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*By Universitas Muhammadiyah Sidoarjo*

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## **Boosting Building Materials Industry: Strategies for Attracting Foreign Investment**

### *Meningkatkan Industri Bahan Bangunan: Strategi Menarik Investasi Asing.*

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#### **Abstract**

This scientific article aims to emphasize the importance of establishing effective policies to attract foreign investment and to identify external and internal factors that influence a country's ability to attract foreign investment. By analyzing global experiences in attracting foreign investment, this study outlines the main strategies for increasing investment attractiveness in the economy, with a particular focus on the building materials industry. The research findings suggest that improving infrastructure and regulatory frameworks, implementing favorable tax policies, and promoting transparency and stability are effective ways to increase foreign investment in this industry. The implications of this study indicate that increasing foreign investment can lead to job creation, economic growth, and technology transfer, ultimately contributing to the development of the building materials industry and the overall economy.

#### **Highlights:**

- Effective policies are crucial for attracting foreign investment.
- Factors such as infrastructure, regulation, taxes, transparency, and stability influence a country's ability to attract foreign investment.
- Increasing foreign investment can lead to job creation, economic growth, and technology transfer.

**Keywords:** foreign investment, investment attractiveness, building materials industry, infrastructure, regulatory frameworks

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## Introduction

From the theory of economics, we know that the growth of the economy depends on the degree of accumulation of the expansion of production. To the funds raised, this is a source of investment. The experience of developed countries shows that in order to ensure economic growth of more than 6% per annum, national funds must make up at least 25% of gross domestic product and investments 30%.

Before highlighting the essence of investments, we consider it necessary to take a general approach to the concept of investment and its methodological issues, and then scientific analysis of its private aspects.

There are different opinions about the economic content of investments. It is worth mentioning that the investment was not given a specific definition until this period. Nevertheless, there are a number of approaches to this by Uzbek economists. In particular, prof. D.G'. Gezibekov, analyzing the economic content and essence of investments as a financial category, gave the following definition: "the content of investments will consist in obtaining funds from clear and reliable sources, mobilizing them in a long time, maintaining capital value taking into account the level of risks and obtaining the intended effect." [1]

Academician S.S. As described by gulomov: "as an investment, it is said to spend the financial, material and mental resources at the disposal of each investor on an investiture object in order to achieve a primary economic effect." [2]

Economist scholars Sh.N.Zainutdinov, R.I. Nurimbetov, O. SH. Mamanazarov, According to the definition of "investment" is understood as the attraction of capital funds, investments by an investor to carry out an activity with the aim of generating profit." [3]

We would like to note that in the development of investment theory in foreign countries, the British scientist Adam Smith has a special role and contribution. Later investment theory Dj.M. Keynes's scientific work was seriously developed. His new idea was that only investment, never savings, would bring income. In the second half of the 20th century, investment modeling was carried out intensively.

## Discussion

Today, a lot of experience has been used in attracting investments in enterprises in developed countries around the world.

Investition has been found to have overlapping States and significant differences in system structure and classification in some states. These differences are more to a greater extent concrete historical processes and specific in each state, and the state of production, financial market, investition governs activities based on Regulation, Law, and private signs. [4] at the same time, it is possible to distinguish between cases that are common in the process of managing investment attraction activities, which can be observed that investition is carried out at any stage of the project, in its implementation.

One of the countries with rich, advanced experience in attracting investments to the economy is China. China has become the second, after the United States, economy in the world in terms of indicators of the total amount of gross domestic product. However, the increase in the amount of lack of resources, the deterioration of Ecology caused a number of economic problems. In China, the slowdown in the processes of scientific and technological potential in recent years makes it possible to improve the quality indicators of economic growth. It lags behind China, USA, Japan, EU, South Korea in this area. The Chinese government has developed a new strategy of economic development, despite the successes it has achieved during the years of economic reform. To implement this strategy, China has every opportunity. China's new economic strategy is important, and it has the following structural lines: [5]

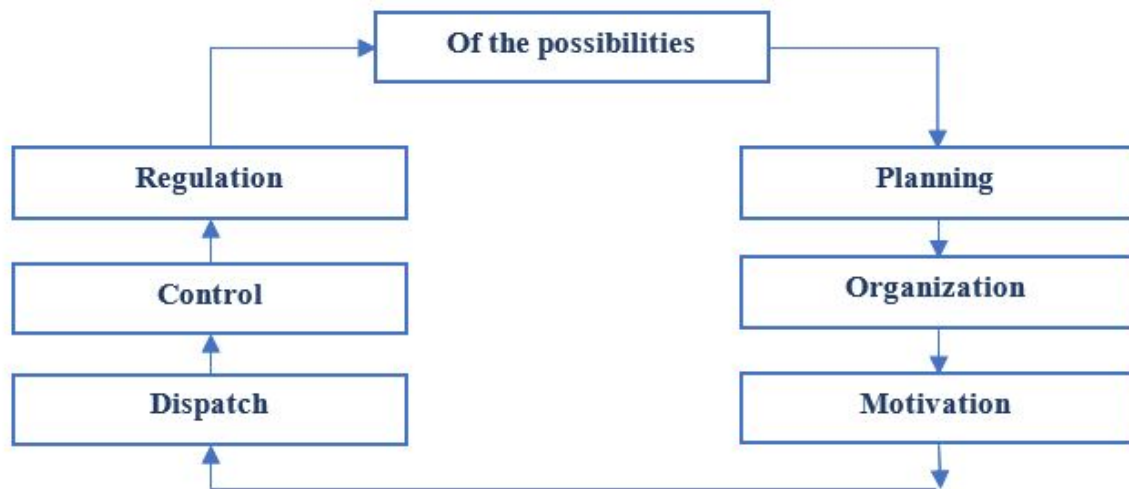
1. abandoning the strategy of maintaining high-growth pictures of the clock;
2. emphasis on the quality of economic growth;
3. innovation development strategy;
4. growth strategy based on the "light economy".

The basic management of investition activities constitutes a cycle of functions.

The project of attracting investments to the economy is concentrated in the United States. Because in the structure of various types of ownership there are large industrial, multidisciplinary financial industrial associations, headed by traditional concerns. The U.S. industry today is represented by more than 100 multidisciplinary corporations, i.e. holding companies of highly integrated financial and industrial groups. According to official figures given, U.S. GDP is 55-60 percent and 45 percent of the workforce. The US investment model was created on the basis of a market-oriented financial system with a developed capital market and various markets, at the expense of financial



instruments.[6]



**Figure 1.** *Investition is a sequence of basic activity management functions*

The result of the mutual maps of the above-mentioned management functions, the organizational and Economic Form established on their basis in the economy, was the mutual influence of enterprises on each other.

By the present time, China'S GDP is almost 15-16 trillion. Exceeded US dollars. In this regard, China is second only to the United States.

In the US, two main types of financial system of corporations are common today. The first type, when holding a bank, the second type, includes a technological complex of production. Groups that form the basis of U.S. financial institutions include "Geys", "Morgan", "Mellon", "Limen-Goldmen, Saks", etc. MSG is the rarity of control from the privatization of "Mellon" with its financial institutions with non-financial corporations and other financial corporations and individual owners.

One characteristic of Latin American countries is the fact that foreign capital has a strong position in the national economy, and in some areas-a leading position. In 1990-2018, the volume of foreign direct investments attracted to the region has a tendency to increase, and the state of transnational corporations has taken a leading position in high sectors of capital capacity, such as resource extraction, including oil production and oil refining, automotive, black metallurgy and electronics, electroenergetics, banking and trade. In particular, during this period, the share of leading foreign banks in the banking assets of the region increased from 11 percent to 37 percent. This figure reached 80 percent in Mexico, 50 percent in Peru, and 40 percent in Uruguay. The nature of the investment of Latin American countries is based on the middle level of technology.

In general, the transition economy and the economy of developing countries have both general and national peculiarities of the priority in terms of investing.

The implementation of a new industrialization strategy and aimed at institutional changes in the use of internal and external investments in Russia. At the same time, it is worth mentioning that in the implementation of structural processes in Russia, the emphasis was placed on renting large enterprises to foreign investors, thereby maintaining their activities. Because, due to the lack of investments in the transitional economy, the main industrial production funds in Russian enterprises have become physically and morally obsolete. For example, in the building materials industry, the main production is the depreciation rate of funds by 50%, and in other areas of production-by 70%.

Defined as the main tasks of long-term economic policy on the development of investment in Russia:

1. technological modernization-the creation of 25 million jobs with high labor productivity until 2020;
2. economic modernization - development of the economy, weakening the country's economy the dependence of the price structure of the world energy markets;
1. social modernization-making the middle class a leading class, dramatically increasing the efficiency and fairness of the health and penance system;
2. modernization of the military industry;
1. political modernization-ensuring political and economic freedom in accordance with the international



standards of CEC;

2. acceleration of movement along the path of innovation of socio-economic development.[7]

The study of the Japanese experience of attracting investments and its adaptation to the conditions of Uzbekistan will have a positive effect. Currently, the Japanese industrial complex consists of 6 Very Large and equal economic complexes-corporations from the Japanese variant.

Composed of common tamoiils, i.e. "Lisibusi", "Midun", "Supitomo", "Dangi Kangin", "Fue", "Sonva" were formed from corporates. According to available data, the annual sales volume of these very large six groups is 14-15% of the country's GDP. It is The hoda that takes into account companies entering corporations, which, in contrast to some assessments, controls the country's industrial assets by 75%. Syudans' trading firms accounted for nearly half of the Export-import operas, with a 90 percent share of imports in certain commodities. They control a 55% equity stake in the overall banking system.

Syudans are a self-sufficient, universal multidisciplinary economic complex, consisting in the organizational structure of Public economic sectors full of financial institutions (banks, insurance and transport companies), trading firms, as well as production enterprises.

Industrial associations that entered Japanese corporations were formed on the principle of vertical integration, (this Japanese variant was called "Keyresu"). "Keyresu" as top-menenjer of firms by knocking down multiple phyllials (which together form the upper wedge of vertical integration). In such cases, the contacts will be very strong and reliable.[8]

The Japanese experience of investing greatly influenced the development of many new industrialized states. Today, Japanese corporations are focused on revising many prinatal issues, namely attracting investments or releasing it to other countries, optimally organizing the economic turnover of any country.

Unique in the development of production, that is, the experience of using financial funds was collected in South Korea. First of all, capital is concentrated in several large corporations. The South Korean variant is similar to the Japanese variant syudans. The main difference is that Korean groups are based on Family results.

A descriptive feature of the German model of investment supply is the close interaction of cooperative structures with industrial banks. Stable horizontal industry-financial departments financial institutions with industrial concerns inter-sectoral integration arises from the joint activities of shareholder financial and businessmen. Banks participate not only in the financing of investision projects, but also in the management of enterprises. Thus, in many developed countries, there is an integration of high levels of Finance and industrial capital. This ensures the reconstruction of production, the release of a competitive product and an increase in the profitability of production.

For the CIS countries, attracting foreign investments today is very relevant.

1. Development of programs for the development of foreign trade activities established under legislation;
2. Securing credit to TIF participants;
3. organize trade shows and special symposia and conferences and participate in them;
4. transfer of advertising companies in the development of export of products and services;
5. ensuring the implementation of the Foreign Trade Information System and information consulting services, as well as other forms of promotion of foreign trade activities.

Therefore, foreign investment is very common in the practice of the style of development of the national economy, expansion of social problems and financial resources.

Today, the international market of foreign investments is rapidly developing in the world. In the international market of investments, demand is dominated by supply, under which mainly investments are directed to countries where there are favorable conditions for the investment activities of foreign investors.

The new EU member states, now developing Poland, Romania, Bulgaria, Croatia, Slovakia, Czech Republic, Baltic countries, are countries in need of internal and external investment. The features of attracting them to investment are the development of technology and technology, rich natural resources, relatively high-skilled labor, European market investment infrastructure, etc. It is worth mentioning that they are increasing public debt due to the large amount of investment involved. The experience of economic development and investment of newly industrialized states, the study of their good and bad sides, the identification of interaction in the formation of world economy will take a fresh look at the problems of the economic strategy of Uzbekistan.

## Conclusion

Thus, the foreign experience of attracting investment given in this article provides an opportunity to conclude in this way, that is, increasing the attractiveness of Investiture processes at the enterprise level requires professional participants of the stock market by the state, transparent information important, coordinated actions of mutually

profitable economic relations. Only such a combination of actions, investment seriously changes the subjects of the process, the business environment and ensures high rates of economic growth.

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