

Logical Organization of Investment Climate and its Influence on Investment Potential

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ABSTRACT

In article the logic maintenance organization of appeal of investments is revealed, the basic scheme of National creation model of a favorable investment climate of Uzbekistan on the basis of investment attractions is developed and efficiency of this methodological approach by actual results of steady escalating of investment potential in the country is proved. The results provide important findings to understand investment climate and its influence in Uzbekistan.

Keywords: Investment, Investment policy, Investment attractions, Investment potential

INTRODUCTION

Employee retention issue continues to be a main concern for employers in various sectors and industries in Malaysia. According to Arora (2016), organizations now are actively addressing about employee retention. Technology sector companies across Asia-Pacific continue to face high levels of employee turnover despite ongoing economic uncertainty around the globe. Problems of modernisation and innovative development of economy of Uzbekistan demand steady escalating of investment potential of the country which represents co-operating set of current and perspective investment resources, real and possible results of their use in space of a corresponding investment field. After recovering the independence and overcoming of a system economic crisis of first half 1990th years in Uzbekistan the considerable annual gain of investment resources is observed, there is a process of an intensification of their generation. It means that management practice by investment process in republic uses progressive forms and methods of efficient control investment activity. However, deep theoretical generalisation of these processes, revealing of laws and principles of escalating the investment potential of the country domestic economic science has not developed yet (Akimov & Dollery, 2006; Mason & Harrison, 2015).

The purpose of this study is to explore a logical organization of investment climate and its influence on investment potential. The results provide important findings to understand investment climate and its influence in Uzbekistan.

INVESTMENT CLIMATE

For bringing in and effective use of investments, the certain terms usually named an investment climate are needed. In modern

economic literature, this term is widespread very widely, but clear determination does not have until now. And it is not casual, as self this concept is characterized the very diffuse quality signs of the state of the economic systems. Absence of this concept does not mean certainly, that he in general does not exist. It talks only that concept investment climate yet not folded as the generally accepted scientific category, as development of this direction flows so stormily, that scientific thought did not yet produce the single going near his theoretical interpretation (Cummings, 2015).

However, we will begin with the simple determination given in a financial dictionary. Here the financial understand “under an investment climate, political and other terms, having influence on activity of investments in the economy of country. Stability of government, presence of exhaust normative base qualificatory rights for investors, assist establishment of favorable investment climate”. These very diffuse determinations in some measure give an opportunity to present all breadth and many-sided nature of concept of investment climate, and apparently, therefore in works of the Uzbek scientists of more exact determination of category an investment climate we did not find. One is clear; an investment climate plugs in itself all totality of terms and factors, operating in a country (Bayraktar, 2013).

Am orphism and diffusion of concept an investment climate over was gradually brought to appearance in economic literature of new понятия- by an investment attractiveness, the mechanism of management of that yet is only formed, and many questions, including methods of estimation, remain debatable. The feature of this concept is an attempt to measure her certain set of indexes. However, such attempts each time run into unsettle of especially theoretical problem of determination of category essence of this phenomenon. Examining this problem, part of authors interprets

the concepts of investment climate and investment attractiveness as identical (Ouedraogo, 2016).

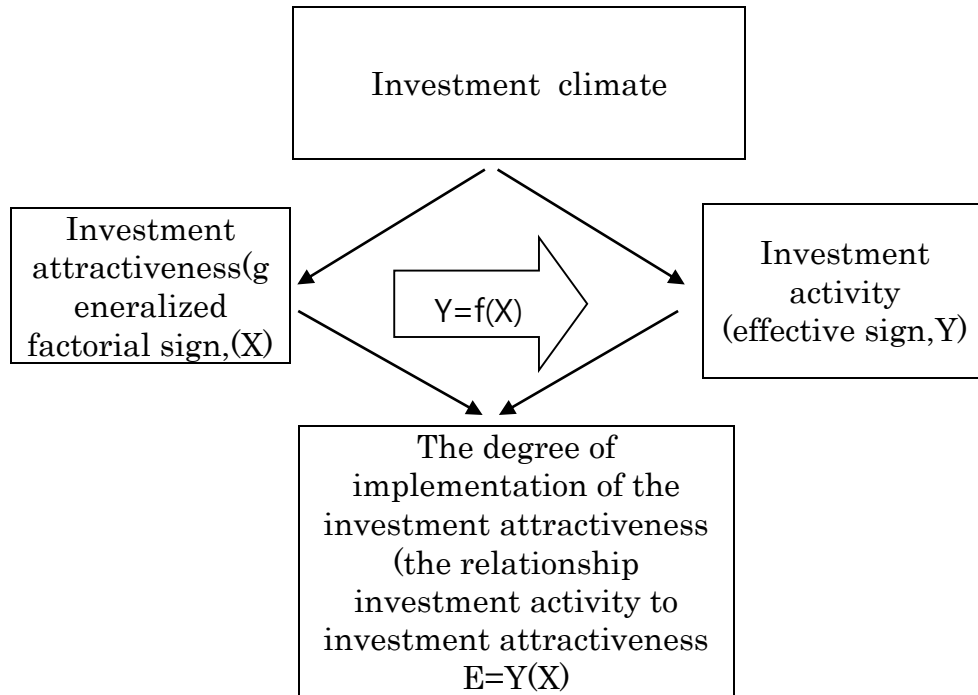


Fig.1. Connectional meanings investment attractiveness, investment activity, and investment climate on V.V. Kiryuxina.

Other considers that investment climate more wide and capacious concepts, what investment attractiveness. For example, in opinion of Kiruhin investment potential and well-known degree of investment risk form investment attractiveness that determines investment activity. According to his opinion, an investment

climate is determined by investment activity and investment attractiveness (Fig.1).

Here we can see that following this stream in interpretation meanings evaluate investment climate like aggregate condition (factories), effective on wish investors realize investment, as investment activity – effective sign not only for investment attractiveness, but and for investment climate. The third group the authors consider investment attractiveness like one from efficient account of marks investment climate. At that they think, that investment climate includes objective resource enterprise, sector, region (investment potential) and condition activity investor investment risk, that allow compare this meaning. From here, make conclusion about it, if investment potential exceed investment risk, we can talk about investment attractiveness.

As it was stated, an investment attractiveness has a row of similar concepts in economic literature, an investment climate, is an investment image. But they are not identical, under a concept an investment climate is usually understood totality of economic, political, financial terms, having influence on an inflow internal and external to the investment image appears as a complex reflection of different aspects of investment climate in presentations of investors. From here evidently, that the system of investment activity plugs in itself next elements (Ando and Kim, 2006).

Different interpretations of concept of investment attractiveness inevitably conduce to different approaches in determination of her internal constituents reflecting or stability of the financial state of enterprise, a return on equity is a price of equities and level of the paid dividends. In the second it economic or socially economic, expediency of investing, based on the concordance of interests and possibilities of investor and recipient

of investment, that provides the achievements of aims of each of them at the acceptable level of profitableness and risk (Fig. 2).

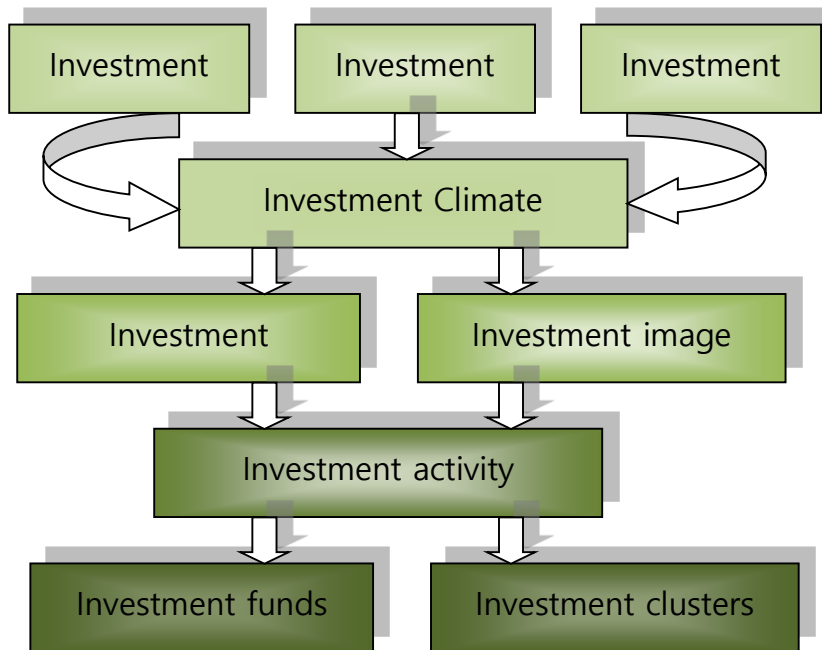


Fig. 2. The relationship of elements of investment activity

Investment attractiveness of the company, characterized position prospects, profitability, efficiency, and minimize the risk of investing in its development; investment attractiveness, as defined by the macro-level conditions (economic, legal, political, social, etc.), created by the state to all business entities, as well as foreign investors for profitable investment for the development of the national economy.

DYNAMICS OF INVESTMENT CLIMATE

Here we come to a very interesting conclusion that the investment climate has the properties of the statics and dynamics. In the static investment climate is characterized already achieved investment conditions, which are fixed at a certain time. In the dynamics of the investment climate is undergoing a very significant change and it all depends on the direction in which the changes are. These properties statics and dynamics inherent in both developed countries and countries with economies in transition. However, if in the first, the investment climate is very static, in countries with economies in transition, it overcomes the rapid changes. Therefore, for countries with economies in transition is more important than the dynamic characteristics of the investment climate. We think it is important because existing economic literature methodology for assessing the investment climate - scoring, rating, and other usually calculated only on fixing the static process, and therefore cannot fully meet the needs assessment of the investment climate in countries with economies in transition, including of course, and Uzbekistan (Kim & Phillips, 2013).

Note that, the definitions of the investment climate that we give are based on necessity of creating specified conditions. Proviso that the name “condition” means here “the situation, in which something is being made” and “the circumstances, on which something is depended”. These definitions vindicate the dual character of the investment climate – its static (situation) and dynamic (circumstances). Situation so as circumstance are made up with the aim of “investments activation”, “affluence of inside and outside investments”, and it means that conditions of favorable investment climate should provide the attractiveness of investing.

We are presented, that this conclusion is one of the most important methodical postulates of the theory of investing potential and it says that the base of forming and increasing investing potential is a favorable investing climate, which provides favor of investing by system of attractor.

It is particularly important that the category of “Investment attractor” is fundamentally different from the concept of “investment attractiveness”. Note that the notion of the investment climate has come to us from abroad. The newly formed young states, inherited from the former Soviet Union systems of socio-economic crisis, in desperate need of foreign investment. Potential foreign investors also talked about investment climate and investment guarantees. Loans, supply of technological equipment, construction of new enterprises carried out under the guarantee of the government. The need for investment was so great that the notion of the investment climate and investment attractiveness were identified with government’s guarantees and immediately assumed the character of an indispensable attribute of access to foreign investment. Unfortunately, the same approach could be seen in the economic literature to this day, when the investment climate and investment attractiveness refers only to ensure the attraction of investment resources only from external sources. As a result, reproductive investment process of own funds of enterprises almost completely absent from the theoretical analysis. That is why we have introduced a new economy category – generating investment potential. It covers local firm, local reproduction process of investment potential and attracting external investment resources.

CONCLUSION

This study is to explore that employee retention issue continues

to be a main concern for employers in various sectors and industries. Organizations are dynamically dealing with employee retention. Technology oriented companies across Asia-Pacific continue to face higher levels of employee turnover despite ongoing economic uncertainty around the globe **matters** of modernization and innovation in economic development of Uzbekistan. Demand is steady escalating of investment potential of the country that represents collaborating set of current and prospective investment resources, real and potential results of the use in space of a relevant investment field. This study provides with a logical organization of investment climate and its influence on investment potential. The results show important implications to understand investment climate and its influence in Uzbekistan.

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