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THEORETICAL ASPECTS OF INCREASING REGIONAL INVESTMENT ECONOMIC ATTRACTIVENESS

ТЕОРЕТИЧЕСКИЕ АСПЕКТЫ ПОВЫШЕНИЯ РЕГИОНАЛЬНОЙ ИНВЕСТИЦИОННОЙ ЭКОНОМИЧЕСКОЙ ПРИВЛЕКАТЕЛЬНОСТИ

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Abstract. In this article, the author takes into account the peculiarities of different regions of Uzbekistan when analyzing and developing ways to increase investment attractiveness. Theoretical analysis of existing methods of assessing the attractiveness of investments was carried out. The author determines the factors influencing the feasibility of investment in the region, the expediency of applying benchmarking elements in developing a strategy and increasing the regional investment attractiveness has been proved.

Аннотация. В данной статье автором учитываются особенности различных регионов Узбекистана при анализе и разработке путей повышения инвестиционной привлекательности. Проведен теоретический существующих анализ существующих методик оценок привлекательности инвестиций. Автором определены факторы, влияющие на целесообразность инвестиционных вложений на территории региона, доказана целесообразность применения элементов бенчмаркинга при разработке стратегии и повышения региональной инвестиционной привлекательности.

Keywords: investment, investment attractiveness, investment climate, competitiveness of regions, attractiveness factors, evaluation methodology.

Ключевые слова: инвестиция, инвестиционная привлекательность, инвестиционный климат, конкурентоспособность регионов, факторы привлекательности, методика оценки.

Relevance of the research topic

To date, one of the challenges facing modern society is to create the necessary and favorable conditions for intensifying economic growth, improving the quality of life of the population. Achieving this goal is possible by attracting investments in the real sector of the economy.

The problem of taking regional factors into account when making investment decisions has always been of great importance for the investment policy of both the state and individual regions. Assessment and analysis of the degree of favorable investment attractiveness of the regions as one of the components of the investment climate in the country is of scientific and practical interest. The theoretical significance of this research is to justify the conditions that determine the investment attractiveness of the region from the perspective of a potential investor, to identify and quantify the cause-effect relationships that underlie investment decisions. And the practical significance of this study is the classification of methods for assessing the investment attractiveness of the region's industry. The results of the research in this article can be used in the implementation of applied

research of the state and development of investment activity in the region's industry, the formation of investment attractiveness of the region.

The volume and growth rate of investments in fixed assets are indicators of the region's investment attractiveness. Increased investment attractiveness contributes to an additional inflow of capital, economic recovery. The investor, choosing a region to invest his funds, is guided by certain characteristics: investment potential and the level of investment risk, the interrelation of which determines the investment attractiveness of the region.

Key theoretical positions on the problem of investment attractiveness of the region were developed by many domestic and foreign scientists. In their works the theoretical and methodical bases of investment attractiveness are investigated, factors and risks affecting investment attractiveness are given.

Literature review

Various aspects of improving the investment environment and economic attractiveness of the region was researched by M. P. Porter, K. Kojima, J. X. Dan [1], X. P. Lankes, K. Mayer, D. Holland, R. Barrel, L. Krkoska, X. Tomann, N. Fabri, S. Zigni, Bryu S. L., McConel I. R., Vernon R. [1], Lankes H. P., Venables A. J. [2] and other researchers study the properties of foreign investment in transitional economies. Among the CIS economists, the following problems were involved in attracting investment: K. Kozlov, D. Manaenkov, M. Vernikov [2], Lapin E. V. [8] Shlychikov V. V. [11], Zinoveva A. A. [13], Schumpeter J. A. [12], Gurtuev A. O., Dekranov B. M., Koltynuk B. A., Krayukhin G. A., Melkumov Ya. S., Milovidov V. D., Nemchin A. M., Novikov A. B., Blank I. A., and others. In scientific publications there are no uniform approaches not only to the term "investment attractiveness of regions", but also to the question of the system of statistical indicators of investment attractiveness; there are divergences in views on the significance of individual indicators, their causation and relationship.

Reforms in the Republic of Uzbekistan to carry out its investment policy and to create a favorable investment climate in the country are being implemented on a scientific basis. Investment climate and foreign investment issues Sh. I. Mustafakulov [7], H. A. Amanov [3], A. Sh. Bekmurodov, A. Juraev, Sh. A. Majidov, N. Rasulov, N. Kuzieva, D. Gozibekov, B. Bayhonov [4] and other scholars have been studied in their scientific works. However, despite the above-mentioned investments, many studies have been conducted, but it does not have enough research to determine the investment climate and economic attractiveness of the Uzbek region.

The necessity to study the ways to improve the investment environment and economic attractiveness of the Uzbek region and the inadequate development of a number of theoretical-methodological and practical issues related to investment objects and their attractiveness, increase the relevance of this research.

Factors of regional investment attractiveness

The investment attractiveness of the region is determined in the rating of the National Rating Agency as a set of factors influencing the appropriateness, efficiency and level of risks of investment investments in the territory of this region. These factors are an active background for all investment projects implemented in the region, affect the risk and profitability of these projects. Each of the factors can be evaluated by selecting proxy variables for it. The rating of the National Rating Agency considers seven following factors of regional investment attractiveness with specified specific weights:

1) Provision of the region with natural resources and the quality of the environment in the region (10.71%): the presence of the main types of natural resources (including fuel and energy) in the region, the level of environmental pollution, the possibility of wastewater treatment and processing of industrial waste.

2) Institutional environment and socio-political stability (14.29%): expert assessment of the effectiveness of regional legislation regulating the interaction of authorities and investors, expert

assessment of the benefits of regional tax legislation (availability of tax incentives and the possibility of obtaining them), the level of social and criminal tensions in region.

3) Regional infrastructure (16.43%): the level of development and accessibility of both "hard" and "soft" infrastructure. The concept of "rigid" infrastructure includes transport, energy, telecommunications, and housing infrastructure. "Soft" infrastructure includes several components, of which the most important is the financial infrastructure in terms of investment attractiveness.

4) The region's labor resources (13.10%): the main characteristics of the labor resources of the region, including the number of economically active population, the level of employment and unemployment, the supply of skilled labor, and labor productivity.

5) Domestic market of the region (potential of regional demand) (15,24%): level of development of the internal market of the region (including the scale of the retail and paid services sectors), disposable incomes and purchasing power of the population of the region.

6) The production potential of the regional economy (15,95%): the aggregate results and features of the economic activity of enterprises already operating in the region (the volume and dynamics of production, the size of assets, their quality and the effectiveness of their use).

7) Financial stability of the regional budget and enterprises in the region (14,29%): the state of public finances in the region (the amount of tax revenues, the balance of the budget, the regional public debt), as well as the assessment of the financial position of enterprises in the region (profitability (loss)), and receivables of organizations, availability of investment resources) [7, p. 3].

In order to answer the question of how to increase the investment attractiveness of the region, it is important, in our opinion, to be guided by the following logic:

1) to conduct the analysis and evaluate the effectiveness of foreign investments on the basis of identifying the dynamics of foreign investment by the number, structure, types, sectors and countries;

2) assess the investment climate and the current level of investment attractiveness in the region, using, among other things, studies and data from rating international agencies;

3) apply the elements of benchmarking in the development strategy of the region under study, which implies finding, analyzing and implementing best practices, taking into account the identified factors of regional investment attractiveness.

Factors affecting the level of the investment potential of the regions Factors determining the level of non-commercial investment risks. Factors of investment activity:

- Natural and geographic potential;
- Resource and raw materials potential of the region;
- Geographical location of the region;
- Labor potential — availability of labor resources; vocational and educational level of labor resources;
- availability of skilled labor;
- Production capacity;
- Innovation potential;
- Institutional capacity;
- Infrastructure capacity;
- Financial potential of the region;
- Consumer potential;
- Legislative risks;
- Political risks;
- Social risks;
- Economic risks;
- Environmental risk;
- Criminal risk;
- The need for products, work services;

- Profitability of products, works, services;
- Activity of competitive investors.

It is obvious that the investment attractiveness of the regions is determined not only by the investment policy of the regional authorities, but also by the objectively existing conditions for the economic development of the territories. The economic policy of regional authorities can not fail to take into account objectively existing realities, therefore, it is necessary to pay attention to the analysis of existing factors of the social and economic development of the territories.

The attractiveness of the region for investors is determined by the following criteria:

- political stability;
- the scale of the economy;
- geopolitical significance;
- characteristics of the workforce;
- infrastructure;
- culture and attitude to investors.

For clarity, the application of factors, risks of investment attractiveness and evaluation of the investment attractiveness of the region's industry will be considered in the example of the Stavropol Territory.

The industrial complex of the region includes more than 370 large enterprises. In terms of output, the leading place (more than 60%) is occupied by the enterprises of machine building and metalworking, chemistry and petrochemistry, electric power industry, oil and gas industry. The investment attractiveness of the Stavropol Territory is determined by the following factors:

- a large domestic market,
- advantageous geographical location, proximity to large sales markets;
- Resource potential and cheap energy resources, ensuring a profitable and efficient business;
- a skilled and relatively cheap labor force,
- developed transport communications, industrial infrastructure, reliable communication;
- the presence of enterprises potentially ready to absorb foreign and domestic investment.
- the existence of legislation providing for investors to guarantee their property rights and preferential tax treatment;
- unique and comfortable conditions for recreation, tourism and treatment;
- organizational and financial support of investment projects, business security guarantees from the executive authorities;
- Highly qualified labor resources.

To determine the investment attractiveness, different approaches are used, differing depending on the research objectives by the number of analyzed indicators and their qualitative characteristics, by the choice of the indicators themselves, by their belonging to the region as a whole or to individual sectors. Consider the main existing methods for assessing the investment attractiveness of the region: scoring, universal and comparative evaluation.

Tools for analyzing investment attractiveness

To increase the investment attractiveness of any region, benchmarking can prove to be a very useful and valuable tool in the region's development strategy. It allows you to find out what other regions can do better, and then introduce best practices in their own country. In the framework of our research, we are interested in benchmarking competitiveness, which is expedient to be carried out in several stages:

- 1) selection of successful regions competing in the process of attracting foreign investments, based on the principle of regional proximity;
- 2) determination of regional investment attractiveness factors for selected regions;
- 3) search, collection and processing of information;

4) data analysis and radar construction of competitiveness and investment attractiveness of the region on the basis of selected factors;

5) use of the information obtained for the development of recommendations and improvement of own indicators.

Following the logic of benchmarking, we determined the parameters for assessing competitiveness — the factors of regional investment attractiveness. Of interest to investigating the issue of attracting foreign investors to the regions is KPMG's methodology [5, p. 9-11], where a number of "hard factors" are presented, that is, rigidly "given" the region to nature and history, difficult to manage, and "soft factors", which can be managed mainly through administrative, tax, financial regulation. From the whole list, we selected the most important and important "tough factors" in our research, such as:

- 1) geographical location;
- 2) natural resources;
- 3) infrastructure. "Soft factors" are;
- 4) the interest of the regional administration in FDI and the administrative process;
- 5) successful experience in implementing investment projects with FDI;
- 6) regulatory framework, financial and tax incentives;
- 7) qualification of the workforce.

Quantitative comparison of the main characteristics of investment attractiveness for different regions and calculation of re-

which takes into account the values of all components and serves as a ranking criterion for different regions by their attractiveness to investors.

An example of the use of such techniques is given by the BERI (Business Environment Risk Index) index. The BUE index is calculated according to 15 indicators, each of which has its own "weight" depending on the degree of importance and influence on the investment climate. Each factor is estimated on a scale-point scale and has five variants of answers—from 0 (unacceptable) to 4. This technique has the advantage of covering a large number of factors in all groups and in the region as a whole.

The drawbacks of the method in question are ignoring the role of the human factor, using only the risks for assessment, without presenting the potential of the region to investors.

The universal methodology covers the maximum number of economic characteristics, trade indicators, the characteristics of the political climate, the legislative environment for investment (authors B. Toyn, P. Waltere, etc.), allows a deep and comprehensive assessment of the situation in the region to date and to judge the possibilities of its development.

The peculiarity of the methodology is that the investment climate is considered at the macro and microeconomic level. The methodology contains a significant number of evaluation criteria, but it completely ignores the human factor (age, education and qualification level of staff) and cultural potential (cultural development of human, business personnel). In addition, the indicators and their quantitative (qualitative) characteristics are adapted to the assessment of regions in countries with developed market economies and do not take into account the specifics of countries with economies in transition. Another drawback is the lack of a clear distinction between the opportunities of potential investors and the threats associated with investing in the region. The importance of this assessment is determined by the fact that new opportunities for investors in these regions directly depend on how decisively the reforms will be implemented.

Advantages of the method of comparative analysis are to provide detailed, quantified information about the objects of research. But the lack of integrated indicators makes it inapplicable to other regions.

Each of the considered methods for assessing the investment attractiveness of the region has its drawbacks and, in connection with this, gives an incomplete assessment.

Proceeding from the above, the following conclusions should be drawn:

The magnitude of investment risk shows the probability of loss of investment and income from them. Integral risk consists of eight types of risk. The rank of the region for each type of risk was determined as a result of the ordering of regions by the value of the investment risk index - the relative deviation from the regional risk level (which is taken as the unit).

The investment potential takes into account the main macroeconomic characteristics, such as the saturation of the territory with production factors, consumer demand of the population and other indicators. The aggregate investment potential of the region consists of nine private potentials, each of which in turn is characterized by a whole group of indicators.

The total indicator of potential or risk was calculated as a weighted sum of particular types of potential or risk. The indicators were summed up - each with its own weighting factor. The final rank of the region was calculated from the weighted sum of the partial indicators. As a result, each region is characterized not only by its rank, but also by a quantitative assessment that allows to determine how large its potential as an investment object is and to what extent the risk of investing in this region is high.

However, analysis and actual practice show that the region can have significant potential opportunities and there are small risks, but there is practically no investment activity, and the limited resources invested give a low return. The investor in this situation will not always decide on real investments.

In other words, along with taking into account the investment potential and risks, it is necessary to take into account other subsystems of investment attractiveness, which, in our opinion, also include the characteristics of the investment situation (investment activity, that is, the intensity of the investment process, and investment efficiency, that is, the return of a unit of investment), investment capacity (opportunities for expanded reproduction, determined primarily by fixed assets, profit and previous investments) and inv advantages. The latter are characterized by a number of specific conditions, which are taken into account in the above subsystems, but which are of great importance for investors' decisions: the position of the recipient in the market, including from the standpoint of monopoly significance: the specialization of production on goods and services enjoying a stable and expanding demand; presence of own trade mark, brand, presence of social and cultural factors.

It is important to choose the most relevant from the point of management view and, simultaneously, attractive for investors factors of regional investment attractiveness. The use of benchmarking elements through the analysis of the competitiveness of the most successful and similar regions, and also taking into account selected factors of investment attractiveness allows to correctly assess the situation, develop, adapt and implement the experience of the best regions in attracting investments. Similar benchmarking can be carried out by regional administration bodies dealing with foreign investment issues: agencies and corporations of regional development, foreign economic relations, etc., which will allow these departments to make their work more focused and effective.

Conclusion

Investigation of investment attractiveness involves an analysis of the general foundations and mechanism for implementing investment activities as an important component of market management, identifying the specifics of investment processes in a market economy. Solving investment problems is extremely important for economic growth and is closely related to many aspects of the functioning of economic systems throughout the world. It is natural that both domestic and foreign scientists have thoroughly studied this set of issues.

The concept of investment is a complex economic category, therefore it has its own peculiarities in different sections of economic science. However, despite the exclusive attention of research to this key economic category, scientific thought has not yet developed a universal definition of investment that would meet the needs of both theory and practice, and would be adequate from the position of a specific subject of their implementation - the state, the region, enterprise, household.

Having studied many opinions of both domestic and foreign authors, in our opinion, it is advisable to propose the following concepts in the framework of further research:

- investments are capital investments presented in monetary terms, invested in production with a view to making a profit;

- investment is the process of investing capital in production with a view to making a profit;

- investment activity is any activity related to the investment of capital resources through investment for profit;

- The investment attractiveness of the region's industry-the characteristics of the level of investment markets, the prospects of industrial development and the profitability of investments. One of the main tasks facing the investor is the choice as an object of investing companies that have the best prospects for development and can ensure the most profitable investment efficiency.

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