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THE CONCEPT, STRUCTURE AND METHODOLOGICAL FOUNDATIONS OF ASSESSING THE ECONOMIC POTENTIAL OF A REGION

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Abstract. This article examines the theoretical essence of the concept of the economic potential of a region, its structural elements, and the methods of its assessment. The approaches of foreign and domestic scholars are synthesised, and an author's definition of the concept is proposed. The study argues that most existing definitions overlook the importance of the integrated, complementary use of potential elements. Accordingly, the elements of the region's economic potential are classified into ten groups, and the application of the "Pattern" method together with multidimensional comparative analysis is substantiated. The paper demonstrates that a two-stage rating methodology, based on these techniques, allows for an objective assessment of regional competitiveness and provides a foundation for practical recommendations on the effective use of regional economic potential.

Keywords: region, economic potential, structural elements, competitiveness, assessment methodology, "Pattern" method, rating indicators.

1. Introduction

Sustainable and balanced development of regions has become one of the priority directions of state economic policy. Scientifically identifying the specific economic potential of each region, systematically analysing its structure, and using it effectively are essential conditions for ensuring nationwide economic growth. In this context, clarifying the essence of the concept of "regional economic potential," classifying its structural elements, and developing reliable methodological foundations for its assessment constitute a relevant scientific and practical task.

The purpose of this article is to synthesise theoretical views on the concept of regional economic potential, to systematise its structural elements, and to analyse the methods of its assessment. Achieving this purpose requires reviewing the conceptual approaches found in the literature, proposing a refined definition, and substantiating an appropriate quantitative assessment technique.

2. Literature Review and Theoretical Analysis

The term "potential" originates from the Arabic word meaning "ability," and denotes the means, reserves, and resources that may be used to achieve a specific goal, implement a plan, or solve a problem. In the economic literature, there is no single approach to defining the concept of regional economic potential; scholars interpret it in different ways.

Some researchers explain the concept through particular sectors of the economy. For instance, according to M.N. Bakhtin, it characterises the general level of development, population welfare, the state of the labour market, investment and innovation processes, and transport infrastructure. M.V. Lyubimova and S.N. Rastvortseva regard it as an integral expression of the region's material base and as the aggregate of mobilisable resources.

Another group of scholars interprets the concept as a broad, comprehensive phenomenon. V.G. Lebedev links it with changes in social production relations, while the Great Economic Dictionary defines it as the volume of national wealth accumulated in the region. Many researchers consider the phrase "the set of available sources, opportunities, and resources of a region" to be the most acceptable formulation.

Among domestic scholars, N. Tukhliev associates the concept with all the sources and reserves that can be used to achieve socio-economic development, whereas S.Yu. Norova links it with the set of economic relations among regional actors. According to Sh.I. Mustafakulov, the economic potential of a territory is determined by the production of vital goods through the effective use of all of its complex resources.

An analysis of the existing definitions shows that most of them insufficiently emphasise the possibility of achieving high efficiency through the integrated, complementary use of the elements of regional economic potential. Proceeding from this, the following author's definition is proposed:

"The economic potential of a region is the rational use of the existing natural-resource, production, demographic, scientific-technical, export, managerial, and financial potentials of a territory, together with the application of modern technologies, in order to expand currently under-utilised opportunities over the long-term horizon."

3. The Structural Elements of Economic Potential

The economic potential of a region consists of numerous structural elements, and there is no consensus among scholars regarding their classification. D.Sh. Odinaev proposes dividing the potential into 4 major and 16 sub-groups; V.I. Menshchikova distinguishes 9 categories; and L.A. Gochiyaeva identifies 8 categories. Generalising the results of these studies, it is deemed appropriate to classify the elements of regional economic potential into the following ten groups (Table 1).

Table 1. Structural elements of the economic potential of a region

No.	Element	Brief content
1	Natural-resource potential	Fuel and energy, metal and non-metal, land, water, and forest resources
2	Production potential	Material and technical base, fixed assets, production capacities
3	Demographic (labour) potential	Population size and structure, labour resources, human capital
4	Innovation and scientific-technical potential	Scientific personnel, research base, patents, technologies
5	Geopolitical potential	Geographic location, border and transit opportunities
6	Social-sphere potential	Standard of living, education, healthcare, culture
7	Infrastructure potential	Transport, energy, communications, engineering systems
8	Financial potential	Budget, credit, and investment resources
9	Export potential	Production and sale of competitive goods

No.	Element	Brief content
		and services
10	Managerial potential	Efficiency of public administration, KPI system

These elements are interrelated, and each of them makes a particular contribution to the socio-economic development of a region. In particular, natural-resource, export, and infrastructure potentials play a key role in determining the specialisation and competitive advantages of territories.

4. Methodological Aspects of Assessment

Various approaches exist for assessing the economic potential of a region. N.V. Glushak proposes evaluating it with the help of 7 structural elements and 33 indicators, whereas D.Sh. Odinaev suggests using 3 sub-indices and 15 indicators. In the present study, the "Pattern" method, widely applied in international practice, together with the method of multidimensional comparative analysis, was selected for a comprehensive assessment of regional competitiveness.

Multidimensional comparative analysis represents each region in the form of an initial data matrix (aij). The most significant indicators are selected, and a hypothetical reference (benchmark) region with the best parameters (max aij) is formed. The indicators of the other regions are divided by the corresponding reference values, producing a matrix of standardised coefficients (xij). The resulting coefficients are squared, multiplied by the weighting coefficients determined through expert evaluation, summed for each region, and the rating position (Ri) is obtained by taking the square root of the total.

On the basis of this method, the assessment indicators were formed in two stages. In the first stage, eight priority directions are defined on the basis of statistical indicators in order to evaluate the socio-economic situation of the territories. In the second stage, the socio-economic conditions of the Republic of Karakalpakstan, the regions, the city of Tashkent, and the districts and cities are assessed through separate surveys. Each stage is allocated up to 50 points, forming an overall 100-point system.

This methodology, developed on the basis of and with the direct participation of the author, was subsequently approved by Resolution No. PP-4702 of the President of the Republic of Uzbekistan, dated 1 May 2020, which confirms its practical significance.

5. Results and Discussion

The conducted analysis yields several outcomes. First, the proposed author's definition shifts the analytical focus toward the integrated and rational use of all potential elements, which distinguishes it from the predominantly sector-based or resource-aggregate definitions found in the literature. This integrated perspective is essential because the synergy among elements—rather than the mere sum of individual resources—determines the realised level of regional economic potential.

Second, the proposed ten-group classification provides a more complete coverage of the region's potential than the narrower 8- or 9-category schemes, while remaining operationally measurable through dedicated indicator systems. Third, the two-stage rating methodology, combining objective statistical data with survey-based expert evaluation, balances quantitative rigour with the contextual judgement required to capture qualitative aspects of regional development. The official adoption of this methodology in national regulatory practice provides empirical confirmation of its applicability and reliability.

6. Conclusion

As a result of the analysis, the following conclusions were reached. First, the economic potential of a region is a multifaceted economic category, and its definition should place at the centre the issue of achieving high efficiency through the integrated and rational use of all its elements. Second, the structure of the concept was divided into ten groups of elements, and it was substantiated that each of them should be assessed through a dedicated system of indicators. Third, it was shown that the two-stage rating methodology, based on the "Pattern" method and multidimensional comparative analysis, enables an objective assessment of the competitiveness of regions.

The proposed theoretical and methodological approach serves as a foundation for the systematic assessment of the economic potential of regions and for the development of practical recommendations on its effective use. Future research may extend this framework by integrating dynamic and spatial dimensions and by applying it comparatively across regions with differing resource endowments.

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