

The Role and Importance of Small Business Entities in Increasing Regional Investment Attractiveness

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ABSTRACT

The article 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, which in turn will increase competition among investors. If we want to increase the volume of foreign investment, it is necessary to increase the investment potential of enterprises, regional conditions and conditions to a more acceptable and higher level than others (competitors), as well as to stimulate domestic (national) investment. We need to focus on ensuring that it is holistic.

Keywords:

small business, enterprise risk, investment potential of the enterprise, investment climate, innovation in enterprises, small business entities, investment process.

1. Introduction.

Based on today's economic factors, we can say that investments are a significant driver of the country's economy. In the economic arsenal of each country, the main goal is to apply various financial mechanisms related to attracting foreign investments, to work in the position of a recipient and to create regional investment attractiveness. Also, enough reforms are being implemented in our country to actively attract investments.

According to the 26th goal of the Decree of the President of the Republic of Uzbekistan dated January 28, 2022 "Development Strategy of New Uzbekistan for 2022-2026" No. PF-60 [1]: To improve the investment environment in the country and improve its attractiveness, in the next five years 120 billion US dollars, seeing the attraction of investments of 70 billion dollars. On the basis of effective support from investments and export volume, on the basis of "upward" production, the establishment of a new system is production, which takes the company into its own power:

➤ Implementation of the strategy of attracting foreign and investment until 2026. On the basis of public-private partnership, attracting investments equal to 14 billion US dollars in energy, transport, health care, education, ecology, communal services, water management and other sectors.

➤ Development of economic relations in cooperation with regional and industrial enterprises of the Republic, development of investment and trade relations with Indian business circles of the People's Republic of China, Surkhandarya region, Sirdarya region, Russia, Jizzakh.

➤ Establishing "Investor Support Center" in Surkhandarya Region, Navoi Mining and Metallurgical Combine Tashkent "Business Assistance Center" in Navoi Region, "Advanced and Engineering Center" in the city, and "Innovation and Technology Centers" in each district, providing practical assistance to entrepreneurs. The process of holding the annual "Tashkent International Investment Forum" in Tashkent.

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

2. Literature review.

According to the modern point of view, the result of the investment of funds, regardless of the chosen method, with effective management, should be the increase in the cost of the company and other important performance indicators. Sustainable competitive operation of any modern enterprise is possible only in case of its modernization, active and comprehensive extension activities and the use of the latest technologies, both in production and in management. The implementation of these activities requires surveying the most affordable (cheap) sources of additional financial resources – investment [2].

The regional aspect of the investment attractiveness assessment of territories is widespread in world practice. Studies of the economic development of individual regions are conducted in many countries of the world. The United States regularly publish indices that characterize state ratings based on certain criteria and have a different focus: political, economic, and environmental. Various consulting companies and economic publications systematically monitor information on the situation in national and regional investment complexes based on public sources and investment attractiveness ratings of regions that are constantly represented by Standard & Poor's, Moody's Investors Services and Fitch IBCA [3].

The present stage of the development of international economics (world economy) is characterized by the development of new forms of integration of business entities and the formation of corporate structures, focused on technical reequipment and production growth. Intensification of innovative processes in all sectors of the economy determines the need for investment support emerging

between countries and regions with stable economic ties. Attracting investments is one of the conditions for steady development of the economy of the region. That is why serious attention is being paid to the formation of favorable investment climate both in Privolzhsky Federal District and in its separate regions. Investment attractiveness is considered as an integrated indicator of favored nation basis for an investor [4].

The development of economic processes is cyclical: each growth is accompanied by a recession, which then gives way to recovery and new growth. Financial crises in the economy are inevitable, as well as further economic growth. However, crises in the global economy, coupled with a rapid decline in the world's largest indices, have caused investors to minimize their risk and reduce the volume of investment in developing countries, and they have emphasized the need to develop a system of effective management of investment attractiveness [5].

It is obvious that the conditions, providing and supporting inflow of the capital and also attracting potential investors, are necessary for the attraction of investments. The conditions in which there are all the prerequisites for creation new business of the ideas and investment programs, existence of the environment capable to minimize the expenses arising at implementation of investment activities also act as the obligatory factor. Providing the protection of the rights of the investors and their interests is also necessary [6].

The central issue for the economy of any country is that of increasing its rate of economic growth, a reliable driver of which is the formation and development of a strategy for the sustainable development of territories based on the intensification of investment activities. Sustainable development refers to the process of economic and social changes in which a balance is achieved between the exploitation of natural resources, investment activities, and scientific and technological development [7].

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 focus on the unhindered entry of companies, the inviolability of private property, the establishment of special economic and small industrial zones in the country to direct their own capital as a business entity, and the availability of tax and other financial incentives [8].

Access to markets and resources are key factors in attracting foreign direct investment. The concentration of foreign capital only in certain regions and certain sectors limits the development of the economy of other regions, primarily affects the economy of regions with

no industrial development. This, in turn, is the main indicator of regional investment attractiveness [9].

3. Research methodology.

The role of foreign investment in ensuring the competitiveness of enterprises, the classification of risks affecting the activities of the enterprise, as well as scientific proposals and practical recommendations for improvement through the methods of systematic analysis were formed.

4. Analysis and discussion of results.

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, which in turn will increase competition among investors.

Table 1
Flow of foreign direct investment in Central Asia and Uzbekistan [10]

Characters	Central Asian countries	Uzbekistan
Growth	The growth of foreign direct investment has led to economic growth and increased efficiency	Direct investment has led to financial growth and declining poverty
Sector	More foreign investment has been attracted in energy, agriculture and manufacturing	More foreign direct investment was attracted in mining, agriculture, energy, services, textiles and tourism.
Natural resources	Countries in the region have attracted foreign direct investment because they are rich in natural resources	Attracting foreign direct investment due to the country's rich natural resources
Education and infrastructure	They are not the main factors in attracting foreign direct investment	They are not the main factors in attracting foreign direct investment
Legal basis	The rule of law has developed in high foreign direct directions	Many legal reforms have not been implemented
Protecting the environment	Foreign direct investment has increased CO2 emissions in the region	A successful environmental strategy has been used

It is known that the competition between the countries of the world to attract foreign investment to their national economy is growing from year to year. Therefore, the more favorable the conditions for foreign investors,

the more likely they are to make a profit, in other words, the more interested they are in investing in the economy of that country. This is a solution that conforms to the law of relative efficiency of the market economy, i.e., where

the profit potential is relatively high, entrepreneurs tend to be more interested in the market there. In this regard, today Uzbekistan is one of the countries with the highest investment climate in the transition to a market economy. This will undoubtedly increase the inflow of foreign direct investment into our economy.

The positive concentration of the various factors mentioned above allows the active inflow of foreign investments. This, of

course, means additional jobs, additional income, and an additional opportunity for economic growth. In addition, the most important thing is that foreign investors bring with them not only capital, but also the advanced knowledge and experience of their countries. This will allow the future economic growth of the country. Today, several forms of attracting foreign investments are used in our republic. They are shown in Figure 1 below.

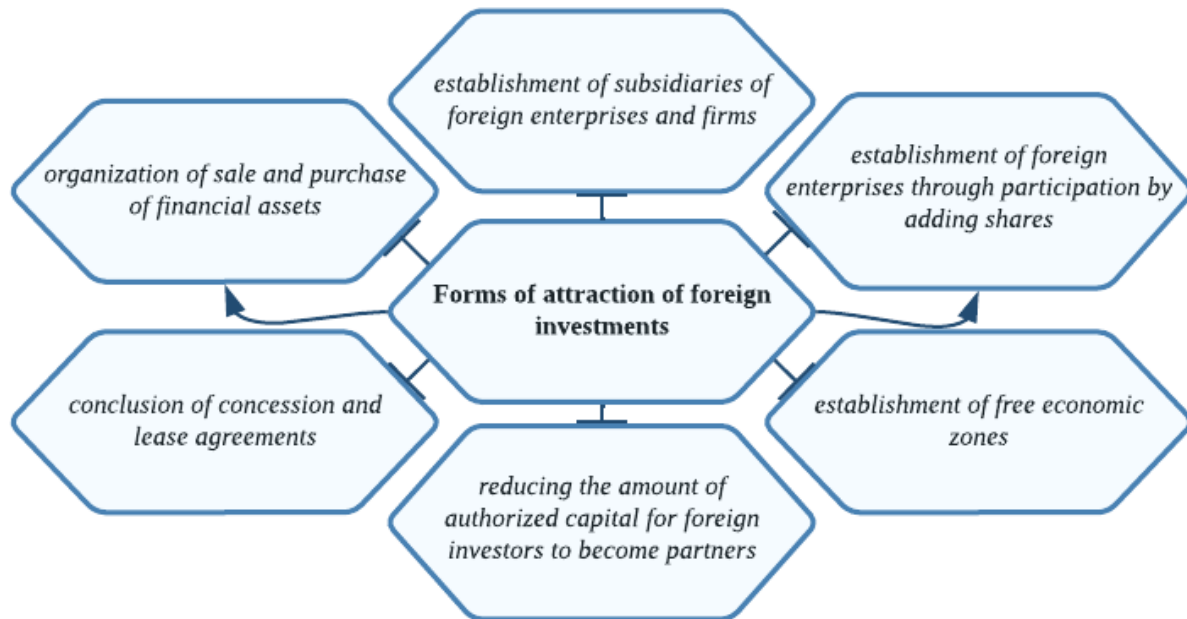


Figure 1. Forms of attraction of foreign investments [11]

It can be seen that the basis of relations related to the attraction of foreign direct investments is measured by the level of development of industries and sectors within the country. This, in turn, is a factor that determines the country’s investment attractiveness. It is natural for investment flows to politically, socio-economically stable countries.

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countries. This will allow the future economic growth of the country.

Summarizing the above analysis and comments, it should be noted that in the context of increasing modernization processes, it is necessary to accelerate the investment flow to the country through the medium and long-term investment strategy of the state, as a result of which, the organization of innovative production and the creation of new jobs. It also creates the basis for a significant increase in the country’s export potential.

Taking into account the fact 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 investment entering the country has increased year by year (table 2).

Table 2

Investments in fixed capital by regions [12]

<i>growth rate %</i>			
Areas	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
Kashkadarya	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
Syr Darya	111,2	107,7	127,6
Tashkent	92,2	120,3	102,4
Ferghana	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 [13].

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.

Based on the above analysis and discussion, we agreed to formulate the following proposals and recommendations:

1. To improve the investment environment in Uzbekistan and strengthen its

image in the world arena;

2. Creating a favorable business environment for attracting investments and ensuring openness of information;

3. To strengthen the protection of investors rights, to improve the development of production and sales relations between local companies and foreign investors, and to improve trade logistics [14];

4. It would be expedient to increase the role of state bodies in creating a business environment and a favorable investment environment.

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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