

# Investment Attractiveness of Regions: Methodic Aspects of the Definition and Classification of Impacting Factors

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## Abstract

The article focuses on the classification of national and regional resources defining the socio-economic capacity of territories, and it discloses its essential elements. It provides various analysis of existing conditions for maximizing the usage of regional economic capacity, i.e. the use of investment flow methods for production process, hiring labour resources, and its effective direction in the expanded reproduction of the economy. The author provides critical review of economic researches focused on national/regional economic capacity, their methods of assessment of economic capacity, and defining investment attractiveness of regions. Moreover, various factors have to be taken into account in forming regional development and investment programs. The author attempts to provide casual analysis of main macro and mezo-scale tasks to be solved by regional authorities in order to provide relatively balanced regional development and prevent sharp widening of income inequalities. Hence, the article provides scientific-methodic recommendations on priority directions for the provision of socio-economic development and for assessing the value of investment attractiveness of regions with long-term historical specialisation on agricultural production.

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**Keywords:** Investment attractiveness, socio-economic capacity of regions, regional market infrastructure, investment climate, regional production.

## Introduction

Based on the provision of economic development of the country, special importance has been given to factors such as the role of the regions. Also, complex measures implemented in localities, conditions created for development of entrepreneurship, and institutional systems are essential for competitiveness. The annual increase in the GRP contributes to an increase in wages, employment, and the profits of firms. Also, it provides a

significant increase in budget revenues. Income growth in turn leads to increase in the demand for goods and services. In their research, the economist methods by econometric analyses have a direct dependence on the economic development based on the wealth created in the regions.

Exceeding the figures of national income above, the level of population growth contributes to the growth of income per capita. On the one hand, the conditions created for the development of small business and private entrepreneurship, running economic policy, is based on the principle of fairness. Also, timely and correct application of the regional investment serves as growth in new jobs and it ensures socio-economic development.

Subsequently, the ultimate goal of the economic policy of the state through the provision of socio-economic development of regions is based on the economic development of the country. It helps in improving the welfare of its population. Due to the fact that regional economic resources are limited, the most efficient method of increasing production is to raise additional capital resources based on resource-saving and high-tech solutions. Therefore, the problem of conducting a deep analysis of causal dependencies for the improvement of the regional investment climate and to further increase its attractiveness is an urgent issue.

### **Literature Review**

Some foreign scholars who focused their research on economic capacity (or economic potential) of the country, its nature and specifics of their implementation are Abalkina A. I., Anchishkin V. D., Andrianov V. D., Erunova A. A., etc. Additionally, other scientists include Avdenko V. D., Bayanduryan G. A., Bogomolov V., Shevchenko V. I., and Yakovlev V. M. Furthermore, other researchers gave the conception of economic capacity as a distinct scientific-methodical and theoretical-practical ways of their effective use.

Consequently, other scientists who conducted studies to assess the economic potential of the country and in calculating the efficiency of the regional economic resources usage can be seen as highlighted by Aganbegyan A. G., Anemic E. G., Granberg A. G., Isaev E. A., Nesterov V. P., Hoverman E. S., and others.

Scientists Bilchik V. S., Darmilov D. J., Barmin D. A., Berkaliyev Tn., Blekha Y., Goetz W., Kruszwicka L., Fabozzi F. J., and others described their current views on the assessment of the economic capacity of regions. This is based on existing resources in the region, as well as the impact of economic-institutional and analytical environment while employing regional economic capacity.

As it is known, in economic textbooks, the concept of "economic potential" is not given as a fundamental category. Also, it is not considered

as a factor for the development of the economy and the provision of balanced economy. However, it indirectly participates in economic relations and in the production process. The classical economic theory examines only factors involved in the production process. Therefore, this depends on the volume of production, such as land, labour, and capital.

The term "potential" was for the first time used in the last century for comprehensive assessment of production capacity. The concept of "potential production capacity" was used by V. I. Weitz and K. G. Vobliem as the ability of the country's production of wealth to meet the needs of the population.

Among Russian scientists, the concept of "economic capacity" was first used by S. G. Strumilin to refer to the work created by an aggregate production capacity and by all the working population of the society.

The concept of "expanded productive capacity" was applied in the research of V. S. Nemchinov. Here, it is denoted as the relationship between the economic development of regions in the country with the capacity available in the domestic economy of resources (Durdyeva, 2013).

Based on the generalization of definitions and comments given to the concept of "capacity" in economic sources, one can learn them by dividing them into four (4) groups:

1. Economic capacity as aggregate capabilities sectors of the economy. Though it is a single property of economic potential, the main emphasis is made on its production function.

2. Economic capacity as a set of all available resources ("investment resources", "quantity of employed", etc.). Here, the capacities of enterprises, territories, and societies are associated with the activities of entities. Also, priorities are placed on their interconnectedness.

3. Economic capacity as a result of the economic relations between the subjects of economic activities. Here, the term "capacity" is used to refer to the achieved level in the existing conditions. However, this refers to promising opportunities of the development of widely used terms such as "potential capacity" and "potential level" (Ackerman, 2010).

4. Recognition of the terms "economic capacity", "capacity of the national economy", and "national wealth" as a general concept. Terms such as the capacity of the national economy, national wealth, and others are specific. Thus, the emphasis is on the explanation of economic capacity. Here, state resources are measured through the national wealth and it is not the same as economic capacity. Therefore, through an economic capacity, the price expression of general resources (wealth) of the region was obtained.

In scientific research dedicated to the explanation of the category "economic capacity", general provisions are explained in the following way:

- It is used relatively in the national economy, society, territories, regions, industries and enterprises;
- Treated as possibilities of existing economic resources for the production of consumer goods;
- Stressing on the relationship between the quantitative and qualitative properties of economic resources and economic systems, as well as their ability to meet the social, collective, and personal needs. That is, "... the inventory sources for the implementation of specific goals and which may be brought in case of need" (Shukov, 2002). However, there is a relationship between the external and internal climate to realize the potential of these resources.

In our view, as an economic category, the term "economic capacity" reflects the status and opportunities of the economic system. The importance is not only in the accounting of the production of goods and services, but also, it pays attention to their quality, competitiveness of enterprises, and the effective operation of the economic system in the future. According to V. N. Shukov, "economic capacity" acts as a measure of economic relations. In addition, it is considered as an indicator for the assessment of the state of the national economy, regions, industries, and enterprises (Shukov, 2002).

Over the last decade based on the conditions and situation of territorial development, scientists carried out a study on "the spatial potential of territories." According to V. P. Efimov, "... if development of territories will be based on the allocation of resources at the spatial and inter-sectoral integration, it will result in both economic and social efficiency" (Efimov, 2006).

However, the researcher offers modern methods for provision of territorial development such as the cluster method; stimulating the economy through economic diversification; strengthening intra-regional links and development of the internal market through introduction of new transport infrastructures, appropriate distribution of social labor through effective use of internal capacities and local resources; and methods of support of investment projects through the effective use of investment instruments.

In addition, the researcher focuses on the employment of local population, improvement of the sources of income, prevention of wide inequality in the society through integrated development of regional infrastructure, and supporting strategic sectors and direction of internal resources of the region for this purposes.

Another great scholar, A.A. Zinovieva, gave various objective and subjective factors of the polar development of territories. The first group of factors include: natural geographic variation, availability of economic resources, technological capabilities of regions and production specialization, and the economic autonomy of the territory. Subsequently, the

second group of factors includes factors such as: institutional, infrastructural and organizational-functional determinants; customs and traditions of the region; and the existing major corporate system.

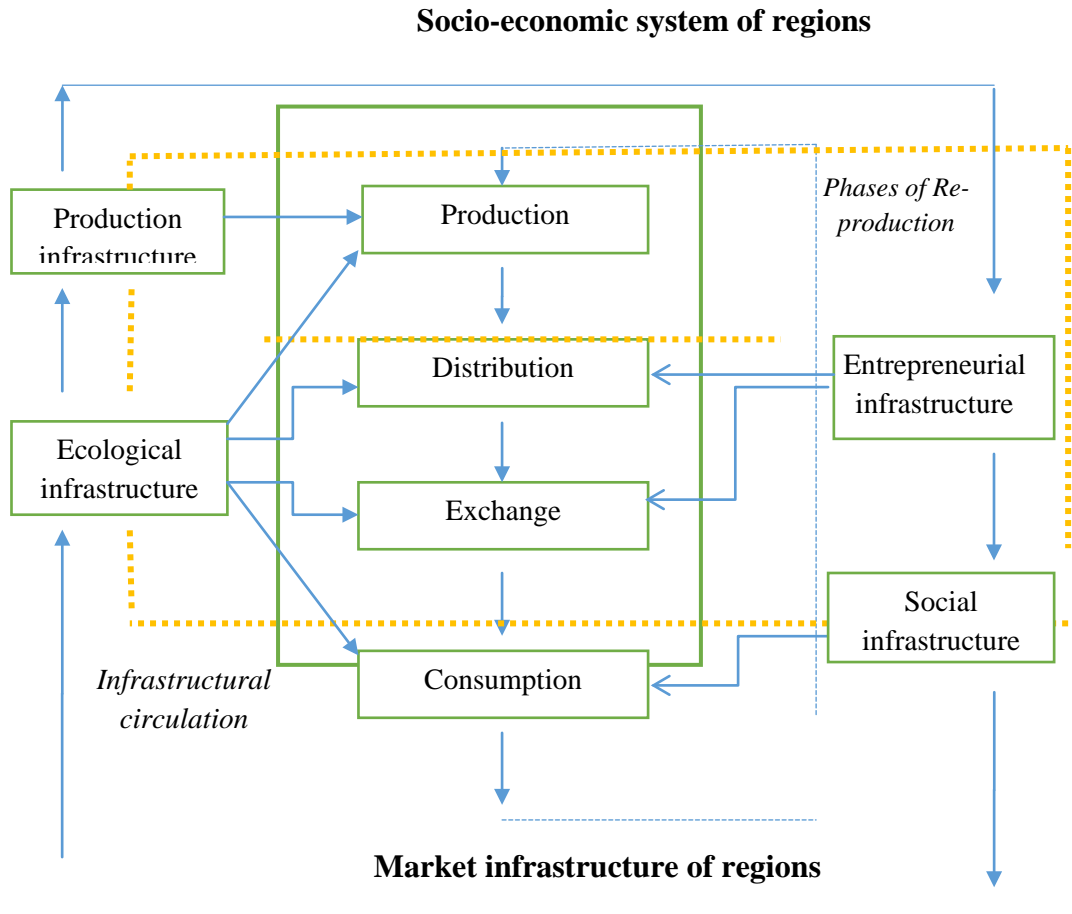
Therefore, she shares existing human settlements (districts, cities, towns, villages) on the basis of "center – remote settlement". This entails conducting a polar analysis which, as a result of solution, leads to the creation of the common economic space (Zinovieva, 2011).

Another researcher in this area, O. A. Biyakov, on the basis of constructive approach, tried to highlight the essence of the problem from scientific-theoretical and scientific-methodical aspects. His research focuses on diminishing the importance of dislocation for factors of production in the postindustrial type of development. From a regional point of view, the settlements will be independent. Also, in this process, economic space will perform an integrated function. This, however, will point to the fifth independent element of the production (Biyakov, 2005), which follows the fourth element of the production factors mentioned by Schumpeter (Schumpeter, 2004).

Researchers, O. L. Taran, E. N. Ackerman, A. A. Mikhilchuk and A. Yu. Trifonov, carried out their theoretical research by developing the concept of "spatial capacity" borrowed from O.A. Bykov. Based on the classic subjects of the economy, i.e. on the basis of micro- and macro- economic algorithms, economic importance of a spatial capacity offers to analyze region as a quasi-state and quasi-firms.

In our opinion, the analysis of potential should be considered as a geo-economic entity which provides conditions for the expanded reproduction of the economy of the region. In addition, it facilitates the improvement of the competitiveness of the region on the basis of international division of labour.

As can be seen from Figure 1, the regional market infrastructures are actively participating in phases of reproduction. Also, this market has created the circular rotation mechanism of economic relations between them. As a result, it reveals production infrastructure in the production phase; ecological infrastructure in all phases; entrepreneurial infrastructure in the phase of distribution and exchange; and social infrastructure in the consumption phase. This process realizes not only the reproduction of the economy, but also the cycle of algorithm between directly connected infrastructures serving for this.



**Figure 1.** (Mustafakulov, 2016)

In this regard, realization of economic reproduction requires a maximum use of the economic capacity of the region. Therefore, this includes the analysis of the current state of investment flows and their methods of effective direction based on the involvement of existing manufacturing and human resources. As it has been aforementioned above, the economic development of each region depends on their capital, potential labour resources, and the extent of their use.

**Research Methodology**

Under the conventional view, the economic capacity of the region and its capabilities are determined by the production of essential goods through the effective use of available resources (Ackerman, 2010).

It should be noted that the term “economic capacity of the region” usually meant all existing elements of the system. This includes productive assets and labor resources, while the capacity leads to economic (market) opportunities of an administrative-economic region. However, according to neoclassical theory, the region is treated as a part serving for the provision of stationary balance. On the other hand, the development of economic capacity provides production resources (land, labor, capital, entrepreneurial skills) (Shlychkov, 2007).

The concept of regional capacity includes the system of potentials generating an integral element of the region. Therefore, it is considered as a gross economic potential consisting of the set of natural-resource, economic, scientific-technical, and institutional and human capacities (Batsko, 2004).

It should be noted that based on the conduct of policy in administrative and economic management of regions, the economic development is viewed as an outcome. Therefore, future capacity of the region is determined by the efficiency of its use. Also, proper assessment of the economic capacity in regional management and scientific-theoretical and scientific-methodological developments associated with their use constitute the general methodology of this research.

Given the presence of internal competencies, the government produces socio-economic and investment programs aimed at ensuring integrated development of territories and the provision of the welfare of local inhabitants. Based on our view, endogenous factors are important in ensuring the economic development of the regions. Thus, one should not forget about economic location which should also be taken into account.

Consequently, the article defines a complex method in determining investment attractiveness across regions or industries. For the assessment of indicators for territorial and sectoral investment attractiveness of the region, incomes generated from investment funds directed to business objects were used. These methods, however, takes into account the risk of investments.

### **The Main Body**

Today, the government provides a package of institutional reforms aimed to facilitate the development of small and medium entrepreneurship in the region and raising it to a new level. In order to support small business in 2016, we adhere to regulatory legal acts on the implementation of facilities and the benefits of opening and running a business (Narodnoe Slovo, 2016). As a result, in comparison with 2015, GDP grew by 7.8%, industry by 7.2%, agriculture by 6.4%, and retail trade by 14.2% (according to the results of 9 months of 2016). Due to active investment policy aimed at structural transformation, modernization and deepening of diversification processes, it

managed to increase the development of investments by 9.4% and construction works by 15% (Khalk Suzi, 2016).

While calculating GDP by the expenditures method, investments are considered as a primary variable. Thus, its changes have a direct and positive correlation with GDP. This can be interpreted as investments in equity; and at the same time, we should not forget that investments relate to intangible assets, intellectual property, and financial instrument (Gazibekov, 2002).

Subsequently, such high rates of savings and investment are insufficient to ensure economic development. To ensure economic development, it is necessary to solve broad problems such as: accounting trends in the movement of foreign direct investment; develop investment in human capital, as well as scope of knowledge associated with advanced technology and equipment; and ensure effective use of advanced achievements of science and technology.

According to the data published on socio-economic development Uzbekistan for 2015, the total amount of attracted investments amounted to 15.8 billion U.S. dollars. Out of the total investments, 3.3 billion USD or 21% was foreign investment, 73% were direct investments, and 67,1% of investments were aimed at creating new production capacities. In 2015, this led to complete construction which put into operation 158 large industrial facilities for a total amount of 7.4 billion dollars (Karimov, 2016).

As can be seen from Figure 1 which reflects socio-economic region, investments are particularly important in establishing the expanded reproduction in the economy, increasing competitiveness of enterprises and firms in the context of globalization, and ensuring delivery of sufficient goods and services to consumers.

Furthermore, it is conventional wisdom that the increase in disposable income, *ceteris paribus*, leads to a decrease in the share of consumption and a rise in the level of savings. This can be described by the Keynesian “Fundamental psychological law” as follows: “...we are entitled to depend with great confidence both a priori from our knowledge of human nature and from the detailed facts of experience is that men (and women, too) are disposed, as a rule and on an average to increase their consumption as their income increases, but not by as much as the increase in their income.” (Keynes J.M.,1937)

If domestic savings will exceed the volume of investments, we can expect that in this country, exports will be higher than imports. Otherwise, your export will be less than imports. Also, the country which consumes much of its capacities will try to increase its exports at the expense of attracting foreign investment from outside. In this case, the investments will look like a credit to economy (Gazibekov, 2002).



## **Analysis of Factors Affecting Investment Activity, Investment Capacity, and Investment Attractiveness**

One of the important challenges in the regulation of investment activity is optimally balanced allotment of enterprises with foreign capital across regions. Important conditions for proving investment attractiveness are factors such as: natural conditions of regions, already established business environment, socio-economic and administrative-managerial principles, the willingness of the population to run business entities, the perception of risk and qualification of labor resources, and the existence of different institutional systems and their development.

The investment climate is the environment used for the implementation of the investment processes. This was formed under the influence of political, economic, legal, social, and other factors which determines the risk level of investments and the state of investment activity in the region.

While tackling tasks on creating a positive investment climate, we should mind the fact that globalization of the economy has to be considered as the main factor for the expansion of opportunities for investment resources, as well as competition between investors. This is performed if we want to increase the volume of foreign investments to an optimal level of the investment industry and maintaining comparable conditions to other competitors, as well as providing a “comfortable” environment and discarding of excess risks for activation of domestic investment. Otherwise, there will be a sharp reduction in the volume of incoming investment and giving investment resources of local investors.

The following factors can be included in the framework of the regional investment climate:

Investment Capacity (Potential) - openness to the flow of investment and availability of economic resources in the region;

Investment Risk - the probability of obtaining gains or losses that depends on created conditions for investors;

Furthermore, investment capacity can be investigated by division into nine (9) groups (see Figure 1):

1) Natural resource capacity (existing natural resources of the region);

2) Production capacity (material wealth created by the population of the region);

3) Innovative capacity (use of the scientific progress of science and technology in the region);

4) Labor capacity (number of labor resources, their age, knowledge, and level of qualification);

5) Financial capacity (the amount of the taxable base arrived companies in the region, per capita income);

6) Institutional capacity (the degree of development of the leading market institutions);

7) Infrastructure capacity (economic and geographical location and infrastructure of the region);

8) Touristic capacity (objects of interest to tourists and the attractions);

9) Consumer capacity (gross purchasing power and consumer demand of the population of the region). Thus, it is the investment capacity that creates the investment attractiveness and promotes its growth (see Table 1).

Investment risk has contradicting effect on investment attractiveness. Based on the foregoing opinions, on the basis of integral assessment, investment risk can be divided into six (6) groups:

- 1) Financial (the balance of state/ local budgets or companies);
- 2) Economic (trends in economic development of the market);
- 3) Social (social instability of the region);
- 4) The Crime (the criminal environment), the frequency of serious crimes, economic crime and robbery cases;
- 5) Environmental (environmental pollution and radiation status);
- 6) Administrative (availability of purpose-oriented programs, the level of development of administrative activity, budget and efficiency of its control).

Consequently, one should note that various types of investment require various investment climates. The investor and the host country for investment do not have the same goals. Also, country attracting investments will try to bring minimum amount of resources to comprehensively implement socio-economic tasks. On the other hand, investor aims to maximize revenue in the long-term. Therefore, the investment market is the processes associated with the action of the laws of supply and demand (of the solidarity of interests) and provision of balance of interests.

**Table 1. Socio-economic capacity of regions and set of factors influencing them<sup>1</sup>**

№	Group	Set of Indicators
<b>I. Factors influencing level of investment capacity of regions</b>		
1.	Natural-geographic capacity	- Raw-material resources: mineral resources; land and water; fuel-energy; various types of ores and metals.

<sup>1</sup> Authors compilation.

2.	Labour capacity	- Demographic capacity of regions: population density; labour force; number of labour forces and its quality; average monthly salary paid for labour; number of unemployed; age of employed and unemployed; skills and qualifications of unemployed.
3.	Production capacity	- Production capacity: gross regional product (GRP); state of fixed assets; productivity of factors of production; specialization of the region on sectors and branches; volume of imports and exports.
4.	Innovative capacity	- Scientific-technical capacity of the region: scientific technical achievements; those who have scientific degree; volume of scientific-technical projects; those engaged in research; research and development centers and their branches in the regions.
5.	Institutional capacity	- National and local legislation: consumer rights; principles of corporate governance; healthy competitive environment; condition for doing business and provision of information; accounting and statistical reports; financial markets and development of institutions.
6.	Infrastructure capacity	- Infrastructure provision: the state of available water and electric energy in the region; availability of airport, automobile roads and railways; development of information-communication technologies.
7.	Financial capacity	- A main criterion's of financial potential: loans given by commercial banks for business activities; amount of money deposited in banks by population both in national and foreign currency; amount of deposits of legal entities in banks (both in national and foreign currency).
8.	Consumption capacity	- Demand of the population of the region for consumption: salary; all other types of income (rent, dividend, interest, profit, pension, subsidy etc.).
9.	Touristic capacity	- Touristic destinations: historical places, artifacts, eco and agrosystem, development of socio-economic objects for service provision

Source: Author's compilation

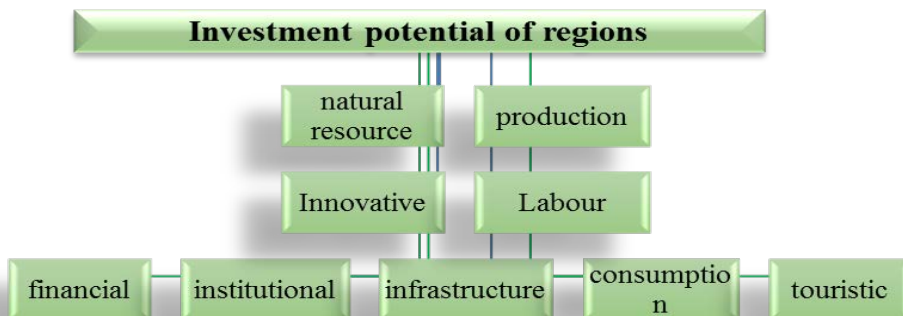
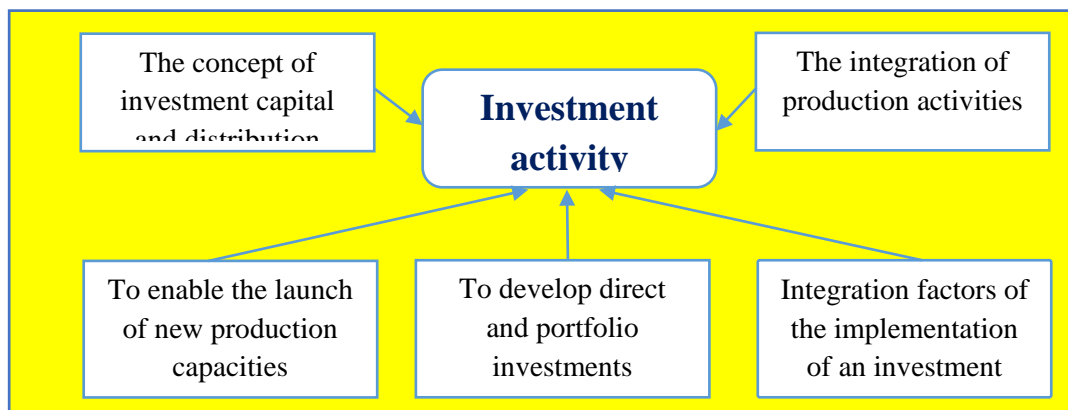


Figure 2.

<b>II. Factor assessing level of investment risks</b>		
1.	Legal risks	- Main directions of evaluation of legal risks in the regions: legal conditions in financing the sectors and branches included in investment program; state of development of legal base; protection of investments and legal basis of preferences created for investors and its scale; special activities directed to exploitation of production resources.
2.	Political risks	- Points that are considered in evaluation of political risks: attitudes of people towards the activities of political parties and political processes; participation of people in elections for parliament and presidency; reputation of local government; activities of the legislative and executive branches of the state; democratic activities carried out by different groups and political parties; activities of different religious, national and ethnic groups; state of international relations; activities carried out for preservation of government.
3.	Social risks	- Indicators that are representing social life and social risks: living/life style of the population; condition of social infrastructure; demographic condition – number and age of population, number of families and their structure, migration and stratification, ratio between strata's of very rich and poor population; income level and its sources; purchasing power; structure and level of expenditures and needs; residential buildings; transport and communication; education and culture, unemployment and employee turnover.
4.	Economic risks	- Factors affecting economic pre-conditions created for the inflow of the investments: changes in local and international markets and scale of the market; production of goods and services and volume of their sale, level of prices (market demand); share of the regions in the total exports and imports of the republic; economic policy of the state and efforts directed to ensure the economic development of the regions; share of foreign companies and organizations (legal and natural persons) in the total capital; opportunities for paying and transferring the dividends to overseas; possibility of taking short and long term bank and non-bank credits; convertibility of national currency; highly effective investment objects.
5.	Ecologic risks	- Main directions needed in the evaluation of investment climate: pollution of environment; radiationless environment; water, bio resources; condition of soil and land resources and technogen changes.
6.	Criminal risks	- Main directions of the evaluation of criminal condition in regions: level of crime committed in the region; crimes committed under someone's request; level of corruption.
<b>III. Investment activeness</b>		
1.	Factors reflecting investment activeness	- Starting new capacities - Economic potential of the enterprise - Centralization of the capital - Implementation intensity of investment projects - Energy efficiency of products - Decreasing the implementation time between phases of investment projects

Source: Author's compilation



**Figure 3. Factors of Investment activity**

Based on the above factors in the long-term, investment climate has to be stable. Also, at the same time, the investment climate has to be flexible to changes in the demand for resources involved in the phase of re-production. At modern socio economic conditions, investment flow depends on investment climate. Additionally, it demands for investment mechanism by promoting the development of innovation sphere and innovative entrepreneurship.

### **Conclusion**

In the long term prospective, in order to support socio-economic development for regions that is traditionally based on the agricultural sector, it is advisable to pay attention to the following areas:

- Increasing volumes of industrial production, strengthening of structural transformation, and increasing the share of industrial production in GDP;
- In order to intensify the processing production to develop cooperation between the agricultural sector and industry;
- Allotment of production facilities based on the types of locally available natural resources and their volumes;
- The capabilities and capacity of regions to ensure high level of specialization to enhance and ensure the dissemination of this experience to other regions of Uzbekistan;
- Stabilization of the condition of labour market, especially in rural areas, in order to eliminate distortions in the labour market and facilitate the creation of highly labor-intensive production systems;

- Ensuring efficient use of production resources in rural areas to provide the development of production and market infrastructure;
- Acceleration of technical and technological re-equipment and modernization of local production and agriculture;
- Development of various spheres of production and services in order to prevent reduction in national figures of gross regional product.

At the peak of the financial crisis that occurred across the world, the Republic of Uzbekistan has demonstrated stable rates of economic growth. The expansion of the economy naturally leads to increased investment demand. Leading enterprises and companies established in the regions and based on their capacities of their productive forces have a positive impact on economic development.

In this direction, various methods for determination of the value of investment attractiveness and factors affecting it have been developed. This is alongside accounting for the existing risks. These methodological models and formulas are the products of analysis and the study of various studies conducted by foreign and domestic scientists in various periods. To some extent, the modified versions of calculations were applied by them.

From our examples, the process is determined by one complex method if scientists recommended the aforementioned methods individually by regions and industries, in determining the investment attractiveness.

$$IA_{kj} = X * IA_{xj} + Y * IA_{mj} \quad (1)$$

Where:

$IA_{kj}$  – Comprehensive investment attractiveness of the region - j;

$IA_{xj}$  – Individual investment attractiveness of the region - j;

$IA_{mj}$  – Investment attractiveness of the particular industry of the region - j;

X, Y - The specific weight of each indicator of investment attractiveness.

Furthermore, the determination of indicators for investment attractiveness of territories and industries in the region requires finding the following parameters:

Economic income (income from a business, where investment was directed); investment risk (the risk level of the region by territories and industries).

$$IA_{x(m)j} = RR_{x(m)j} * (1 - RL_{x(m)j}) \quad (2)$$

Where:

$IA_{x(m)j}$  – Investment attractiveness of the region by territory/sector;

$RR_{x(m)j}$  – Rate of return or economic rent of the business (object)

where investments of territory/sector were directed;

$RL_{x(m)j}$  – An indicator of the riskiness of investments directed to the territory/industry.

As it can be seen, the investment attractiveness is assessed based on the difference between the rate of profit from investment in land or industry and the losses from risks. The relative value of the differences between invested investments in fixed capital of the region or industry in previous years and profit for the analyzed year reflects the scope of economic profitability. Due to the fact that investment in the region can be simultaneously invested in various industries and their profit margins (profitability for each object) may be different, the rate of economic yield is taken as the mean regional value. Thus, it is expressed as:

$$RR = \frac{FR}{I} \quad (3)$$

Where:

$RR_{x(m)j}$  – Measure of economic profitability (rate of return);

FR – Balance of the financial result (profit minus the loss);

I – Investments invested in fixed capital over the past year (by regions).

For the region where several plants operates, investments made in these plants (in their fixed capital) after a while will start to generate income. Realizing that the summation of final values of profits and losses reflects the economic yield, we improve the first formula in the following form:

$$IA_{xj} = RR_{xj} * (X * (1 - RL_{xj}) + Y * (1 - RL_{mj})) \quad (4)$$

Taking into account the presence of investment risks which may lead to loss of income, it is necessary to consider the level of risk. Therefore, we derive a measure of riskiness based on the formula for finding the arithmetic mean:

$$RL_j = \frac{\sum_{i=1}^n IC_i * PI_i}{\sum_{i=1}^n PI_{x0_i}}$$

Where:

$RL_j$  – riskiness level of the region j;  $IC_i$  – special indicator of the riskiness of investments;  $PI_i$  – the weight of the special indicator calculated by the peer method; n - is the number of partial indices; and i - is the index of partial indicators.

Based on the weights of the exposure groups of investment risks, according to the Table 1, it is appropriate to use the method of peer assessment for determination of investment attractiveness of territories in the region. While calculating investment risks by industry, it is appropriate to exclude political, social, infrastructural, legislative, and criminal factors. This is because the influence of these factors on the estimated factor is not

essential. Additionally, the consideration of the same factors in sectoral and territorial scale is considered to be ineffective.

### **Problems and Tasks for Future Researchers**

The analyses provided in this article are based on a limited number of materials. Also, econometric model for the identification of the regression relationship between investment attractiveness and other influencing factors have not been created. Therefore, there has not been provided a forecast of the condition of investment attractiveness among Uzbekistan's regions.

Also, one of the important directions left for further research are calculation and deep analysis of the profitability on industry investment. This requires long-term statistics on investment in fixed capital and GDP generated by sectors and regions. In addition, along with the definition of investment attractiveness, one of the demanding issues is the implementation of theoretical-methodological studies on the distinction between economic terms such as investment environment, investment climate, and investment condition.

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