



Methods of attracting investments to the economy and managing them

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ABSTRACT

Investments play a crucial role in driving economic growth and development. This abstract explores various methods of attracting investments to the economy and managing them efficiently. It examines different investment instruments, policies, and strategies that governments and businesses can employ to foster a conducive investment climate. Additionally, it delves into the importance of effective investment management to optimize returns and achieve sustainable development goals. The abstract emphasizes the significance of creating a supportive regulatory framework, providing incentives, and mitigating risks to attract both domestic and foreign investments. It also highlights the role of technology and innovation in enhancing investment opportunities and diversifying investment portfolios. The abstract concludes by emphasizing the need for continuous monitoring, evaluation, and adaptation of investment strategies to adapt to changing economic conditions and maximize the impact of investments on overall economic growth and welfare.

Keywords:

investment, economy, methods, attraction, management, policies, strategies, regulatory framework, incentives, risks, domestic investments, foreign investments, technology, innovation, diversification, monitoring, evaluation, economic growth, welfare

Introduction: Investments play a crucial role in the economic development and growth of any country. Attracting investments and effectively managing them are key priorities for governments and policymakers to ensure sustained economic progress. Investments contribute to the expansion of businesses, creation of job opportunities, adoption of new technologies, and overall improvement in the standard of living. This paper explores various methods and strategies used by countries to attract investments, both domestic and foreign, and examines the mechanisms in place for their efficient management. By understanding these approaches, policymakers can formulate effective policies and foster an enabling environment to encourage investment flows and optimize their impact on economic growth

and development.

Analysis of literature on the topic

The analysis of literature on the methods of attracting investments to the economy and managing them reveals a plethora of research, studies, and expert opinions on this critical topic. Scholars and experts from various fields, including economics, finance, and business, have extensively explored the subject to understand the best practices and strategies for promoting investment inflows and optimizing their utilization.

Ecological finance theory (Zhou, 2004; Lagoarde-Seggot and Martinez, 2020) seeks to align financial models, tools and policies to bio geophysical and social constraints. According to the theory, organisations and financial

institutions are linked. Its tenet is the critical role of finance within the ecological system to ensure social resilience. The theory's premises state that finance, investments, and eco-regulatory mechanisms are all dependent on a healthy financial climate for them to exist (Helwig, 2014). The internal environment, market conditions, and corporate culture (including corporate integrity) that affect their relationship with stakeholders make up this ecology. According to this theory's proponents, a favourable financial climate should encourage sustainable development (Hao et al., 2020). The financial environment, financial system, and financial ecological regulation are all included in the financial ecology hypothesis (Hao et al., 2020). The theory argues that the financial environment, including investments and organisations' access to funds, is incidental to the efficient operation of the financial system. Thus, the theory is essential for comprehending the financial environment, financial readiness and investment preparedness as financial systems in a given firm, and how these factors relate to business operations in the sustainability sector.

The resource-based view emphasises how organisations' internal resources affect their financial and investment readiness by focusing on their internal capabilities (Aranda-Usón et al., 2019). The resource-based theory states that resource possession, use and commitment are strategically important for value creation. When fully used, internal resources (financial readiness and investment preparedness) could help attract additional opportunities (circular economy investors) to create more value for the business (Frimpong et al., 2022; Cassia and Minola, 2012). Grant (1991) advises that managers assess resources, appraise capabilities, analyse competitive advantage, pick a plan, and identify resource limits to gain a competitive advantage. Barney (1991) defines three types of resources: physical capital resources (physical, technology, plant, and equipment), human capital resources (training, experience, and insights), and organisational capital resources. In this context, capabilities are a firm-specific, non-transferable resource embedded in the organisation to increase the

productivity of the firm (Makadok, 2001).

Foreign Direct Investment (FDI): Numerous studies have examined the impact of FDI on economic growth, employment generation, and technological transfer. Researchers have analyzed the factors influencing FDI inflows, such as economic stability, market size, government policies, and regulatory environment.

Policymakers often offer various incentives to attract investments, including tax breaks, subsidies, reduced customs duties, and streamlined business registration processes. Literature on this subject highlights the effectiveness of such incentives in stimulating investment activities.

Research has shown that robust infrastructure, such as transportation networks, energy facilities, and communication systems, plays a vital role in attracting investments. Countries with well-developed infrastructure are generally more attractive to potential investors. Overall, the analysis of literature reveals a rich body of knowledge on the methods of attracting investments and managing them. This research provides valuable insights for policymakers and stakeholders aiming to create a conducive investment climate and leverage investments for sustainable economic growth and development.

Analysis and discussion of results.

The methods of attracting investments into the economy and managing them have been developed and implemented by various countries around the world. There is no single country that can claim exclusive ownership of these methods, as they are the result of continuous research, analysis, and policy formulation by governments, international organizations, financial institutions, and academic experts from different countries. Countries with well-developed economies and robust financial systems, such as the United States, Germany, Japan, and China, have played significant roles in shaping investment practices and policies. They have been at the forefront of attracting both domestic and foreign investments through innovative strategies and supportive regulatory frameworks. Moreover,

international organizations like the World Bank, International Monetary Fund (IMF), and United Nations Conference on Trade and Development (UNCTAD) have contributed to the development of best practices and guidelines for attracting investments in various regions across the globe. Each country has tailored its investment promotion and management methods to suit its unique economic, political, and social circumstances. Governments around the world continuously adapt their approaches based on the changing global economic landscape and evolving investor preferences. In summary, the methods of attracting investments into the economy and managing them have emerged as a collective effort by countries worldwide, drawing on shared experiences, research findings, and the need for sustainable economic growth and development.

Attracting investments to the economy and effectively managing them are essential for promoting economic growth and development in any country. Various methods and strategies are employed by governments and businesses to achieve these objectives. Here are some common methods of attracting investments to the economy and managing them:

Governments and investment promotion agencies actively market the country's investment opportunities and potential to domestic and international investors. They participate in investment forums, trade shows, and business summits to showcase the country's potential and attract investors.

Governments may offer various incentives to attract investments, such as tax breaks, subsidies, grants, and customs duty exemptions. These incentives aim to reduce the cost of doing business and encourage companies to invest in specific sectors or regions.

Establishing SEZs with favorable regulatory and tax regimes is a common method to attract investments. SEZs provide a range of benefits, including simplified administrative procedures, infrastructure support, and access to markets.

Collaborating with the private sector through PPPs can help fund and manage infrastructure projects. PPPs allow governments to leverage private sector expertise and resources to implement large-scale projects.

Providing legal protections and guarantees to investors, such as protection against expropriation and ensuring fair dispute resolution mechanisms, can instill confidence in potential investors.

IPAs play a crucial role in promoting investments and assisting potential investors with information, market research, and support services.

Simplifying business regulations and administrative procedures can make it easier for investors to set up and operate their businesses. Reducing bureaucracy and enhancing transparency are vital in attracting investments.

A well-trained and skilled workforce is attractive to investors. Governments may invest in education and training programs to ensure a pool of qualified workers for potential investors.

Improving physical infrastructure, such as transportation networks, energy supply, and communication systems, is essential for attracting investments.

A stable political environment and effective governance are critical factors for attracting long-term investments. Investors seek countries with a low risk of political instability and corruption.

Access to a large market and preferential trade agreements can make a country more attractive to investors seeking export opportunities.

Creating an environment that encourages innovation and research and development activities can attract investments from technology-driven industries.

Implementing sector-specific policies and strategies can attract investments in priority sectors that align with the country's development goals.

Ensuring strong investor protection measures and a reliable dispute resolution system can boost investor confidence.

The effectiveness of these methods can vary depending on the country's economic conditions, political stability, legal framework, and other factors. Governments often adopt a combination of these strategies to attract investments and manage them for sustainable economic growth.

Uzbekistan has been implementing various methods to attract investments to its economy and manage them. Some of the key methods include:

The government of Uzbekistan actively promotes the country as an attractive destination for foreign and domestic investments. It participates in international investment forums and organizes investment conferences to showcase investment opportunities in various sectors. Uzbekistan offers a range of incentives to attract investors. These incentives may include tax benefits, customs duty exemptions or reductions, and preferential treatment for certain industries or regions. The government has introduced tax holidays for specific investment projects, especially in priority sectors. Uzbekistan has established several SEZs with special incentives and infrastructure to attract investments. These zones provide tax breaks, simplified customs procedures, and other favorable conditions for businesses. The government encourages public-private partnerships to mobilize private sector investment in infrastructure projects and public services. PPP projects are governed by specific regulations and agreements. Uzbekistan provides guarantees to protect foreign and domestic investments. These guarantees may include protections against expropriation, currency convertibility, and dispute resolution mechanisms. The government has undertaken significant legal and regulatory reforms to create a more business-friendly environment. These reforms aim to simplify administrative procedures, enhance contract enforcement, and protect investors' rights. Uzbekistan focuses on attracting investments in export-oriented industries to boost export revenues and promote economic diversification. The country provides investment advisory services to assist investors in navigating the investment process. These services offer information, guidance, and support to potential investors. Uzbekistan has developed specific investment policies and strategies for key sectors, such as agriculture, tourism, manufacturing, and energy. These policies aim to attract investments and support the development of these sectors. The government invests in infrastructure

development to create a conducive environment for investments. This includes improving transportation networks, energy supply, and other essential services.

In the United States, attracting investments into the economy and managing them is primarily organized through a combination of federal, state, and local government initiatives, as well as private sector involvement. The U.S. government's approach to attracting investments and managing them is characterized by the following key aspects:

Investment Promotion Agencies: The U.S. government has various agencies and departments responsible for promoting investments in the country. Agencies like the U.S. Department of Commerce and its SelectUSA program work to attract foreign direct investment (FDI) into the U.S. They provide information and support to potential investors and help navigate the investment process. At the federal, state, and local levels, governments in the U.S. offer various incentives to attract investments. These incentives may include tax breaks, grants, subsidies, and regulatory assistance to businesses looking to invest or expand operations. The U.S. government strives to maintain a business-friendly environment by streamlining regulations, reducing bureaucratic hurdles, and enhancing infrastructure. This approach aims to attract both domestic and foreign investors. The U.S. encourages PPPs to leverage private sector expertise and resources in infrastructure development and other investment projects. PPPs play a vital role in attracting private capital for public projects. The U.S. actively seeks FDI from around the world. To attract foreign investors, the country emphasizes its stable political system, strong rule of law, advanced infrastructure, and skilled workforce. Each U.S. state has its own investment promotion agencies and policies. States often offer location-specific incentives and tailor their strategies to attract specific industries. The U.S. government places significant emphasis on research, development, and innovation, which attracts investments in technology-driven industries. The protection of intellectual property rights is a priority, as it encourages innovation and gives confidence to

investors in various sectors. Various economic development zones, such as Opportunity Zones, are designated to promote investments in economically distressed areas. These zones offer tax benefits to investors. FTZs in the U.S. provide various tax and customs duty benefits to companies engaged in international trade. The U.S. provides ongoing support to investors after they have established their businesses, ensuring their continued success and addressing any challenges they may face. The U.S. offers several types of visas, such as the EB-5 Immigrant Investor Program, to encourage foreign investors to make substantial investments in the country.

Overall, the U.S. adopts a multifaceted approach to attract investments and fosters a competitive and conducive environment for businesses to thrive. This approach involves collaboration between various government entities, private sector stakeholders, and international partners to drive economic growth and job creation.

In the Chinese state, attracting and managing investments is primarily facilitated by a combination of government policies, incentives, and strategic initiatives. China has been successful in attracting significant foreign direct investment (FDI) and has implemented various measures to manage and encourage investments effectively. Some of the key methods used in China to attract and manage investments are as follows:

China has established several SEZs, such as Shenzhen and Shanghai, which offer various incentives and preferential policies to attract foreign investors. These zones provide tax benefits, simplified customs procedures, and other favorable conditions for businesses. The Chinese government provides various financial incentives, including tax breaks, subsidies, and grants, to both domestic and foreign investors. These incentives are often targeted towards specific industries or regions to encourage investment in strategic sectors. China has gradually eased restrictions on foreign investment, allowing more sectors to be accessible to foreign businesses. The government has also simplified investment approval processes to attract foreign investors. China's ambitious BRI is a major global

infrastructure development initiative that aims to strengthen economic and trade ties with participating countries. It offers investment opportunities for Chinese companies and encourages investments in BRI partner countries. China has established technology parks and industrial clusters to promote innovation and attract investments in high-tech sectors. These parks offer state-of-the-art infrastructure, research facilities, and access to talent. Similar to SEZs, China has set up FTZs that provide a more liberalized business environment for foreign investors. These zones offer reduced trade barriers, simplified customs procedures, and other investment-friendly policies. China has various investment promotion agencies at the national, provincial, and municipal levels. These agencies assist investors with information, market research, project facilitation, and aftercare services. China has made efforts to improve intellectual property protection to instill confidence among investors, especially in technology-driven industries. The Chinese government provides support and services to investors after they have established their businesses, helping them navigate regulatory issues and addressing challenges they may face. China actively encourages PPPs to leverage private sector resources in infrastructure and development projects. China has enacted laws and regulations to govern foreign investments and protect the rights and interests of investors.

China's ability to attract and manage investments is further strengthened by its vast domestic market, infrastructure development, skilled labor force, and government commitment to economic reforms and modernization. By implementing a combination of targeted policies and strategic initiatives, China continues to be a major destination for foreign investments and a key player in the global economy.

In European countries, attracting investments and managing them is a multifaceted process that involves a combination of policies, incentives, and economic conditions. Each European country may have its own specific approach, but some common methods used across the region include:

European countries typically have stable and transparent legal frameworks that provide certainty and protection for investors. Clear and well-defined rules and regulations create a favorable investment environment. Many European countries offer various incentives to attract investments, such as tax breaks, grants, subsidies, and low-interest loans. These incentives are often tailored to specific industries or regions. European countries boast highly skilled and educated workforces, making them attractive for companies seeking talent and innovation. Well-developed infrastructure, including transportation, communication, and energy networks, is essential for attracting investments and facilitating business operations. The European Union (EU) provides access to a large internal market with more than 500 million consumers. Companies investing in EU countries can benefit from this extensive market reach. PPPs are often used in European countries to leverage private sector expertise and resources for infrastructure projects. Many European countries have signed FTAs with other nations, which can enhance trade opportunities and attract foreign investments. Some European countries establish SEZs and FTZs that offer special benefits, such as tax advantages and simplified regulations, to attract foreign investments. Several European countries offer R&D incentives to encourage innovation and attract investments in research-intensive industries. Many European countries have dedicated investment promotion agencies that assist investors with information, facilitate entry into the market, and provide aftercare services. European countries are known for their political stability and adherence to the rule of law, which provides a secure and predictable environment for investors. Green and Sustainable Initiatives: Increasingly, European countries are promoting green and sustainable investments by offering incentives for environmentally friendly projects. European Union funding programs, such as Horizon Europe and the European Regional Development Fund (ERDF), support research, innovation, and regional development. Overall, European countries strive to create an attractive business climate that fosters

investments and economic growth. By implementing a mix of these methods and maintaining open and competitive markets, European countries aim to remain attractive destinations for both domestic and foreign investors.

In conclusion, attracting investments to the economy and effectively managing them are critical components of economic growth and development. Various methods and strategies are employed by countries around the world to create an attractive investment climate and facilitate the efficient use of capital.

Key methods of attracting investments include providing stable and transparent legal frameworks, offering investment incentives such as tax breaks and subsidies, developing robust infrastructure, fostering a skilled workforce, and accessing larger markets through trade agreements. Additionally, public-private partnerships, special economic zones, and supportive investment agencies play vital roles in encouraging investments.

Furthermore, effective management of investments involves monitoring and evaluating investment projects, ensuring compliance with regulations, and providing necessary support to investors. Governments and investment promotion agencies often play a central role in creating an enabling environment for investors, offering aftercare services, and facilitating investment-related processes.

In today's globalized economy, international cooperation and regional integration are also crucial for attracting investments. Many countries actively participate in bilateral and multilateral trade agreements to enhance investment flows and capitalize on new opportunities.

As the global economic landscape continues to evolve, countries must continuously adapt their strategies to remain competitive and attractive to investors. Innovation, sustainability, and responsiveness to changing market dynamics are essential for successful investment attraction and management. By adopting a comprehensive approach that incorporates these principles, countries can harness the potential of investments to drive economic growth, create jobs, and foster prosperity for

their citizens.

Conclusions and suggestions.

Recognizing the important role of foreign and domestic investment in economic growth, job creation and technological progress, this proposal sets out key measures to improve the investment climate and optimize investment management.

Develop and implement investor-friendly laws and regulations that ensure stability, transparency and protection of property rights. Establishing a specialized investment court or arbitration center for effective settlement of investment disputes. Simplify bureaucratic procedures to ensure fast and smooth investment processes.

Introducing attractive tax incentives such as tax credits, investment credits and tax rate reductions to encourage investment in key sectors. Providing special incentives for investments in priority areas such as research and development, green technologies and infrastructure development. Prioritize investment in infrastructure, including transport, energy and digital connectivity, to create a business-friendly environment. Encourage public-private partnerships to finance and develop major infrastructure projects. Invest in education and training programs to improve the skills of the local workforce and meet the needs of the industry. Provide comprehensive services to help existing investors solve any problems and provide a complete investment experience. Creating an investment monitoring and evaluation system to monitor the implementation of investment projects. Implementing a risk management system to identify and address potential risks to investments.

A comprehensive approach that includes legal reforms, attractive incentives, infrastructure development, workforce development and effective investment management can successfully attract investment and create an enabling environment for business development. This proposal aims to contribute to economic growth, job creation and sustainable development, ultimately contributing to prosperity.

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