investment activity. The difference between investment policy and investment strategy is formed in terms of specific activities that require effective management to achieve the main strategic goals.

In our opinion, the shareholding is calculated on the basis of the company's financial report and determined on the basis of traditional ratios intended for external users, financial stability indicators cannot fully describe the attractiveness of investments, because they are too simple and show the financial condition of the company does not reveal the true value. The presence of income also does not allow to objectively assess the activity of the society and fully express the investment attractiveness. Because, when there are high income indicators, society can have low profitability indicators. That is, the income received may be enough to cover expenses.

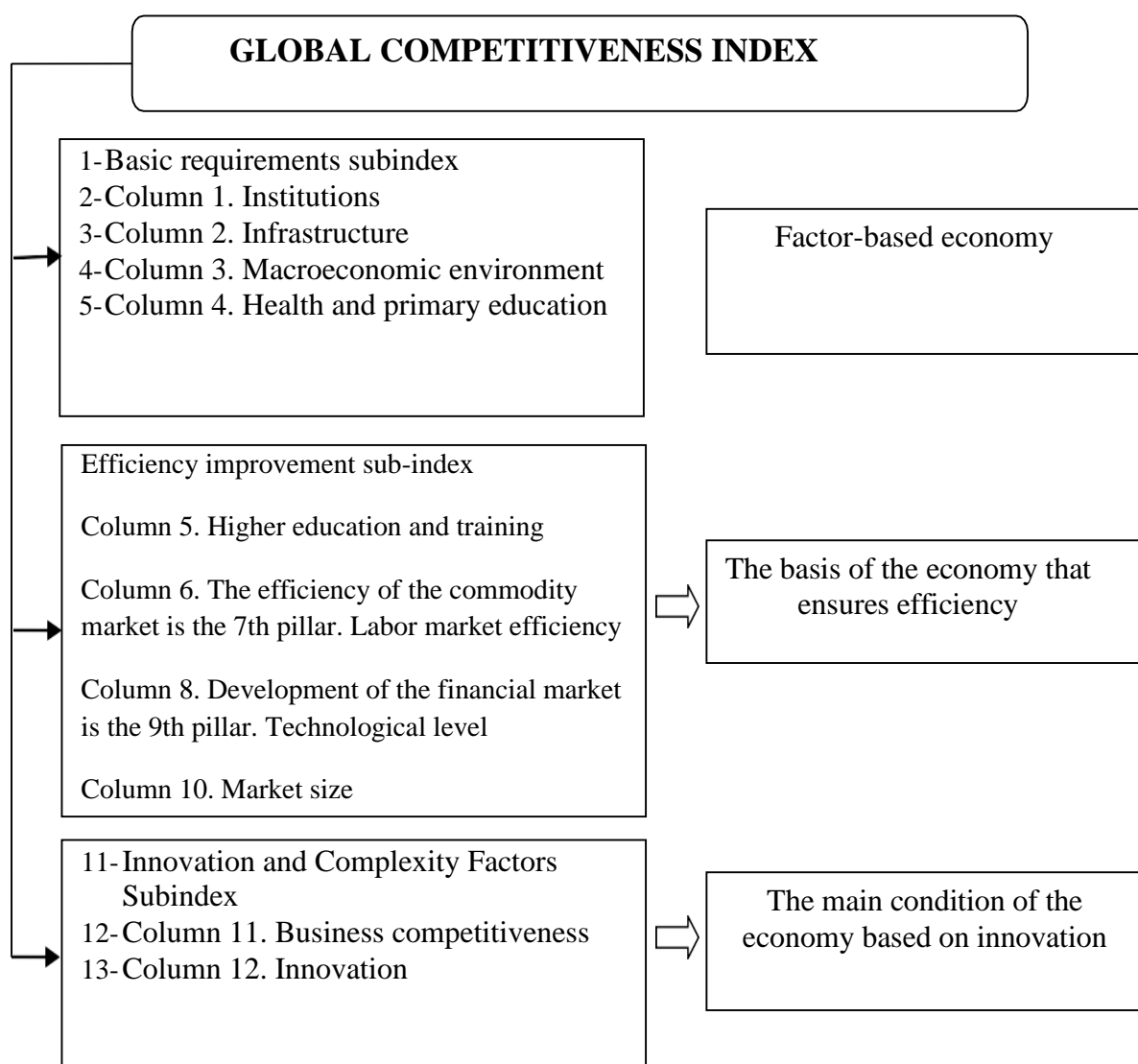


Figure 2. Structural framework of the Global Competitiveness Index [13]

Research on GCI indicators shows that they more accurately assess the investment attractiveness of an economy. For example, as part of the ranking using international statistics and a survey of large company executives: quality of institutions, infrastructure, macroeconomic stability, health and primary

education, higher education and vocational indicators such as readiness, efficiency of the goods and services market, efficiency of the labor market, development of the financial market, level of technological development, size of the domestic market, competitiveness of companies, innovative potential are evaluated. Similar situations apply to the indicators of other global indices indicated above.

5. Conclusions and Suggestions

Investment attractiveness for an investor is a comprehensive indicator that includes indicators of financial stability and profitability. It is to give quantitative and qualitative assessments of the financial and economic activities of joint-stock companies. In order to ensure the stable growth of the economy of our republic, it is necessary to deepen structural changes, develop high-tech production, and modernize banking activities. This requires large investments and plays an important role in the activity of commercial banks in this process. Because commercial banks are the main investment institutions in our country [14].

In banking practice, the concept of investment basically means putting bank funds in a long-term area for the purpose of earning income. All banking operations related to banks' allocation of funds to investments are called investment activities of banks. For example, their investment activities include investments in securities, as well as lending operations to the capital funds of enterprises. Therefore, commercial banks direct their funds to real assets along with financial assets.

It is known that the active participation of commercial banks in investment processes plays an important role in the modernization of the economy and the growth of the country's economic potential.

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