

## Modern Methods of Implementing Investment Activities in the Development of Industrial Enterprises

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**Abstract:** As we know, the role of investments in the development of industrial enterprises in our country is of great importance. Therefore, today, in the context of further development and liberalization of the economy, the role of investments in strengthening macroeconomic stability, maintaining high growth rates and ensuring the competitiveness of the economy is incomparable. The implementation of economic activity is related to capital, and the amount spent in order to obtain profit or achieve economic and social results is considered as an investment.

**Keywords:** investments, securities, financing, investment activities, industrial enterprises, analysis, portfolio of investments, capital.



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**Introduction.** Today, in our country, the development experience based on global practices in industrial production enterprises is considered one of the effective aspects of national economic growth and development under liberalization conditions. Encouraging and protecting private property and implementing it in the economy are among the most pressing issues.

Currently, the reforms being implemented in Uzbekistan to ensure stable economic growth are based on the principle, "If the people are rich, the state will be rich and powerful" (Mirziyoyev, 2016).

As we know, achieving comprehensive development and continuously improving investment attractiveness by attracting investments into economic sectors is a crucial part of economic policy in every country.

**Literature review.** Various aspects of the implementation and development of investment activities in industrial enterprises, based on international experience, can be observed in the works of Kerzner (2003), Archibald (2010), Kern (1994), and other scholars.

Prominent scientists from CIS countries, such as Falsman (1999) and Chernovsky (1995), have developed mechanisms aimed at enhancing the efficiency of investment activities in the oil and gas industry.

A significant number of scientific studies have been conducted by both local and foreign researchers on the analysis and classification of investments. Among these, economists from our

republic, including Karimov and Ibragimov (1999), explored the issues related to organizing and maintaining accounting for foreign investments.

Additionally, economist Astanakulov (2020), through his research, proposed a methodological framework outlining the stages of interconnected implementation of the organizational, methodological, and technical aspects of analyzing investment activities in industrial enterprises. He also identified the main tasks associated with various types of investment activity analysis.

Globally, researchers such as Alex Kane, Zvi Bodie, and Alan Marcus (2011) have investigated the investment environment, its elements, stock analysis, derivative securities, investment portfolio management, and risk analysis. Similarly, Subramanyam (2014) provided detailed information on the objectives, tasks, and methods of internal (e.g., current and long-term assets) and external (e.g., stocks, equity investments, business mergers) investment analysis. Also, the Russian scientist Savitskaya (2017) conducted research on investment activity volume analysis, real investments, financial investment efficiency analysis, investment project efficiency and financing sources analysis as the main areas of investment activity efficiency analysis. we can note.

Today, in our country, it is very important to attract investments to industrial enterprises, to create a favorable investment environment, and to effectively use internal and external financial resources.

At this point, we should say that the Action Strategy, which defines the new directions of our development in the last five years, also includes "an active investment policy aimed at the implementation of production modernization, technical and technological renewal, production, transport-communication and social infrastructure projects. conduct" and "further development of international economic cooperation, relations with leading international and foreign financial institutions expansion, continuing the implementation of a well-thought-out external debt policy" are considered priorities. In our republic, special attention is paid to attracting foreign investments and creating a favorable investment environment in the country.

**Research Methodology.** The research employed various methods, including experimental analysis, selective observation, comparison, and evaluation, to ensure a comprehensive and systematic approach to the study. These methods were utilized to gather data, analyze trends, and draw conclusions relevant to the research objectives.

**Discussion and Results.** A variety of factors influence the attraction of investments to industrial enterprises within the republic. For example, an analysis of the country reveals significant variation in population distribution, the geographical location of inhabitants, and the allocation of productive forces across different regions. These regions differ based on their unique conditions, availability of natural resources, presence of economic centers, and levels of development. The factors mentioned above enable investors to gain profits by channeling capital into regions with substantial potential.

As the global economy advances, the movement of international capital becomes increasingly globalized. International capital flows are highly sensitive to changes, and the investment inflow to a country tends to grow in any location where a favorable investment environment has been established.

In many developed countries, such as the United States, East Asia, and the European Union, increasing gross domestic product (GDP) through investments is a pressing issue. In certain countries, alongside leveraging domestic investment opportunities, increasing GDP through foreign investment inflows is regarded as a critical strategic direction (Khaydarov et al., 2012).

Global shifts in investment flows are reflected in the establishment of favorable investment environments. These include offering incentives and preferences to foster efficient business

operations and improving institutional frameworks. In our country, such measures are actively being implemented to enhance investment attractiveness and promote economic development.

The Strategy of Actions on the five priority areas for further development of the Republic of Uzbekistan for 2017–2021 outlined critical objectives, including strengthening macroeconomic stability and enhancing investments in various economic sectors and regions. This strategy particularly emphasizes the active attraction of foreign direct investments (FDI), the creation of favorable conditions for the development of private entrepreneurship, and the use of privatized state-owned assets. Additionally, priority was given to the comprehensive socio-economic development of regions, districts, and cities.

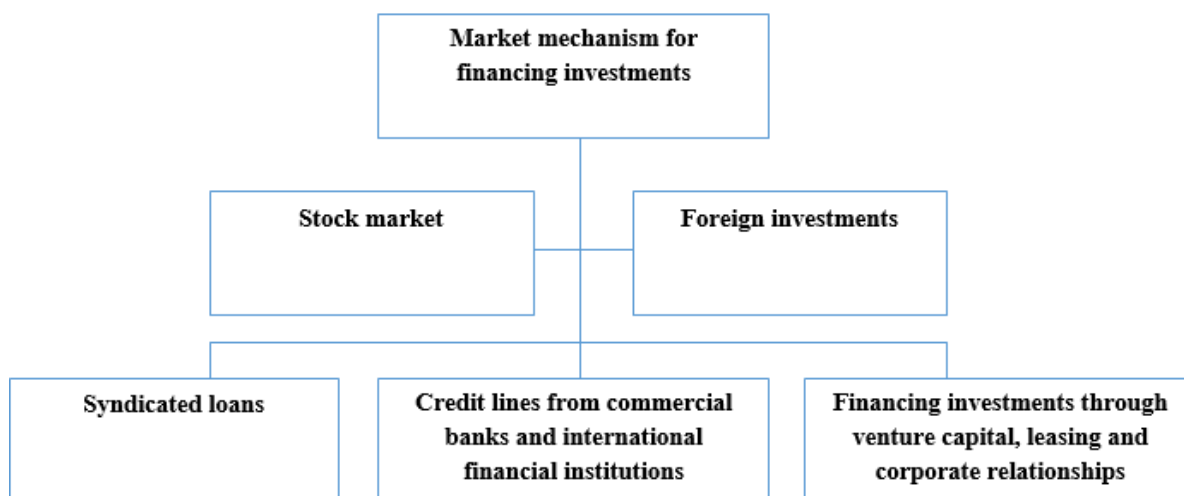
Key areas of focus include the modernization of industrial enterprises, improving competitiveness, and expanding export potential. These objectives underscore the importance of attracting foreign investments, integrating advanced technologies, and leveraging modern information and communication systems across all sectors of the economy.

President Shavkat Mirziyoyev has emphasized the necessity of doubling Uzbekistan's GDP by 2030. Achieving this ambitious goal requires robust efforts to stimulate investment activity, enhance the components of the market mechanism driving investments, and encourage the flow of capital into the economic complex (see Fig. 1).

Globally, free economic zones (FEZs) are recognized as effective tools for attracting both domestic and foreign investments to targeted regions. These zones act as "traps" for capital circulating in the global market. In Uzbekistan, the development and improvement of free economic zones, technological parks, and small industrial zones are of paramount importance. Strengthening these zones is critical for fostering innovation, creating jobs, and boosting regional development.

The place and role of small businesses in the national economy have been extensively analyzed, revealing the necessity of addressing both their strengths and weaknesses. Learning from the experiences of other countries can significantly inform Uzbekistan's efforts. For instance, countries like the United States, Malaysia, and Japan have successfully employed free economic zones and small industrial zones to drive regional economic growth, rehabilitate specific industries, and create jobs.

Studying the practices of these nations is essential for improving Uzbekistan's investment climate. Analytical insights into the operations of small industrial zones in these and other countries can provide valuable lessons for optimizing the development of similar zones domestically.



**Figure 1. Market mechanism for financing investments**

For example, the United States is one of the world's leading countries in terms of economic potential and level of development. Based on recent economic observations, the dynamics of the U.S. economy and its level of advancement pose significant challenges to global economic trends, underscoring its influential role in shaping the world economy.

A distinguishing feature of the U.S. economy is the substantial contribution of the service sector, which sets it apart from other nations. Statistical data indicate that more than 80% of the workforce and GDP are concentrated in the service sector, highlighting the country's reliance on services as a driver of economic growth. The macroeconomic development model in the U.S., based on Adam Smith's "invisible hand rule," emphasizes a market-driven mechanism of self-regulation. This model features limited state ownership and minimal direct government intervention in the production process, while ensuring effective economic regulation.

Free economic zones (FEZs) play a pivotal role in supporting key industries in the U.S. economy. These zones significantly contribute to foreign trade activities, internal trade turnover, and the development of entrepreneurship through the establishment of favorable infrastructure. As such, FEZs are crucial for the modernization and diversification of the U.S. economy, fostering innovation and economic expansion.

Japan, another economic powerhouse, ranks as the second most developed country globally in terms of GDP. The country presents a unique case due to its complex geographical location and limited natural resources. Despite its scarcity of natural resources—primarily limestone, sulfur, and coal—Japan has transformed these constraints into strengths through innovation and technological advancement. Notably, only 13% of Japan's agricultural land is arable and requires significant processing, yet the country excels in maximizing the efficiency of its available resources.

These examples from the U.S. and Japan provide valuable insights into leveraging economic structures, free economic zones, and innovation to drive economic growth, even in the face of resource limitations.

Japan is recognized as one of the world's most developed countries with immense economic potential. The "Japanese miracle" is widely regarded as a cornerstone of this success. Historically, following the Meiji Revolution in 1868, Japan transitioned from a feudal society to a modern market economy within a century. Since joining the World Trade Organization in 1998, Japan has integrated global economic practices into its national economy, achieving remarkable milestones. Currently, it ranks third globally in exports of finished goods, accounting for 7.2% of world exports, and fifth in imports, with a 5% share of global imports. This success is often attributed to the country's "super-industrialization policy" (Vahabov et al., 2015).

Japan's economic policies have facilitated targeted regional development. Examples include laws such as "On Currency Circulation and Foreign Trade," "On Measures to Promote Imports and Foreign Direct Investment in Japan," and legislative reforms related to structural adjustments in special regions. These policies have significantly contributed to the establishment and growth of special economic zones, aligning them with modernization and structural reforms outlined in the 2003 Law on Special Areas Related to Structural Reforms.

The development of special economic zones (SEZs) has been pivotal for attracting foreign direct investment (FDI) and addressing regional economic challenges. In these zones, local government bodies and private business entities have played proactive roles in fostering investment and regional development.

For Uzbekistan, there is an urgent need to enhance the investment environment by leveraging free economic zones (FEZs) and small industrial zones. Drawing lessons from successful models in developed countries like Japan can improve the investment appeal of Uzbekistan's regions.

Developing regional growth strategies based on a "road map" mechanism is critical to increasing investment attractiveness in all regions of Uzbekistan. The socio-economic disparities between regions highlight the necessity for a balanced regional investment policy. Such a policy would not only boost regional investment activity but also facilitate the establishment of modern production facilities, attract financial resources, and create new employment opportunities.

In turn, these developments would have a cascading positive impact on the social sector by increasing household incomes and improving purchasing power, ultimately enhancing the quality of life for the population (Ibragimova, 2020).

It is essential to incorporate the positive experiences of countries like the USA, Japan, and Malaysia in supporting promising investment projects aimed at the development of small businesses and private entrepreneurship. For example, Japan's approach to establishing free economic zones (FEZs) offers valuable insights. Setting up special small FEZs in sectors linked to market economy reforms, such as technological parks affiliated with major higher education institutions, would be particularly beneficial. These parks could facilitate the integration of innovative research into industry and production, enabling the practical application of patents obtained by academic researchers and fostering a culture of innovation and entrepreneurship.

Similarly, Malaysia's practice of designating "licensed production zones" to attract inward investments has proven effective. These zones, which focus on enterprises engaged in consistent export activities, benefit from comprehensive tax advantages and incentives within FEZs. Adopting similar mechanisms in Uzbekistan could yield significant positive outcomes by enhancing the investment environment and stimulating economic growth.

In Uzbekistan, substantial efforts are underway to attract foreign investments to industrial enterprises. As globalization intensifies and competition in the global economy grows fiercer, countries are striving to secure a strong position in the global market. For Uzbekistan, achieving stable economic development necessitates leveraging international best practices, fostering competitiveness, and building a resilient economic foundation (Nabiyeva, 2023).

To this end, ensuring steady economic growth, modernizing production capacities, and deepening structural reforms are critical priorities. Expanding the inflow of foreign direct investments (FDI) is particularly vital, as FDI serves as one of the main drivers for fostering an innovative economy. Foreign investments facilitated through international companies play a transformative role in advancing innovation, integrating high technologies, introducing modern management techniques, and significantly enhancing the quality of human capital.

By drawing on the experiences of leading countries and implementing targeted strategies, Uzbekistan can further strengthen its economic framework, improve its competitive edge in the global market, and achieve sustainable long-term growth.

**Conclusions and Suggestions.** Based on the study of the role of foreign direct investments (FDI) in enhancing the investment attractiveness of the republic, the following conclusions and recommendations can be made:

1. **Creating a Favorable Investment Environment.** To increase the republic's investment appeal, the government must prioritize the establishment of a favorable environment for foreign investors. This includes implementing existing legislation effectively and taking measures to minimize investment risks, which are crucial for attracting FDI.
2. **Leveraging International Experience.** It is essential to apply effective strategies for attracting foreign investments to industrial enterprises by learning from international best practices. This involves adapting successful foreign experiences to local conditions, focusing on aspects that are particularly relevant to Uzbekistan's investment policy. Such efforts would



facilitate the introduction of advanced technologies, creation of new jobs, and ensure stable and balanced economic growth across the republic.

3. **Sectoral Prioritization.** Investment projects should be directed toward priority sectors such as the oil and chemical industries, transport, energy, mining, construction, telecommunications, agriculture and its processing, and tourism. Concentrating FDI in these sectors can act as a catalyst for the country's economic development and progress to higher levels.
4. **Capital Reinvestment Incentives.** To ensure sustained economic benefits, a system of incentives should be created to encourage foreign investors to reinvest their capital rather than withdrawing it quickly. Such incentives could include tax breaks, financial assistance, and other regulatory measures aimed at fostering long-term investments.
5. **Stimulating Competition and Learning from Foreign Practices.** The presence of industrial enterprises with foreign investments fosters competition, encourages local manufacturers to adopt global standards, and enhances the competitive environment. This has the dual benefit of increasing technological advancement and ensuring the efficient utilization of scarce resources.
6. **Maximizing Direct Foreign Investments.** Analysis reveals that direct foreign investments and loans make up a substantial portion of the foreign investments received by Uzbekistan. This trend underscores the importance of focusing on direct investments rather than foreign investments under state guarantees, as the former provides greater independence and dynamism to economic activities.
7. **Uzbekistan's Strategic Advantages.** Uzbekistan has significant potential to attract substantial foreign investments due to its favorable social and economic development, strategic geographical location, abundant natural resources, and progressive economic policies. These factors position the country as a desirable destination for global investors.
8. **Learning from Developed Countries.** Lessons from developed countries show that foreign investments are a vital driver of stable and effective economic growth. Uzbekistan should, therefore, study these experiences to improve its strategies for attracting FDI as a critical factor in achieving sustainable economic development.

By implementing these recommendations, Uzbekistan can ensure its continued economic growth, foster innovation, and secure a stronger position in the global market.

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