DETERMINING INDICATORS OF INVESTMENT AND INNOVATION ACTIVITY OF NATIONAL ECONOMIC ENTITIES

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Abstract: This article analyzes key indicators used to determine the level of investment and innovation activity of national economic entities. Evaluation criteria are developed based on international rankings, diagnostic approaches, and indicators tailored to national economic conditions. The article also puts forward practical suggestions for improving these indicators and their impact on economic growth.
Keywords: Investment, innovation, indicators, economic diagnostics, economic entity, rankings, competitiveness, evaluation system.

Introduction
Efficient regulation of investment and innovation activity requires a preliminary assessment of its state and the conditions for its implementation within the national economy. Researchers use indicators that reflect the general characteristics of the economy and appeal to various investors — such as the state of the economy by sectors and types of activity, attraction of direct investments, and efficiency. Thus, the main task in forming and improving government policy on regulating investment and innovation is to determine the investment-innovation condition of the national economy.

Creating conditions for implementing investment and innovation activity is crucial for a favorable business environment in the national economic system. Choosing the right indicators is essential for economic entities and government bodies to support and develop investment and innovation processes and assess their effectiveness.

Indicators should be chosen so that their calculation and comparison not only reflect the investment and innovation state of the economy but also help identify the most suitable sectors, directions, and objects for policy intervention.

Economic literature pays significant attention to choosing indicators for evaluating investment and innovation activity. Numerous studies focus on assessing the effectiveness of attracting foreign investments. Commonly analyzed macroeconomic indicators include GDP (absolute or per capita), its dynamics, inflation, central bank discount rate, exchange rate, average or maximum tax rate, tax revenues and expenditures, and average wages.

Additionally, indicators such as consumption and production potential, living standards, market size, and agricultural and industrial resource potential are considered. Indirect indicators include the education level of the working-age population, number of schoolchildren, population size, unemployment rate, and proportion of technically educated individuals. Innovation potential is also reflected by the share of GDP spent on R&D.

Literature Review
In Uzbekistan, scholars such as S.S. G'ulomov, D.G'. G'ozibekov, T.M. Qoraliyev, B.T. Bayxonov, U.A. Otajanov, and S.A. Abdurahimova have conducted research on investment and innovation climate, potential, and policy. In global economics, factors determining investment

and innovation reproduction efficiency across regions and sectors have been long studied, analyzed, and classified.

Methodology

At the macro level, research has focused on developing aggregate indices to comprehensively describe investment and innovation activity. These include globally recognized indices such as the Doing Business Index by the World Bank, the Global Competitiveness Index (GCI) by the World Economic Forum, and the Global Innovation Index (GII) by Cornell University, INSEAD, and WIPO.

Each of these indices consists of numerous sub-indicators that collectively assess various factors influencing investment and innovation activity. The Doing Business Index, for example, includes 11 major components, each with sub-indicators, focused on regulatory aspects such as starting a business, getting electricity, registering property, and dealing with construction permits.

The GCI identifies competitiveness as the combination of institutions, policies, and factors determining productivity, which defines prosperity levels. Its methodology is based on expert surveys and statistical data and includes 12 sub-indices such as institutional quality, infrastructure, macroeconomic stability, health and education, market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation.

The GII measures innovation inputs (e.g., institutions, human capital, infrastructure, market sophistication) and outputs (e.g., knowledge creation, technological impact, creative outputs), forming a comprehensive framework for assessing innovation efficiency.

Results

The analysis of Doing Business indicators reveals the regulatory conditions for key entrepreneurial activities such as acquiring permits, electricity connection, credit access, property registration, and insolvency resolution. However, it does not consider political, security, or corruption factors — focusing only on legal and regulatory frameworks.

The GCI methodology includes a classification based on development stages, adjusting the weight of indicators accordingly:

- Stage 1 (Factor-driven): Competitiveness relies on basic requirements such as institutions, infrastructure, macroeconomic environment, and primary education.
- Stage 2 (Efficiency-driven): Focus on higher education, market efficiency, and technological readiness.
- Stage 3 (Innovation-driven): Relies on business sophistication and innovation capacity.

Similarly, the PMI (Purchasing Managers' Index), compiled from monthly business surveys, serves as a leading indicator for forecasting production volume, price levels, and industrial employment.

The regulatory environment for doing business includes several key measurable aspects related to entrepreneurial activity. These aspects cover areas such as starting a business, obtaining construction permits, getting electricity, registering property, accessing credit, protecting minority investors, paying taxes, international trade operations (exports and imports), enforcing contracts, and resolving insolvency (Table 1).

Table 1: Regulatory Areas – Components of Doing Business Indicators

Area/Indicator	What it Measures

Area/Indicator	What it Measures
Starting a Business	Number of procedures, time, cost, and minimum capital requirement.
Dealing with Construction Permits	Number of procedures, time, cost, and quality control mechanisms.
Getting Electricity	Procedures, time, cost, reliability of supply, and tariff transparency.
Registering Property	Procedures, time, and cost, quality of land administration.
Getting Credit	Legal rights index; credit information index; % of adults covered by public and private registries.
Protecting Minority Investors	Related-party transactions and corporate governance protection: transparency, director liability, shareholder litigation.
Paying Taxes	Number of tax payments, time, total tax rate, and compliance cost.
Trading Across Borders	Documents, time, and cost for exports and imports.
Enforcing Contracts	Time, cost, and procedures for resolving commercial disputes.
Resolving Insolvency	Time, cost, and recovery rate.
Labor Market Regulation	Flexibility in employment rules and job quality aspects.

It should be noted that this index does not consider macroeconomic policy, infrastructure quality, workforce qualifications, exchange rate fluctuations, investor perceptions, security, or corruption levels. Rather, it strictly reflects legal norms and regulatory procedures involved in setting up and conducting business.

The Global Competitiveness Index (GCI) creators define competitiveness as the set of institutions, policies, and factors that determine productivity levels — which in turn influence economic prosperity. Higher productivity implies greater returns on investment, and national competitiveness reflects the ability of institutions to sustain medium-term economic growth.

The GCI is based on data from surveys of top executives (about two-thirds of the data) and objective statistics (about one-third). Its 113 indicators are grouped into 12 sub-indices, which measure factors such as:

- Quality of institutions
- Infrastructure
- Macroeconomic stability
- Health and primary education
- Higher education and training
- Efficiency of goods and labor markets
- Financial market development
- Technological readiness
- Market size
- Business sophistication
- Innovation capacity

Each sub-index contributes to understanding the strengths and weaknesses of a country's economy, shaping a comprehensive profile of competitiveness.

Discussion

Several macroeconomic indicators help investors and analysts assess a country's investment climate, including GDP, inflation, and employment rates. These indicators are crucial for market analysis and investment decision-making. Additionally, economic and non-economic factors like institutional quality, political stability, and structural reforms are important yet challenging to quantify.

Investors often assess:

- Demand and supply dynamics in goods markets.
- Financial environment, credit accessibility, and tax burden.
- Inflation and interest rates, affecting real investment values.
- Sources and levels of public investment financing.
- Current condition of fixed assets as an investment indicator.

Scholars also examine innovation-specific indicators, such as scientific and technical activity and population savings convertible into investment.

Conclusion

In conclusion, a comprehensive approach is required to evaluate the investment and innovation activity of national economic entities. Analysis shows that improving the current indicator system can enhance economic efficiency. Indicators formed through diagnostic approaches, international experience, and national specifics serve as essential tools for making strategic decisions. Therefore, it is crucial to implement and use consistent assessment mechanisms in practice.

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