



Regional And Institutional Factors Affecting Trends And Efficiency Of Attracting Foreign Direct Investments

Turdimuratova Aziza Alisherovna

Termez State University of Engineering and Agrotechnology,
Lecturer of the Department of Network Economics

Abstract: This article analyzes trends in attracting foreign direct investment and the regional and institutional factors that affect their effectiveness. The study highlights the impact of regional development, the quality of the institutional environment, and governance factors on investment flows .

Keywords : Foreign direct investment, investment trends, regional factors, institutional factors, investment efficiency .

Annotation: V state analiziruyutsya tendentsii privilecheniya pryamyx inostrannyx investitsiy i influence territorialnyx i institucionalnyx faktorov na ix effektivnost. Osoboe vnimanie udelyaetsya roli regionalnogo razvitiya, kachestva institsionalnoy sredy i upravleniya v formirovanii investitsionnykh potokov.

Key words: Direct foreign investment, investment trends, regional factors, institutional factors, investment efficiency.

Abstract: This article analyzes trends in attracting foreign direct investment and examines the impact of regional and institutional factors on investment efficiency. The study highlights the role of regional development, institutional quality, and governance in shaping investment flows.

Keywords: Foreign direct investment, investment trends, regional factors, institutional factors, investment efficiency.

ENTRANCE

In the current context of globalization, foreign direct investment is emerging as one of the important driving forces of world economic development. In addition to expanding capital flows, foreign investment contributes to technological innovation, advanced management practices, increased production efficiency, and the development of the economic potential of regions. Therefore, competition between countries and regions in attracting foreign investment is becoming increasingly intense, and a thorough analysis of investment trends and identification of factors affecting efficiency is of particular importance. Trends in attracting foreign direct investment are closely related to regional and institutional characteristics. Practical experience shows that the inflow of foreign investment is relatively high in regions with a high level of economic development, developed infrastructure, and extensive transport and logistics capabilities. At the same time, economic disparities between regions, uneven development of the production base, and differences in the efficiency of resource use have a significant impact on the location of foreign investment . As a result, investment flows are unevenly distributed across regions , with high efficiency achieved in some regions, while investment activity remains low in others. Another important factor affecting the efficiency of foreign investment is the quality of the institutional environment. Legal stability, reliable



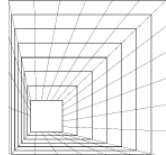
protection of property rights, the quality of public administration, the level of transparency and low corruption are crucial for foreign investors in making decisions. In regions with a developed institutional system, investment risks are reduced, long-term planning opportunities for investors expand, and the real impact of investments on the economy increases. On the contrary, institutional weakness and inefficiency in management can lead to a decrease in the volume of foreign investments and their efficiency. Today, analyzing foreign investment trends in terms of territorial and institutional factors is not only theoretical, but also of significant practical importance. The efficiency of attracting foreign investment can be increased by improving regional development policies, deepening institutional reforms, and improving the investment climate. In this regard, the main goal of this study is to study the trends in attracting foreign direct investment and to systematically analyze the regional and institutional factors that affect their effectiveness. The results of the study will serve to more effectively formulate investment policy across regions .

METHODOLOGY

This study used a comprehensive scientific approach to analyze the trends in attracting foreign direct investment and regional and institutional factors affecting their effectiveness. In the course of the study, the theoretical connections between foreign investment, regional development and the institutional environment were summarized through logical analysis and synthesis methods . Based on statistical analysis, the volume of foreign direct investment, its dynamics and efficiency indicators were assessed by region , and these indicators were compared with the level of regional economic development. Through the comparative analysis method, differences were identified between factors affecting investment activity in different regions, including infrastructure development, transport and logistics capabilities, labor resource potential and production base . The study used indicators related to the quality of the legal environment, the effectiveness of public administration, the level of transparency and mechanisms for supporting entrepreneurship to assess institutional factors . Official statistical data and analytical reports of international organizations, including the World Bank, UNCTAD and other authoritative institutions, were used as the main source of information. Through a systematic approach, the interaction of territorial and institutional factors was studied and their complex impact on the effectiveness of foreign investment was assessed. This methodology allowed us to ensure the reliability of the research results and draw scientifically based conclusions on improving regional investment policy .

RESULTS

of the study showed that the trends in attracting foreign direct investment and their effectiveness are directly related to the level of regional development and the quality of the institutional environment. Analysis by region confirms that foreign investment flows are concentrated mainly in regions with high economic potential, developed infrastructure and extensive transport and logistics capabilities . In such regions, the volume of industrial production, the share of export - oriented industries and the high level of utilization of labor resources serve as an additional incentive factor for foreign investors. As a result, not only the volume of investments, but also their economic effectiveness is formed at a relatively high level. The study revealed that regional differences significantly affect the effectiveness of foreign investments . In regions with a low level of economic development and insufficiently developed infrastructure, investment flows are limited , and their impact on the economy remains relatively low. This situation indicates that foreign investment can be unevenly distributed across regions , which can exacerbate interregional socio-economic disparities. At the same time, it was found that the establishment of special economic zones and industrial clusters in some regions has a positive effect on increasing investment activity . Analysis of institutional factors showed that they play a decisive role in the effectiveness of foreign



investment . The stability of the legal environment, the quality of public administration, the reduction of bureaucratic barriers and the increase in the level of transparency strengthen the confidence of foreign investors and significantly reduce investment risks. It was observed that foreign investment in regions with a developed institutional system is directed to long-term and high- value- added projects. On the contrary, in regions with institutional weakness, foreign capital is concentrated mainly in short-term and low-effective projects. In general, the results of the study showed the need for the harmonious development of territorial and institutional factors in increasing the effectiveness of attracting foreign direct investment . It has been scientifically substantiated that it is possible to increase not only the volume of foreign investments, but also their economic efficiency, by improving territorial infrastructure, deepening institutional reforms, and implementing a differentiated investment policy across regions.

1. Table:

Analysis of territorial and institutional factors affecting the effectiveness of foreign direct investment

Group of factors	Main indicators	Impact on TXI flow
Regional factors	Level of infrastructure development, transport and logistics capabilities, industrial base, regional market capacity	TXI volume and efficiency will be higher in areas with high infrastructure
Regional factors	Labor resource potential and workforce skills	Long-term and high value-added investment projects are formed
Institutional factors	Stability of the legal environment and protection of property rights	Investment risks will be reduced and foreign investor confidence will increase.
Institutional factors	Quality of public administration and level of bureaucratic obstacles	The investment climate will improve and the flow of TXI will be activated
Institutional factors	Special economic zones and state incentive mechanisms	Interregional investment gaps will narrow

The data presented in the table clearly demonstrate that the effectiveness of attracting foreign direct investment directly depends on the interaction of territorial and institutional factors. The results of the analysis show that in regions with a high level of infrastructure development, extensive transport and logistics capabilities, and a developed industrial base, the flow of foreign investment is relatively high, and these investments are highly effective in the real sector of the economy. In such regions, the reduction of production costs, the breadth of market access opportunities, and the integrity of production chains create significant advantages for foreign investors. The table shows that such territorial factors as the potential of labor resources and the skills of the workforce play an important role in the effectiveness of foreign investment. In regions with qualified labor resources, foreign capital is mainly directed to long-term, high-value-added and innovative projects, which, along with increasing the economic efficiency of investments, also accelerates the processes of technological renewal. On the contrary, in regions with insufficient human resources, investments are concentrated in more raw material-oriented or short-term projects. The analysis of institutional factors in the table also shows that



the stability of the legal environment and the quality of public administration are of decisive importance in the effectiveness of attracting foreign investment. Reliable protection of property rights, a transparent and efficient management system, and the reduction of bureaucratic barriers strengthen the confidence of foreign investors and significantly reduce investment risks. In institutionally developed regions, foreign investments are concentrated in long-term strategic projects, which have a strong multiplier effect on regional economic development. In general, the analysis based on the table showed the need to develop regional infrastructure, invest in human capital, and implement institutional reforms in a coordinated manner to increase the effectiveness of foreign direct investment. Pursuing a differentiated investment policy across regions, supporting special economic zones and state incentive mechanisms with institutional stability will not only increase the flow of foreign investments, but also significantly increase their economic efficiency.

CONCLUSION

The analysis conducted within the framework of this study showed that the trends in attracting foreign direct investment and their effectiveness are formed under the complex influence of territorial and institutional factors. The table and the results of the analysis based on it confirm that foreign investment is concentrated, first of all, in regions with developed infrastructure, a formed industrial base, and extensive transport and logistics capabilities. Investments in such regions are not only large in volume, but also make a significant contribution to regional development by increasing production efficiency, expanding export potential, and accelerating economic growth. The study also found that the potential of labor resources and the skills of the workforce are important regional factors determining the effectiveness of foreign investment. In regions with qualified personnel, foreign capital is concentrated mainly in innovative and long-term projects that create high added value, accelerating technological innovation processes. At the same time, it was confirmed that the quality of the institutional environment, in particular legal stability, reliable protection of property rights, the efficiency of public administration and the level of transparency are of decisive importance in attracting foreign investment flows. In general, the results of the study scientifically substantiate the need to harmonize territorial and institutional policies to increase the effectiveness of attracting foreign direct investment. The development of territorial infrastructure, expansion of investment in human capital, consistent implementation of institutional reforms and the use of a differentiated investment approach across regions will not only increase the flow of foreign investment, but also increase their economic efficiency and reduce socio-economic disparities between regions. These conclusions are of significant scientific and practical importance in improving foreign investment policy and developing regional development strategies.

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