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Development Strategies for Attracting Foreign Direct Investment in Uzbekistan

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Abstract

Purpose: An evaluation of Uzbekistan's steps towards competitiveness for FDI globally is presented in this paper. Specifically, the purpose of this paper is to analyze the case of Uzbekistan, and to determine the strategies that can be implemented to increase the competitiveness in attracting foreign investment. **Research design, data and methodology:** To investigate the FDI environment and identify effective strategies, Global RPM and QSPM analyses were conducted in addition to in-depth interviews with experts. In particular, this study uses the method of Global RPM analysis to make a comprehensive evaluation and analysis on globalization, rationality, and professionalism and morality dimensions of FDI in Uzbekistan. **Results:** According to the analysis, the conditions of political situation, financial stability, legal frameworks, as well as economic environment of the country play a significant role in bringing in FDIs from abroad. Moreover, based on the results, Uzbekistan scored lowest on globalization, indicating that the country has a low level of integration and openness to the global economy and society. **Conclusions:** Uzbekistan can boost its productive capacity and GDP growth with FDI, but it has to overcome many structural and logistical obstacles. Furthermore, adhering to the chosen strategies, policymakers can leverage FDI to stimulate economic growth, leading to the generation of new jobs and expanded opportunities in Uzbekistan.

Keywords : FDI, Development Strategies, Global RPM analysis, Uzbekistan

JEL Classification Code: F21, F63, F68, O21, O38

1. Introduction

There is no doubt that foreign direct investments (FDI) has been one of the most important factors contributing to economic growth in developing countries (Anwar & Nguyen, 2019; Sobirov et al., 2023). Furthermore, over the past few decades, the world has witnessed a substantial rise in both the inflow and accumulation of FDI due to the effects

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of globalization (Yucel, 2014). In fact, FDI plays a role in the economic development of host nations through various means, such as technology transfer, job creation, fostering domestic industries, and increasing export capacity (Abdurakhmanova et al., 2021; Kang, 2019; Antràs & Yeaple, 2018).

This study has been formulated with a goal of conducting a detailed examination of how FDI specifically contributes to the socio-economic and technological advancement of Uzbekistan. Key indicators, such as the formulation of a comprehensive strategy and the implementation of measures to enhance macroeconomic conditions, workforce skills, and infrastructure, play a crucial role in fostering enterprise development. Recognizing the significance of FDI in making these measures more visible and effective, it becomes evident that countries must harness FDI wisely. Additionally, the creation of an interactive development environment necessitates political decisions in favor of foreign direct investment. A welcoming political atmosphere increases the host country's appeal to international FDI. Within the host country's interactive development environment, it is crucial to address several political aspects, which include the removal of diverse legislative and bureaucratic hurdles for foreign investors, the establishment of transparent regulations concerning foreign direct investment, and the proficiency of legislative services in protecting investors' rights within the host nation. (Kang, 2019). It is important to note that FDI has the potential to eliminate geographic barriers to expansion or merger, as well as to provide a forum for competition to increase company depth or coordination of competition policy, which leads to a reduction in geographic restrictions (Antràs & Yeaple, 2018).

It is evident that there has been an increase in the inflow of FDI into the economies of developing countries. The examination of existing literature in this domain presents compelling evidence that a majority of Central Asian countries have emerged as attractive destinations for FDI inflows. This is primarily attributed to their notable strengths, including abundant natural resources and a steadily growing population (Kasimov & Saydaliev, 2022). As a result, these factors are crucial to ensuring a substantial market size. FDI is increasingly important for developing countries because it offers a pathway to economic growth, technology transfer, job creation, and infrastructure development. It can help these nations break out of cycles of poverty and dependency while promoting stability and global integration. Furthermore, researchers are motivated to conduct studies on the increasing interest in FDI and its determining factors in developing nations. For a considerable period, Uzbekistan did not actively pursue strategies to attract investors. However, the country has now adopted a more open approach to the global community, offering dynamic investment opportunities. Since the change in government at the end of 2016, the investment climate in Uzbekistan has witnessed rapid improvement, and the government is actively seeking to attract new investors. Uzbekistan's potential is rooted in robust macroeconomic fundamentals, including a strong domestic market, a relatively youthful and cost-effective labor force, abundant natural resources, a moderately diversified economy, and rapidly advancing infrastructure (Rakhmatillo et al., 2021).

Overall, Uzbekistan boasts a favorable macroeconomic stability that, when combined with ongoing reforms, presents promising opportunities across various sectors of its economy, including financial services, construction, and transport infrastructure (Suyunov, 2022). Capitalizing on this positive macroeconomic environment, the country has undertaken substantial reform efforts geared towards fostering sustained growth and enhancing the investment climate. Notably, in recent years, Uzbekistan's business environment has witnessed significant improvement, as evidenced by its ascent from the 166th position in the 2012 World Bank Doing Business ranking to the 69th position in 2020. These advancements are a result of swift reforms addressing legislative, tax, and customs challenges. Among the most noteworthy reforms was the liberalization of monetary policy in September 2017. Consequently, the government has formulated strategies aimed at both attracting more investors to the country and encouraging reinvestment of profits into Uzbekistan's burgeoning economy.

To evaluate development strategies, this study employs an integrated methodological approach that includes Globalization, Rationality, Professionalism and Morality (Global RPM) analysis and Quantitative Strategic Planning Matrix (QSPM) to determine the most effective strategy. Global RPM analysis is a flexible and versatile tool that can help businesses evaluate their performance and sustainability along the four dimensions. These dimensions can be applied to any sector or segment of the economy to assess its profitability and attractiveness. They can also be used separately or together, depending on the needs and objectives of the analysis. Global RPM analysis helps businesses to monitor and analyze the macro and micro environmental factors that affect them. This can provide a holistic and comprehensive view of the various factors that influence businesses. Further, a combination of Global RPM and QSPM is a method that can help researchers evaluate and select the best alternative strategies for achieving a desired goal. With QSPM, alternative strategies can also be proposed, evaluated, and ranked along each dimension to enhance performance and sustainability of FDI. Global RPM analysis is applied to investigate various FDI factors, and it holds high significance as an effective method for addressing strategic issues (Jeong et al., 2023). It enables decision-makers to assess these issues by defining factors such as globalization, rationality, professionalism, and morality, forming the basis for policy planning. This study aims to identify and deliberate on key challenges within the FDI landscape while providing solutions that enhance international competitiveness. These findings not only enhance our understanding of the pivotal drivers of economic growth but also explain how FDI can be leveraged to boost economic growth. Moreover, they provide policymakers and international trade leaders with a vital tool for designing improved economic policies and institutional reforms. In particular, this study contributes to the scientific literature by integrating Global RPM and QSPM methodologies for prioritizing development strategies. The application of Global RPM analysis significantly contributes to identifying the factors and sub-factors for these strategies, which might otherwise be sourced from literature or regarded as expert opinions. Therefore, the proposed integrated methodology is expected to provide a comprehensive solution to the various challenges associated with FDI planning and policy formulation in Uzbekistan.

This paper is organized into different sections, each of which is presented in a different way. Section 2 provides a brief review of the FDI-related literature. Section 3 describes the paper's data sources and methodology. The findings and their discussion are presented in Section 4. Finally, the last section highlights the research's conclusions.

2. Literature Review

2.1. Definitions and Role of FDI in the Economy

In recent years, the issue of FDIs has received increased attention at both the national and international levels. Numerous theoretical and empirical papers have examined into the determinants of FDI as pioneering research on the motivations behind FDI conducted by scholars such as Dunning (1973), Hymer (1976), and Vernon (1966). Economists widely acknowledge that FDI plays a crucial role in the economic development of countries, particularly those in the developing world. Moreover, Empirical studies examining the relationship between FDI and economic development have presented complex findings. From a macroeconomic perspective, FDI is often regarded as a catalyst for employment generation, productivity, competitiveness, and the transmission of technological advancements (Su & Zhang, 2019). It is especially crucial in the case of the least developed countries as FDI can lead to higher exports, easier access to international markets and investments, as well as provide a vital source of financing.

A number of definitions are available regarding FDI, but the most widely accepted definition is that given by the World Trade Organization (WTO). According to the WTO, FDI is defined as any investment where an investor from one country invests capital in a foreign country to establish assets (such as property) for a business entity, while retaining the right to oversee its operations. Essentially, FDI encompasses the process through which individuals or firms from one country, often referred to as the 'home country,' acquire ownership of assets in another country, typically called the 'host country' or 'foreign country.' From an economic standpoint, FDI serves as a means to transfer resources, including financial capital, technology, and human resources, across international borders while maintaining control within the parent company.

2.2. Three Primary Types of Investment Motivations

To gain a deeper understanding of the economic impact of FDI, it is crucial to recognize that both investors and FDI recipients are motivated by various factors. The literature distinguishes among three primary types of investment motivations: resource-seeking, market-seeking, and efficiency-seeking (Dunning, 1993). Resource-seeking FDI is characterized by the host country's abundant natural resources, cost-effective labor, and well-developed infrastructure (Morck et al., 2008). In contrast, market-seeking FDI is driven by investors' desire to expand their operations internationally, often in industries that enjoy strong protection. Efficiency-seeking FDI becomes significant when a company aims to improve the management of geographically different activities through a combination of market-seeking and resource-seeking FDI (Ismail, 2019). In the context of Central Asia, a substantial portion of FDI can be attributed to the region's rich reserves of oil, gas, and metals. In general, FDI trends indicate that approximately 50% of investments are directed toward oil extraction and processing (Yasar & Paul, 2007). Consequently, the primary stimulus for FDI in Central Asian countries can be linked to the rising prices of these natural resources (Spechler et al., 2009). However, labor-intensive sectors tend to attract fewer investments. While Uzbekistan does receive a significant share of its FDI in the textile sector (Sobirov et al., 2023), this can be attributed more to the availability of cotton than the labor force.

2.3. Factors Influencing FDI

The flow of FDI into a country is influenced by a variety of factors. Zheng and Davies (2015) state that political considerations play a significant role in driving FDI inflows.

On one hand, recognizing the advantages of FDI, many governments and policymakers in developing countries actively seek to attract large amounts of FDI (Masron et al., 2012). Wang and Wong (2011) emphasize that governments employ various incentives, such as tax incentives and low-interest loans, to encourage multinational enterprises (MNEs) and promote FDI. On the other hand, some governments take a more critical view of FDI, perceiving it as a tool for home countries to gain profits from host nations through MNEs and transfer them (Hill & McKaig, 2015). In fact, Chen et al. (2010) highlight certain adverse consequences of FDI on host countries, including dependence on foreign capital, fluctuations in FDI flows, an overemphasis on low-tech industries, and potential threats to domestic firms. The level of economic development is also crucial to determining the volume of FDI a country attracts. Chen et al. (2010) note that the majority of FDI flows into developed economies. Additionally, other factors influencing inward FDI include a country's potential for economic development, political stability, degree of democracy, trade agreements, and the extent of economic liberalization (Büthe & Milner, 2008). These factors demonstrate a positive correlation with the level of inward FDI. Büthe and Milner (2008) further emphasize that international institutions like the WTO facilitate increased FDI in developing countries. Lastly, labor quality, such as the educational level of the workforce, also contributes to the volume of inward FDI (Lin, 2020; Yildirim & Tosuner, 2019).

Particularly, as indicated by some researchers (Sinanagic et al., 2012), government policies aimed at improving the domestic environment to meet minimum international standards can have the effect of attracting higher levels of FDI. Enhancing a country's reputation as a favorable business environment and an attractive destination for FDI requires a multidimensional approach involving various stakeholders (Shuai, 2019). Especially, in developing nations, it is advisable to spend public funds initially towards improving infrastructure, controlling corruption, fostering corporate finance, and advancing education and skill development among the workforce, rather than solely focusing on promotional marketing efforts (Karimov et al., 2023). The author suggests that these institutions should pursue three key objectives: enhancing the host country's image within the international investment community, engaging both local and foreign investors, and providing a range of services such as hospitality for potential investors and effective capacity building. To achieve these goals, a variety of strategies including media, advertising, participation in trade fairs, and telemarketing should be employed, with a robust monitoring mechanism in place to ensure the effectiveness of the implementation process.

Moreover, it is worth noting that FDI has become one of the most prevalent forms of capital inflows, particularly in the context of developing nations, as mentioned earlier. FDI contributes to a profound influence on the host country's economic growth and the stability of its macroeconomic indicators. The central objective of this paper is to analyze the inflow of FDI into Uzbekistan, a developing country in Central Asia, which has historically received a comparatively limited amount of FDI compared to other Commonwealth of Independent States (CIS) countries. The paper explores into the overall economic environment for FDI in Uzbekistan and identify most effective strategies. Furthermore, it considers ongoing reforms initiated by the new government of Uzbekistan in the discussion section, with the primary aim of attracting FDI.

In this study, a strategic approach for development of FDI is presented by means of an integration of Global RPM analysis to help managers make decisions about FDI environment. The country of Uzbekistan, which is located in Central Asia, is discussed as a destination area. In this context, Global RPM factors were first determined through expert opinions. After that, these factors were prioritized via attractive scores. Finally, Through QSPM analysis, the overall attractiveness scores are generated by aggregating the contribution of each factor. This process ultimately determines the most appropriate strategy for practical implementation.

3. 3. Methodology

3.1. Data Collection and Analysis

The main objective of this study is to perform the Global RPM analysis and FDI factors (figure 1) in Uzbekistan and offer development strategies in the region while being an appropriate methodology in strategic planning situations. Therefore, Global RPM allow policymakers to get a combined view of globalization, rationality, professionalism and morality of FDI. Since the framework analyzes the environment based on different factors, each tool's analysis can be complemented by others, providing a comprehensive view of the environment. Combining both approaches will enable a clearer understanding of how the factors will be able to increase the opportunities for the country globally, rationally, professionally, and morally.

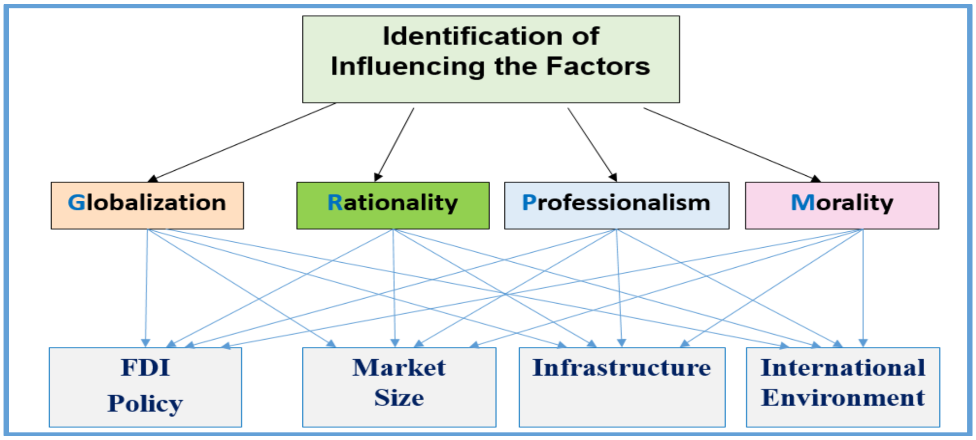

Figure 1: Example of a Figure Caption

In first stage, the research study employed a case study design and expert interview method to find the most suitable factors and strategies. This decision was based on its appropriateness for situations where research questions necessitate comprehensive, non-manipulative, and in-depth descriptions of the phenomenon, and its capacity to acknowledge the contextual relevance in issue formulation (Baxter & Jack, 2008; Yin, 2003). Furthermore, the interview method was selected as the preferred data collection technique due to its reputation as one of the most effective tools for eliciting insights from research participants (Creswell & Creswell, 2017; Kebete & Wondirad, 2019). In Uzbekistan, a total of 24 in-depth interviews were conducted, involving participants from four distinct groups: policymakers (8), scientists (7), and small business owners and local investors (9). Accordingly, Global RPM and QSPM analyses were performed to identify potential strategies. The interview protocols followed a comprehensive development process, which designed for policymakers, scientists, small business owners, and local investors primarily encompassed the following tasks: (a) Identification of the key factors affecting FDI in Uzbekistan; (b) Identification and review of suitable development strategies based on existing literature and benchmarking successful cases; (c) Evaluation of the relative attractiveness of development strategies, considering the key factors, through the application of QSPM analysis.

As a result, the research determined 4 dimensions of Global RPM analysis by interviewing experts and reviewing previous research. There are four factors for each dimension in the appropriate case of Global RPM and totally 16 factors. In addition, four factors from each dimension of Global RPM are adopted in measuring global RPM's affective evaluation. All influencing factors considered in the study are listed in table 1.

Table 1: Influencing Factors of Global RPM and FDI Dimensions

	Globalization	Rationality	Professionalism	Morality
FDI Policy	Political Stability	Level of transparency for FDI	Ease of receiving license for FDI	Investment Promotion
Market Size	Availability of Resources	Wages rates	Knowledge of staffs in efficient doing business	Literacy rate of residents
Infrastructure	Transport Infrastructure	Openness to foreign investment	Ease of receiving visas and employing foreign personnel	Green practices and attitudes
International Environment	Friendly investment climates	Inflation and Exchange rate stability	Qualified Staff	Corruption Rate

Source: Constructed by the research participants

As previously mentioned, the initial set of evaluation factors is subjected to expert review to determine their relevance within the research context. Following this, demographic questions are incorporated into the survey. Additionally, a concise cover letter is included to introduce the research topic and explain the research's objectives and confidentiality assurances to the participants. A pre-test is then administered, involving industry professionals and academics who provide comments. In response to their suggestions, minor adjustments are made, and the survey is considered final for implementation.

3.2. Global RPM Analysis

The Global RPM analysis method, established by Professor Jeong Ji Young at Jeonbuk National University in 2018 (Jeong et al., 2023), is based around the acronym "Global RPM," representing Globalization, Rationality, Professionalism, and Morality. This framework is applied to various business-related entities, such as product lines, divisions, industries, and other organizational components. It facilitates the organization and assessment of critical factors associated with success and failure in the business environment, employing a global, rational, professional, and ethical perspective. The aim is to enhance competitiveness in the market and offer unique perspectives into global and local strategies (Jeong et al., 2021).

Globalization Dimension: This dimension involves evaluating how a business can become more international and globalize its operations. It includes considerations related to expanding into global markets, adapting to international business practices, and assessing the impact of globalization on the business.

Rationality Dimension: Rationality in business refers to making decisions and establishing strategies based on rational decision, data, and reason. This dimension involves evaluating the reasonableness and well-foundedness of the business's business decisions and strategies.

Professionalism Dimension: This dimension focuses on the professional development of the business processes. It include aspects like the quality of management, adherence to industry standards, and the level of professionalism demonstrated by employees.

Morality Dimension: Morality in business pertains to ethical considerations and social responsibility. This dimension evaluates how suitable the business's decisions are in terms of societal and moral values. It include ethical considerations in decision-making and corporate social responsibility practices

We can use Global RPM analysis to make the most of what we've got, by evaluating how to build global brand and internationalize the business in globalization dimension, how reasonable to establish and benefit from a business in rationality dimension, how to professionally develop the business process in professionalism dimension, and how suitable the decisions to the society and moral concepts are considered in morality dimension. Due to the unique nature of every business, different factors may not have the same impact on one firm or industry as they would on another. Therefore, by understanding every aspect of a business and not focusing only on the rational factors in the decision making process, we can reduce the possibility that the business will fail in the long run. For this reason, we conduct a Global RPM analysis in order to identify the advantages, disadvantages, influences, and limitations of the study.

3.3. QSPM Analysis

The Quantitative Strategic Planning Matrix (QSPM) serves as an analytical instrument employed to assess the relative desirability of different strategies, taking into account key internal and external factors (David et al., 2017). Notably, QSPM analysis, with its simplified methodological approach, enables the objective identification and selection of strategies that are often more practical compared to alternative management techniques (Chandra & Sharma, 2018).

The QSPM analysis consists of six primary steps, as outlined by David et al. (2017):

1) Identification of key business factors.
2) Assignment of weights/ratings to these factors based on their relative importance. It is crucial that these weights sum to 1.0 for the Global RPM dimensions.
3) Identification of potential strategies for consideration through strategic position with the factors.
4) Determination of attractiveness scores ranging from 1 to 10 for each prospective strategy. These scores are individually assessed for each factor, where 1-2 signifies "not attractive," 3-4 represents "less attractive," 5-6 denotes "attractive," 7-8 signifies "reasonably attractive," and 9-10 indicates "highly attractive." These scores are derived from the current assessment of Uzbekistan's FDI environment.
5) Calculation of total attractiveness scores for each Global RPM dimension by multiplying the weights assigned in step 2 with the attractiveness scores obtained in step 4.
6) Lastly, estimation of final total attractiveness scores based on the overall influence of each factor, ultimately determining the most appropriate strategy for practical consideration.

QSPM is a matrix that evaluates and ranks the attractiveness of feasible alternative strategies based on a set of criteria derived from the internal and external analysis of an organization or project. The strategies of the study are selected to increase FDI inflows and benefits for Uzbekistan, using the QSPM method to assess and compare their attractiveness. Moreover, the study proposes six development strategies for increasing FDI in Uzbekistan, derived from benchmarking cases of the successful experiences of other countries and previous literature after evaluating and selecting relevant factors while considering their interrelationships. The following strategies chosen for QSPM analysis:

- FDI-driven Growth Strategy: This strategy emphasizes actively promoting FDI as a primary driver of economic growth. It involves creating a conducive environment for foreign investors through policy reforms, simplifying bureaucratic procedures, and providing incentives to attract FDI.
- Organizing Anti-monopoly Laws: This strategy focuses on ensuring fair competition and preventing monopolistic practices. It entails strengthening anti-monopoly laws and their enforcement to build trust among investors by ensuring a level playing field.
- Human Resources Development: Uzbekistan recognizes the importance of a skilled workforce. This strategy emphasizes investing in education and training programs to develop a pool of qualified professionals. A skilled workforce is a key asset for attracting FDI in knowledge-intensive industries.
- Export-oriented Growth Strategy: This strategy aims to position Uzbekistan as a competitive player in global markets. It involves diversifying exports, improving product quality, and leveraging international trade agreements to enhance the country's export potential.
- Development of Transport Infrastructure: A well-developed transport infrastructure is essential for efficient logistics and supply chain operations. Investing in transport infrastructure, including roads, ports, and railways, can significantly improve Uzbekistan's connectivity and attractiveness to foreign investors.
- Investing in High Technology: This strategy encourages investments in high-tech industries and innovation. It involves creating incentives for research and development, supporting technology startups, and facilitating technology transfer agreements.

The analysis provides Uzbekistan with valuable insights into the strategies that are most likely to enhance its foreign investment competitiveness and contribute to economic development.

4. Results and Discussion

4.1. Results of Expert Interviews Using Global RPM Dimensions

In the analysis of FDI factors in Uzbekistan, respectively 4 factors were assigned to every Global RPM dimension (globalization, rationality, professionalism and morality) (table 2) based on expert satisfaction scores ranging from 1 point (highly unsatisfied) to 10 points (highly satisfied). The analysis reveals that the average score for expert satisfaction is 6.42 out of 10 across all the factors, which indicates a moderate level of satisfaction. The highest score is for morality (7.24), which reflects the degree to which FDI respects and promotes the values and interests of its stakeholders, such as employees, customers, partners, society, and nature. The lowest score is for globalization (5.79), which reflects the degree to which FDI is influenced by and responds to the global environment, such as market trends, customer preferences, competitors, regulations, and technologies.

Table 2: Descriptive results of Global RPM Dimensions

	Globalization	Rationality	Professionalism	Morality	Mean:
FDI Policy	5.18	7.08	5.69	7.91	6.47
Market Size	7.68	6.94	4.86	8.96	7.11
Infrastructure	4.16	7.68	7.42	6.87	6.53
International Environment	6.15	4.78	6.16	5.21	5.58
Mean:	5.79	6.62	6.03	7.24	6.42

Note: all items were rated on a 10-point scale (1 - strongly disagree; 10 - strongly agree) The range of point scores 1-2 = very unsatisfied, 3-4 = moderately dissatisfied, 5-6 = neutral, 7-8 = moderately satisfied, 9-10 = very satisfied.

The analysis suggests that Uzbekistan needs to improve its FDI policies and practices based on globalization and professionalism to attract more and better quality FDI. Uzbekistan still faces some challenges in attracting more and better quality FDI, such as lack of infrastructure, low export competitiveness and diversification, low human capital development and innovation capacity, weak anti-monopoly regulation and enforcement, high corruption and bureaucracy risks. According to the results, the need for improved FDI policies is crucial, which should be based on globalization and professionalism. In summary, the Global RPM analysis underscores the need for Uzbekistan to focus on improving its globalization dimension, addressing challenges related to international integration and FDI policies. While professionalism and morality aspects are perceived positively, there is room for enhancing Uzbekistan's attractiveness to foreign investors by strategically addressing these dimensions' weaknesses. This analysis provides a foundation for policy adjustments and actions aimed at creating a more favorable FDI climate in the country.

Uzbekistan faces many challenges and barriers in fully opening its economy to global investors and implementing comprehensive reforms. Some of the factors that hinder Uzbekistan's attractiveness for FDI are political instability, poor infrastructure, complicated tax and tariff policies, labour laws, widespread corruption and government regulations (Suyunov, 2022). These issues discourage foreign investors from investing in Uzbekistan (Fayzievna, 2022). One of the most persistent and serious infrastructure problems in Uzbekistan is the lack of reliable electricity supply. Frequent power cuts force many businesses to shut down. Corruption pervades almost every public service, from defense to food subsidies, to power generation and transmission.

Achieving sustainable economic growth is difficult because of the country's dependence on natural resources and the instability of natural resources. The country needs to diversify its economy to reduce its vulnerability to future commodity price shocks and create more economic opportunities for its people beyond the resource sector. The non-oil and non-mineral sectors are currently not very appealing to international investors. The country has to improve its investment climate and address the concerns of investors, such as various regulatory issues.

4.2. The Assignment of Weights for the Interview's Results

The survey results show the relative importance of the factors. The purpose of assigning weights to each factor is to evaluate each development strategy separately. The weights are inversely proportional to the points given to each factor. This means that a factor with a lower satisfaction score than others is considered a more serious obstacle and needs more attention. Table 3 presents the weights for Global RPM Dimensions. The factors with lower points in the survey had higher weights ranging from 0.09 to 0.43.

Table 3: The assignment of weights for Global RPM Dimensions

	Globalization	Rationality	Professionalism	Morality
FDI Policy	0.29	0.22	0.27	0.19
Market Size	0.14	0.23	0.32	0.09
Infrastructure	0.35	0.17	0.16	0.28
International Environment	0.23	0.39	0.24	0.43
Total:	1.0	1.0	1.0	1.0

Note: The factors are given as coefficient between 0 and 1 according to survey results; it stands for how much it will be important to measure the actual barriers. This coefficient represents the significance of the factor.

4.3. Final Rankings of Strategies Using QSPM Method

Based on the Global RPM methodology, six development strategies were derived from benchmarking cases and previous literature after evaluating and selecting each factor and identifying their interrelationships. These strategies were used to assess and compare the performance of Uzbekistan.

To rank the strategies by their attractiveness, the QSPM analysis was applied (Table 4). Consistent with the QSPM analysis results, the best strategy for Uzbekistan's FDI is "FDI-driven Growth Strategy". Consequently, the Organizing Anti-monopoly Laws, and Human Recourses Development strategies with the highest total attractiveness scores are able to overcome the incongruous practices in FDI environment.

Table 4: Final Rankings of Strategies using QSPM method

	G	R	P	M	Mean	Rank
Development of Transport Infrastructure	1.89	1.46	2.77	1.96	2.02	6
Export-oriented Growth Strategy	2.62	2.42	3.16	1.94	2.54	4
Human Resourses Development	2.74	2.71	2.73	3.36	2.89	3
FDI-driven Growth Strategy	3.63	3.29	3.98	2.88	3.45	1
Organizing Anti-monopoly Laws	3.25	3.24	2.97	3.93	3.35	2
Investing to High Technology	2.63	1.8	3.57	1.95	2.49	5

Note: The range of attractive scores 1 = not attractive, 2 = less attractive, 3 = attractive, 4 = reasonably attractive, 5 = highly attractive.

This paper proposes an FDI-driven growth strategy for Uzbekistan, based on the successful experiences of other countries that have promoted FDI and economic growth. Uzbekistan has been relatively isolated from the global economy and has not attracted much FDI. Unlike other Asian economies that have opened up their markets and achieved fast economic growth, Uzbekistan has lagged behind in terms of growth.

Organizing Anti-monopoly Laws ensure fair competition. Consumers benefit from free and open competition, as it leads to lower prices and better products. In a competitive market, each business tries to win over consumers by reducing its prices and improving its products or services (Wei, 2023). The monopoly control authority should consult with the Overseas Investors Chamber of Commerce and Industry in Uzbekistan to set the limit.

While globalization is regarded with the least score based on the results, this dimension reflects the degree to which FDI is influenced by and responds to the global environment, such as market trends, customer preferences, competitors, regulations, and technologies. FDI-driven Growth Strategy can help Uzbekistan increase its globalization by attracting more and higher quality FDI in strategic sectors such as energy, telecommunications, finance, and manufacturing. This can help Uzbekistan integrate with the global economy and increase its market share, customer satisfaction, international presence, and technological innovation. Organizing Anti-monopoly Laws can help Uzbekistan improve its globalization by ensuring a fair and competitive business environment for FDI. As a result, Uzbekistan can prevent market distortions and abuses by dominant firms and protect the interests of foreign investors, domestic firms, consumers, and small businesses.

The government should determine the types of skills that are essential for long-term industrial growth, and develop strategies, policies, and programs that could improve these skills. The government should also speed up the privatization process in telecoms.

Uzbekistan needs to increase and diversify its exports, both in terms of products and markets. To do this, Uzbekistan has to show that it can host an industry that is oriented towards exports. The apparel industry seems to be a good test for this step. Then, Uzbekistan has to join the Asian production and distribution networks for this sector, which will help it advance to the next level of industrialization. Uzbekistan should also explore the regional markets, such as China, India, and Korea, as well as the traditional markets, such as the United States and the EU. Furthermore, Uzbekistan should use regional free trade agreements and improve its connectivity with these countries, which are important for its export-driven growth strategy.

Uzbekistan can boost its productive capacity and GDP growth with FDI, but it has to overcome many structural and logistical obstacles (Jumaniyazov & Mahmudov, 2022). The market access is restricted, which lowers the investment and productivity. The government has started a new strategy to tackle these problems and increase the attractiveness and competitiveness of the country. However, the country needs more funding to address the challenges.

5. Conclusions

Foreign Direct Investment is a key part of creating an open global economy, and it brings capital and advanced technology to developing countries. Uzbekistan needs to attract more FDI to modernize its national economy, as it has a lot of untapped investment potential.

This study uses Global RPM analysis and QSPM to examine Uzbekistan's FDI environment and suggest possible strategies. Based on the results, Uzbekistan scored lowest on globalization, indicating that the country has a low level of integration and openness to the global economy and society. The country faces barriers such as visa restrictions, language barriers, poor infrastructure, and lack of international recognition and promotion. While Rationality is regarded as the country's highest potential, it is essential for the country to continue its efforts to improve other dimensions of FDI, such as Globalization, Professionalism, and Morality, to create a well-rounded and attractive investment climate that appeals to a broad range of investors. Furthermore, interviews with stakeholders, including: policymakers, scientists, and local investors, provided valuable qualitative insights. Respondents highlighted the need for consistent policy implementation and highlighted specific areas, such as infrastructure development and investment promotion that require attention. Accordingly, the findings suggest that Uzbekistan can make significant progress in improving its FDI climate through globalization, rational policies, enhanced professionalism, and moral considerations. The prioritized strategies from the QSPM analysis offer a roadmap for Uzbekistan to continue attracting FDI and fostering sustainable economic growth. The QSPM analysis contributed to prioritize potential strategies for Uzbekistan's FDI climate enhancement. As a result of the QSPM analysis, the following strategies proved most effective: FDI-driven Growth Strategy, which involves implementing policies and reforms that actively encourage foreign investment, streamlining bureaucratic procedures, and providing incentives such as tax breaks and investment guarantees to make the country more attractive to investors; Organizing Anti-monopoly Laws such as enforcing laws that prevent monopolistic practices, promote fair competition, and establish transparent and equitable market conditions; and Human Recourses Development to build a highly qualified and adaptable workforce that can meet the demands of various industries. Specifically, the analysis shows that the main barriers for many potential foreign investors are the currency convertibility, the lack of transport infrastructure, the corruption rate, and the inefficient judicial mechanisms. The government of Uzbekistan is working to improve the investment climate of the country. However, more reforms are needed in the following areas:

a) Reforms to improve the securities market and corporate governance, reduce the state's role in the economy, and create a favorable business environment for small businesses.

b) Providing a diverse and modernized economy that attracts foreign investment through reforms.

c) Development of the infrastructure and promotion of regional development are reforms that must be implemented.

It can be noted that the FDI strategies for Uzbekistan are designed to position the country as a global market player and an economic bridge between Europe, Asia-Pacific, and South Asia. The main goal is to use technology to facilitate the flow of resources between the East and the West (Asia and Europe). As well as being a modern service center regionally, Uzbekistan is positioned as a market leader in Central Asia. In order to develop Uzbekistan into a regional center of service, it should utilize its existing potential in order to provide a comprehensive range of services that are comparable to international standards. Uzbekistan should become a part of the world trade and to achieve this goal, a lead development of the whole transport infrastructure is needed. Although this research is exploratory in nature, it provides an understanding of the current FDI in Uzbekistan.

In conclusion, while the study provides valuable insights into development strategies for attracting FDI in Uzbekistan, it is important to acknowledge some limitations and suggest areas for future research. Firstly, the study's findings are based on available data up to a certain point in time. FDI dynamics and economic conditions can change rapidly, and more recent data may yield different insights. Therefore, a more updated analysis of the FDI potential and competitiveness of Uzbekistan's sectors may be needed, based on primary data collection and consultations with relevant stakeholders, such as foreign investors, domestic firms, industry associations, and government agencies. Secondly, while the strategies identified are relevant to Uzbekistan, their applicability in other contexts may vary. Further, the study acknowledges the importance of regional integration and cooperation for enhancing Uzbekistan's FDI attractiveness, but does not explore in depth the potential synergies and complementarities between Uzbekistan's FDI strategy and its regional development strategy. Future research could explore how these strategies translate to different regions or cities of the country. Moreover, based on the analysis, a further research is needed in developing modern systems. It further needs to be extended by formulating FDI. By addressing these limitations and pursuing further research in these areas, policymakers and stakeholders can refine their strategies for promoting FDI in Uzbekistan and adapt to evolving global economic conditions.

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