



Methodological Issues Of Managing The Investment Potential Of The Region

Gaybullaev O.B.

PhD Student, Specialty Of "Management", Tashkent State Agrarian University, Uzbekistan

Journal Website:

<http://theamericanjournals.com/index.php/tajiir>

Copyright: Original content from this work may be used under the terms of the creative commons attributes 4.0 licence.

ABSTRACT

The article examines the methodological issues of managing the investment potential of the region, analyzes the existing system of methodologies in this area, summarizes the views of experts and economists, describes their controversial aspects and highlights the importance and objectives of effective management of investment potential in modern public investment policy.

KEYWORDS

Investment potential, investment potential management, investment activity, regional economy, exogenous and endogenous factors of economic growth in the region, systematic management of investment potential of regions.

INTRODUCTION

In today's global economy, the issue of managing the investment potential of the regions in our country remains relevant. Especially in the new face of the world, New Uzbekistan requires the development of investment activity as one of the important tools for economic development. It should be noted that the Action Strategy for Socio-

Economic Development of the Republic of Uzbekistan for 2017-2021 is aimed at improving the investment climate; the issues of active attraction of foreign, first of all, foreign direct investment in the sectors and regions of the country's economy and the introduction of modern standards and methods of corporate governance, strengthening the role of

shareholders in strategic management of enterprises [1] are highlighted.

LITERATURE REVIEW

We know that increasing investment attractiveness is directly related to reducing the tax burden and further simplifying the taxation system on the basis of foreign experience, improving tax administration and expanding appropriate incentives [2,3,4]. In particular, favorable conditions must be created in the country to increase investment potential; The most important thing for foreign investors in this regard is that the financial risk risks are taken if the tax discipline is well established; therefore, issues of taxes and tax discipline play an important role in increasing investment potential and its effective management today [5,6]. It is also possible to increase investment potential today through the extensive study and implementation of modern innovative financial technologies [7]. It is known that the purpose of effective management of investment potential is to ensure financial stability. Therefore, in this regard, the issue of strengthening tax discipline in ensuring the financial security of the country requires special attention [8].

THE MAIN FINDINGS AND RESULTS

Based on the above, it should be noted that various forms of human activity in the use of investment have been explored to reveal the essence of the concepts of investment potential and regional investment potential management. The analysis of the evolutionary process and changes in investment potential has shown that most research in this area

focuses on the structural and functional aspects of the use of investment potential in business. However, in order to gain a comprehensive understanding of the concepts of investment potential and regional investment potential management and the role of taxes, it is necessary to conduct systematic research on the organization and management of investment activities in the region.

The study of the scientific basis of effective management of regional investment potential showed that the topic of the theory of effective use of investment potential at the regional and interregional levels has recently begun to be studied in depth by local and foreign researchers. In the theoretical views of the classics, representing the neoclassical and modern European school, the relationship of investment potential in economic processes is traditionally studied, that is, taking into account regional factors and interregional relations. According to the existing theoretical views, they can be classified into the following areas: a) the study of the investment potential of the region in terms of the concept of macroeconomics; b) study of the relationship of management of the investment potential of the region in terms of external factors; c) investment potential and microeconomic factors of its management (business level).

In all of the above areas, the regional nature of investment potential is considered a secondary issue. With this in mind, we need to reconsider the existing research principles and methods in the field of effective management of investment potential of the region. The main goal is to develop pragmatic approaches

to managing the full use of local potential, resources and economic growth resources in the region.

From the research conducted by regional researchers on the theory of economic growth and this issue [9]. It can be said that mechanisms are being set up on a global scale

that have the potential to make the region an important link in global development [10]. In this regard, the scientific tools for studying the processes of effective management of investment potential of the region in the context of accelerating integration processes and globalization have not been sufficiently studied.

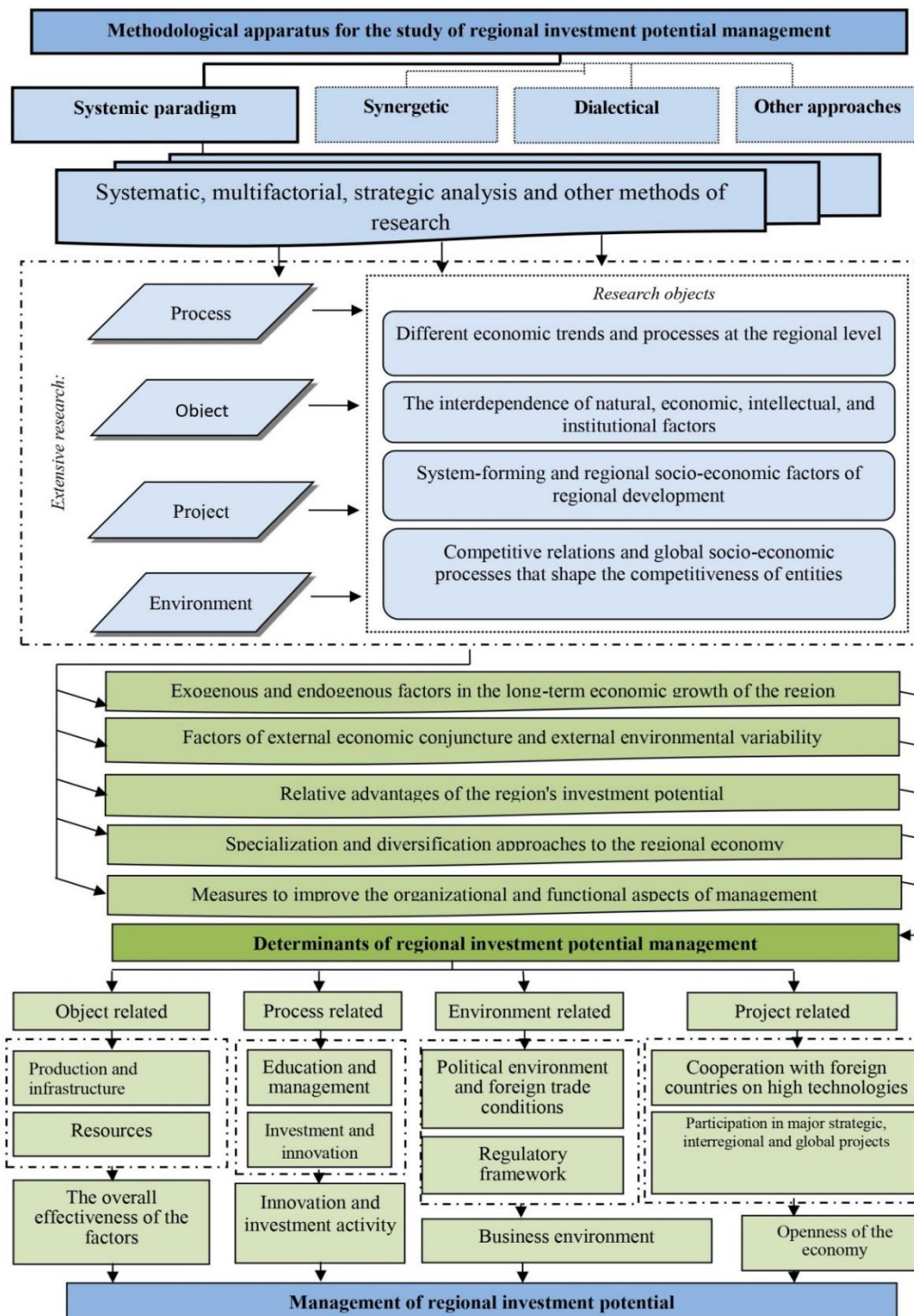


Figure 1.2.1. Methodology for the study of regional investment potential management

In this context, the methodological approach to the study of areas of effective management of investment potential of the region (Figure 1) reveals in detail the content and structure of the relationship between regional investment potential, regional investment potential priorities and effective areas of investment potential management. Therefore, a comprehensive and systematic approach to the adoption, study and interpretation of these concepts is proposed.

In this regard, we do not deny the advantages of the dialectical approach to the study of the uniform evolutionary development of processes, which has been used successfully in some studies, and the synergetic approach in matters of complete formalization and empirical calculation, we found it necessary to use a systemic model of understanding based on a systemic paradigm [11] in the study of areas of effective management of investment potential of the region.

The objective reason for using this methodological approach is that the systemic understanding model compared to other models allows to study the interrelation of many processes and various events related to natural and economic objects, subjects and institutions in regional investment activities and the reflection of endogenous factors at the regional level.

Currently, there are two approaches to the effective management of the investment potential of the regions, the first is to assess the effective management of the investment potential of the regions by comparing quantitative indicators of economic activity; the second is that the amount of money spent

on the maintenance of the administrative apparatus is an indirect reflection of the management decision, law or decision in the “production” costs and is assessed according to its ratio.

The interpretation of a single object in the methods of assessing the effective management of investment potential of regions does not cover all aspects of the whole region and does not fully disclose the effectiveness of management. In this regard, in our opinion, it is necessary to introduce a new method to determine the effectiveness of management of socio-economic development of the regions. In this regard, the application of the “region-system” method and the identification of all its interrelated connections, as well as the creation of a scheme that shows the impact on the behavior of the system, serve to reveal the essence of the problem.

There are several functions of a systemic approach to solving the problem of effective management of investment potential of the regions, namely:

- Management system;
- Managed system - to look at all elements of society as an object;
- Interconnected system - the relationship of different institutions: direct or indirect; vertical or horizontal.

This is where the controlled information comes out of the governing entity and the transfer of information from the controlled entity takes place as feedback. Therefore, the regional development management system

must ensure that conditions are created for the efficient use of all available resources in society, including material, intellectual, financial, information, demographic resources and so on.

It should be noted that in the systemic management of investment potential or investment potential of a particular region in the economy of the country, they should be considered as a single system, consisting of several functionally related hierarchical links and moving towards a single goal. The hierarchical structure of the region creates a vertical and horizontal connection between the elements present in the system. The system of managing the investment potential of the region is complex, it is necessary to unite the existing groups (business entities, NGOs, self-government bodies, various institutions) for a single goal, as well as to take into account their interests. Therefore, it is important to coordinate the various interests, to create conditions for the individual development of each of the structures based on market rules, to establish regular control and monitoring when necessary.

In our opinion, it is necessary to determine the composition of the model of the development process in the design of systematic management of investment potential of the regions. Since it is impossible to predict this process, it is advisable to design the model with content and parameters that can quickly adapt to different situations. In other words, the content and parameters involved in the model must be rapidly adaptable to changes in the process, so that they can change as needed. To do this, the parameters of the

selected model at each stage of regional development must be evaluated by the input and output of the variables.

It is known that although the territorial system consists of several elements, the degree of interdependence between them is also high, and there is a non-functional relationship between the elements. Unfortunately, it was these relationships that prevented them from developing as a whole. Therefore, it is necessary to develop a "Concept of strategic management of investment potential of the regions", as it is appropriate to analyze the investment potential of the region as a whole market, social entity and a system of hierarchical relations.

Assessment of the production potential of the region is extremely important in theory and practice, the determination of the potential of manufacturing enterprises located here, their aggregation is a necessary condition for determining the economic potential of the country; because it is necessary to calculate the production capacity of enterprises, the resources expended, as well as their future redistribution and the implementation of a prudent investment policy. The calculation of production costs is as important in assessing the economic potential of an enterprise as it is in calculating the profit it receives in market conditions, as well as in assessing its socio-economic potential for the region.

Today, in assessing the investment potential of the region, along with the population, their income, savings and acquired property, as well as the intellectual potential of the population are taken into account. These indicators, as

well as the available production resources in the region, will be identified, the productive forces will be deployed and an investment program for the region will be developed.

Investment potential also plays an important role in the development of international entrepreneurship in the modern global economy [12]. In this regard, it is expedient to pay special attention to the strategic management of the competitiveness of enterprises [13].

The study of the source of innovative development in the management of investment potential of the region is a complex problem that requires analysis and synthesis of the formed innovative potential of the region, which, in turn, reflects these development opportunities.

Ensuring the competitiveness of the production of high-demand products and increasing the efficiency of local industry, stimulating promising sectors of the economy play an important role in the growth of our country and its worthy place in the world market. Industries such as chemistry, textiles, silk, food industry, production of building materials, processing of non-ferrous metals, organization of high-tech assembly production are the most important areas that give the most efficiency. Therefore, special

attention is paid to the development of these areas.

The main goal of the third direction of the Action Strategy on the five priority areas of development of the Republic of Uzbekistan for 2017-2021 is to strengthen macroeconomic stability and ensure high economic growth, increase the competitiveness of the economy, modernize and actively diversify its leading sectors, small business and private entrepreneurship and regions, continuation of reforms on complex socio-economic development.

Radically increase the competitiveness of the economy, strengthen support for exporting enterprises; the path of development is determined on the basis of comprehensive incentives for the participation of farms, small businesses and private entrepreneurship in exports. In order to maintain the position of domestic exporters in foreign markets, work was continued to increase the volume of exports, diversify the range and geography of exported products, and attract new enterprises to export activities in the context of the crisis in the world economy and the negative impact of world market prices on export potential.

Table 1

Analysis of macroeconomic indicators and dynamics of state budget revenues of the Republic of Uzbekistan (Compiled by the author on the basis of the State Tax Committee of the Republic of Uzbekistan and the website www.stat.uz.)

№	Indicators	Years						Changes in 2019 compared to 2014 (times)
		2014	2015	2016	2017	2018	2019	
1.	GDP, billion soums	145846,4	171808,3	199325,1	249136,1	326900,0	524200,0	3,6
2.	Revenues of the state budget, billion soums	31729,6	36493,3	41043,4	44500,0	62229,5	112300,0	3,5
3.	Minimum wage, soums	96105	118400	130240	149775	172240	223000	2,3
4.	Population, thousand people	30492,8	31022,5	32120,5	32121,7	33254,1	34000,0	1,1

According to Table 1, in 2014-2019, the gross domestic product increased 3.6 times (increased by 378.4 trillion soums), state budget revenues increased 3.5 times (increased by 80.6 trillion soums), the minimum wage increased by 2 times. 3 times (increased by 126.9 thousand soums), and the population increased by 1.1 times (increased by 3507.2 thousand people).

As a result of continuing the consistent implementation of the program of further reform, restructuring and modernization of the country in the medium term, in 2019, maintaining stable and high rates of economic growth and macroeconomic balance, living standards and quality of life. At the end of 2019, GDP grew by 5.5%. The volume of industrial production increased by 6.4%, construction works - by 11.8%, retail trade turnover - by 7.9%, services - by 6.1%. The fiscal balance deficit amounted to 3.1% of GDP. A positive balance of foreign trade turnover was

provided. The inflation rate did not exceed the forecast

parameters and amounted to 15.5 percent. (Budget 2020. 2021-2022 Data of the Ministry of Economy of the Republic of Uzbekistan)

In the strategy of maintaining and improving its economic position in the world community, including the "Concept of socio-economic development of the Republic of Uzbekistan until 2030", according to various development scenarios and forecasts of international rating agencies; It is noted that the annual GDP growth rate in our country should be increased from 6% to 7-8%.

As a result of comprehensive modernization of the Uzbek economy, the country is achieving socio-economic stability. High results are being achieved as a result of effective economic policy of the state aimed at a specific goal.

On ensuring macroeconomic stability and the balance of domestic and foreign sectors of the economy:

- As a result of tight monetary reform, the annual inflation rate has remained around 7-8% for the last 10 years;
- As a result of effective fiscal policy in recent years, the country's budget ends with a surplus;
- As a result of modernization of the economy, stimulation of local producers, the production of competitive products and foreign trade turnover is positive.

On ensuring economic growth at the expense of internal factors:

- As a result of modernization of the economy, increasing the competitiveness of the economy over the past 10 years, the average GDP growth rate in the country is 7.8%;
- As a result of localization of production, stimulation of domestic production in 2019, more than 76% of total exports amounted to finished goods.

On the diversification of sectors of the economy and the implementation of comprehensive structural reforms:

- The share of industrial production in GDP in 2019 amounted to 26.6% as a result of increasing the volume of investments in the country by attracting targeted foreign investment, creating favorable conditions for investors, increasing investment attractiveness in the country;

- As a result of the development of the middle class, diversification of the economy, the creation of benefits and conveniences for small businesses and entrepreneurs, in 2019 the share of small business in GDP amounted to 62.3%.

In order to develop the economy of Uzbekistan in a stable, dynamic and balanced manner, deepen structural reforms aimed at diversification of key sectors and increase export potential, modernization of sectors, complexes and enterprises, further increase their efficiency and competitiveness through technical and technological modernization of production. The following can be identified as priority areas of provision:

- Development of clear, in-depth and well-thought-out long-term plans for the development of key sectors of the economy, on this basis, further deepening of structural reforms aimed at diversification of key sectors;
- Production of competitive products with high share of value added, which are in constant demand in the world market, large-scale modernization of enterprises, technical and technological renewal, equipping them with the most modern high-tech equipment;
- Accelerated introduction of modern scientific achievements and advanced innovation technologies in various sectors of the economy;
- placement of enterprises in all regions of the country and on this basis to ensure the

widespread production of import-substituting products in the regions;

- Increase labor productivity, consistent reduction of production costs and production costs, widespread introduction of modern energy and resource-saving technologies;
- Sustainable growth of export potential on the basis of deep and high-quality processing of local raw materials, increase of production of competitive export-oriented products, etc.

Enhancing the competitiveness of our economy requires coordination of the activities of real sector enterprises and national sectors and industries, on the one hand, on the other hand, the attraction of investment in innovation, the integration of structures interested in creating conditions for innovation. This task is assigned to the system of implementation of innovation policy of the state and performs the following functions:

- Attracting financial resources for the development of priorities of the innovation system;
- Ensuring the most important interests of the state through the implementation of innovative research and development, creating conditions for the production of competitive goods and services;
- Reforming the process of training personnel for science and science-intensive production, other types of intellectual activity in the country, providing the economy with new equipment and technology, creating the

basis for the provision of personnel necessary for its intensive development;

- Reforming the network of scientific organizations in order to implement priority research and development, taking into account limited resources;
- Reduction of energy and material capacity of GDP.

CONCLUSION

In conclusion, an in-depth study of trends in the development of innovative activities to increase the competitiveness of the national economy, along with improving the innovation environment in the country, has a positive impact on the supply of innovative products for domestic and foreign markets.

The Growth Competitive Index (GCI), the Global Competitiveness Index (GCI), which is used in the preparation of global competitiveness reports by the International Economic Forum (IEF), is widely used to measure innovation potential in the region's investment activities. This indicator, which reflects the current level of economic development, aims to determine the ability of the national economy to achieve sustainable economic growth in the short term. GCI is based on the categories of technologies, government institutions and macroeconomic conditions that affect economic growth in the short-term and long-term development of countries.

GCI aggregates more than 90 variables and is based on nine indices. One of them is innovative activity. The Global Competitiveness Index divides the

development of all countries into three main and two transition periods based on the level of GDP per capita: resource-based development stage (GDP per capita <2000 USD), efficiency growth stage (population per capita); \$ 3,000–9,000 per capita) and the stage of innovative development (GDP per capita > \$ 17,000).

According to the methodology of XIF experts, the chances of achieving sustainable economic growth in short and long term development depend on three variable categories that are equal, namely, they consist of macroeconomic environment, state institutions and technologies.

The algorithm for assessing the innovative potential of investment activities in the regions is implemented in three stages. In this regard, scientists emphasize the need to divide existing indicators into two groups - generalized and specific indicators. The first of them emerges as a basic classifier and requires delimitation, the second serves as an auxiliary and mainly serves to explain these situations in terms of innovative development of regional investment policy.

In conclusion, it should be noted that the analysis of indicators on the state of human capital, existing technical and technological developments in the region, the number of inventions, and their ratio to population is one of the most important issues in the innovative development and assessment of investment potential of regions. In this regard, one of the main tasks of researchers in the field is to adapt the best scientific and methodological experience of foreign countries to the conditions of Uzbekistan and to develop

practical recommendations for assessing the level of development of the regions.

Analyzing the above situation, we believe that the solution is to establish information centers in the regions in order to accelerate investment activity in the regions. That is, these centers should have an open information system; provide information on regional ideas, proposals, business plans and investment projects. It is advisable to establish these centers in banks or financial institutions. Banks are actively involved in the development of the economy. Although the above information is sufficient in the database of banks and financial institutions, there are shortcomings in the implementation of regional investment programs and projects.

In this regard, in order to increase investment and financial activity in the regions through effective management of investment potential of the regions, it is necessary to:

- Determination the characteristics of the formation of financial resources at the regional level;
- Identification of problems and inconsistencies in the deepening of market reforms and the formation of financial sources of investment activity;
- Development of methodological approaches to the assessment of financial and investment activity of individual regions;
- Assessment of the socio-economic situation in the regions and their investment attractiveness;

- Determining the level and main directions of the use of internal financial resources of the regions;
- Development of future structural investment policy and strategy for modernization of the economy of the regions.
- Implementation of the proposals and recommendations on the activation of investment and financial processes through the effective management of investment potential of the regions is the basis for ensuring sustainable socio-economic development in the region, attracting local and foreign investors, the formation of local budgets.

REFERENCES

1. Ўзбекистон Республикасини янада ривожлантириш бўйича Ҳаракатлар стратегияси тўғрисида”ги Ўзбекистон Республикаси Президентининг 2017 йил 7 февралдаги ПФ-4947-сонли Фармони. Ўзбекистон Республикаси қонун ҳужжатлари тўплами. www.Lex.uz.
2. Allayarov, Sh.PhD. (2020) Faktor investigation of tax discipline for financial security// ACADEMICA: An International Multidisciplinary Research Journal. <https://saarj.com>.ISSN:2249-7137, Vol. 10, Issue 11, November 2020, Impact Factor: SJIF 2020=7.13, pp.2343-2348.
3. Allayarov, Sh.PhD. (2020) Strengthening tax discipline in the tax security system: features and current problems//South Asian Journal of Marketing & Management Research (SAJMMR). <https://saarj.com>. ISSN:2249-877X, Vol. 10, Issue 11, November 2020, Impact Factor: SJIF 2020=7.11, pp. 124-128.
4. Allayarov, Sh.PhD. (2020) The improvement of tax control in order to strengthen tax discipline in the republic of Uzbekistan// TRANS Asian Journal of Marketing & Manajment Research (TAJMMR). <https://tarj.in> ISSN:2279-0667, Vol 9, Issue 11, November 2020, Impact Factor: SJIF 2020=7.209, pp. 57-62.
5. [5] Allayarov, Sh.PhD. (2020) Combination of fiscal and stimulating functions of the tax system to ensure financial and economic security//AMERICAN JOURNAL OF ECONOMICS AND BUSINESS MANAGEMENT ISSN:2576-5973, Vol. 3, No.1, Jan-Feb 2020, 64-69 p.
6. [6] Allayarov, Sh. (2019) "ON THE INTERDEPENDENCE OF THE CONCEPTS OF “TAX CULTURE” AND “TAX DISCIPLINE”// International Finance and Accounting: Vol. 2019: Iss. 6, Article 14. Available at: <https://uzjournals.edu.uz/interfinance/vol2019/iss6/14>
7. [7] Allayarov, Sh. PhD; Mirzamakhmudov, M.; and Mirzamakhmudova, M. (2020) "ANALYSIS OF REGULATORY SANDBOX IN THE NETHERLANDS THAT PROMOTE DEVELOPMENT OF INNOVATIVE FINTECH STARTUPS"// International Finance and Accounting: Vol. 2020 : Iss. 3 , Article 34. Available at: <https://uzjournals.edu.uz/interfinance/vol2020/iss3/34>
8. [8] Allayarov, Sh., Nabiev E., Allayarov S., Amanullaeva Yu. (2020) Ways To Improve The Tax Mechanism To Ensure The Financial Security Of The Country//International Journal of

- Advanced Science and Technology. Vol. 29, No. 7, (2020), pp. 7849-7855.
9. Krugman P., Venables A.J. The Spatial Economy: Cities, Regions and International Trade. – The MIT Press, 2010. p. 384.
 10. Porter M. International Competition: Translated from English. – Moscow: International relations, 2013. – 886 p. Портер М. Международная конкуренция: Пер. с англ. / М.: Международные отношения, 2013. – 886 с.
 11. Kornai Y. (2002) System paradigm. “Questions on Economics”. No 4. – pp. 4-23. (Корнай Я. Системная парадигма//«Вопросы экономики», 2002, № 4, с. 4–23)
 12. G. Shamborovskyi, M.Shelukhin, Allayarov Sh, Y.Khaustova, S. Breus. (2020) Efficiency of functioning and development of exhibition activity in international entrepreneurship// Academy of Entrepreneurship Journal (Print ISSN: 1087-9595; Online ISSN: 1528-2686) Volume 26, Special Issue 4, 2020 pp. 1-7.
 13. L.Shaulka, S.Kovalenko, Allayarov Sh, O.Sydorenko, A.Sukhanova (2021). Strategic enterprise competitiveness management under global challenges // Academy of Strategic Management Journal, JEL Classifications: M5, Q2/ Volume 20, Issue 4, 2021
 14. Allayarov, Sh.PhD. F.Kilicheva K.Rakhimova, A.Mamasadikov, Sh.Khamrayeva, A.Durmanov (2021). Game Theory And Its Optimum Application For Solving Economic Problems // Turkish Journal of Computer and Mathematics Education Vol.12 No. 11 (2021), 3432- 3441.
 15. Allayarov, Sh.PhD., Mehmonov S, Ruziev A., Rasulyev A. (2021). Activity, Essence of Stock Exchange and Its Role in Business// Annals of R.S.C.B., ISSN: 1583-6258, Vol. 25, Issue 1, 2021, Pages. 5158 - 5161 Received 15 December 2020; Accepted 05 January 2021.
 16. Allayarov, Sh.PhD., Z.Sagdullaeva, U.Gafurova, A.Gafurova (2021). Ways of Improving the Tax Mechanism of Uzbekistan’S Free Economic Zones// Annals of R.S.C.B., ISSN:1583-6258, Vol. 25, Issue 6, 2021, Pages. 5388 - 5391 Received 25 April 2021; Accepted 08 May 2021.
 17. Doroshenko Y.A. (1997) The economic potential of the territory. – Saint Petersburg. Business and Service. – p. 123 (Дорошенко Ю.А. Экономический потенциал территории. СПб, Дело и сервис, 1997. –с.123)
 18. Evseeva M.V. (2016) Measurement of indicators of investment stability of the region. Management of economic systems. No 10 (92). from. fourteen. (Евсеева М.В. Измерение показателей инвестиционной устойчивости региона // Управление экономическими системами. 2016. № 10(92). с. 14.)
 19. Kanunnikov A.I. Strategic management: conditions for sustainable development of the investment potential of the region. Bulletin Orel GIET. 20192. No 1 (19). – pp. 121-126. (Канунников А.И. Стратегическое управление: условия устойчивого развития инвестиционного потенциала региона // Вестник Орел ГИЭТ. 20192. № 1(19). с. 121-126.)
 20. Grigorieva S.V. (2018) Assessment of strategic stability in the development of the investment potential of the region. Questions of economics and law. No 3. –

pp. 33-37. (Григорьева С.В. Оценка стратегической устойчивости в развитии инвестиционного потенциала региона // Вопросы экономики и права. 2018. № 3. с. 33-37.)

21. Djamalov Kh.N. Role and functions of the estimation of the business in the system of financial management// Public finance// Paris, 2010 year may, 22-28 p.
22. Djamalov Kh.N. Contract mechanism of the economic interaction of the state and business // Corporate finance// Turin, 2010 year June. – pp. 14-17.
23. Mahn K.D. The Impact of Sustainable Investment Strategies // Institutional Investor Journal. 2016. Vol. 25, no. 2. P. 96-102.
24. Haavaldsena T., Leadrea O., Volden G.H., Lohne J. On the concept of sustainability – assessing the sustainability of large public infrastructure investment projects // International Journal of Sustainable Engineering. 2014. Vol. 7. Iss. 1. p. 2-12.