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The Analysis of Economic Potential of The Region as The Basis for Determined Economic Reforms to Develop

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Abstract: The article examines the analysis and comparison of various scholars on the topic of identifying and defining the economic potential of the entire country and its regions. Several of the most prominent scholars have been selected for comparison and for determining the main regional emphasis. The problems arising from the choice of certain approaches in analyzing the economic potential of regions are considered. In general, modern approaches to the analysis of regional economic potential take into account the late 20th and early 21st centuries, when increasing interest and attention were directed toward innovation, human capital, and intellectual resources.

Keywords: Economic potential, scientific approach, legislation, comparison, innovation, human capital, intellectual capital, poverty

1. Introduction

The importance of economic development as a main goal of economic science is still unrelenting with higher concentration on discovery and activation of economic potential (as a source of necessary reforms) of regions. Today, regional economic potential is not only a phenomenon of resource and current assets but a whole system of production capacity, human capital, innovation, institutional quality, and intellectual property [1]. The significance of this systemic key has gained salience in the late twentieth and early twenty first century due to globalization, technological change and regional inequality which have increased the demand for policy targeted at subnational units using localized evidence.

Existing research has offered various theoretical frameworks for economic potential. Earlier versions of growth theory were often focused on capital accumulation and productivity, but later frameworks expanded the value of human development, poverty reduction, institutional quality, and innovation capacity. Scholars such as Solow, Sen, Sachs, Banerjee, Easterly, Deaton, and Spence contributed to understanding how growth dynamics, human capital, and inequality interact [2]. Within the CIS context, researchers such as Kholmuminov, Granberg and Glazyev developed methods for regional modelling, econometric analysis, and strategic planning. That said, moving beyond the theoretical perspectives, the literature shows a clear gap in using them in a comprehensive analytical framework that could support region specific reforms, especially in transition economies where region disparities tend to still be rather high [3].

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This study fills the gap by conducting comparative research and theoretical synthesis to use regional economic potential as a rationale for development-oriented economic reforms. The approach goes over both classical and modern theory with analysis tools applied in regional analysis. Outputs You will be able to discover the main determinants of regional economic potential and will gain a better understanding of their policy relevance. The findings aim to help decision makers prioritize actions related to innovation, human capital, and institutional development to enhance the impact and sustainability of economic reforms at the regional level [4].

2. Materials and Methods

In this article, comparison methods and analysis of theoretical ideas are used to develop the whole concepts supplied. The methodology of this study was designed to integrate theoretical perspectives with applied analytical tools in order to evaluate economic potential at global, regional, and enterprise levels [5]. The research began with a comprehensive review of classical and modern economic theories, drawing on the contributions of Solow, Sen, Sachs, Banerjee, Easterly, Deaton, Spence, and others, alongside the works of CIS scholars such as Kholmuminov, Granberg, and Glazyev. This literature review provided the conceptual foundation for identifying the diverse dimensions of economic potential, including growth dynamics, human capital, innovation, poverty alleviation, and globalization [6].

3. Results

Sometimes governments find it difficult to analyze economic development properly and correctly. This makes them choose several methods to find out about the weakest points and hidden power in the economy. For this reason, they may select a set of methods and ways to address the issue [7]. The main problem here is just selecting the proper ones. So, most scientists tried to deliver the exact methods and approaches to acquire clear information on the level of economic potential. The concept of economic potential has been investigated by several economists and in Table 1 there is brief explanation of their main work in developing and analyzing economic potential [8].

Table 1. Influential Modern Economists and Their Works on developing economic potential

Economist	Key Work(s)	Focus Area
Paul Krugman	The Return of Depression Economics (1999)	Trade theory, economic geography
Joseph Stiglitz	Globalization and Its Discontents (2002)	Information asymmetry, development economics
Thomas Piketty	Capital in the Twenty-First Century (2013)	Wealth inequality, long-term growth
Amartya Sen	Development as Freedom (1999)	Capabilities approach, human development
Robert Solow	A Contribution to the Theory of Economic Growth (1956)	Growth models, productivity
Jeffrey Sachs	The End of Poverty (2005)	Sustainable development, global poverty
Gabriel Zucman	The Hidden Wealth of Nations (2015)	Tax havens, inequality
Daron Acemoglu	Why Nations Fail (2012, with James A. Robinson)	Institutions and economic development
Esther Duflo	Poor Economics (2011, with Abhijit Banerjee)	Experimental development economics

Abhijit Banerjee	Good Economics for Hard Times (2019, with Esther Duflo)	Policy design, poverty alleviation
William Easterly	The Elusive Quest for Growth (2001)	Development economics, aid effectiveness
Angus Deaton	The Great Escape (2013)	Health, inequality, and global development
Michael Spence	The Next Convergence (2011)	Emerging economies, global growth
Elhanan Helpman	The Mystery of Economic Growth (2004)	Trade and growth theory

As the initial scientist to analyze the potential of economy was R. Solow where he discussed the growth of the whole economy. The growth is specified by diverse factors and knowing exactly the potential of the country helps to determine which sector to pay more attention to. G. Zucman, however, accentuated on hidden potential that should be identified via economic instruments [9]. This is one of the newest approaches to economic potential analysis. A. Sen saw human capital as the strongest instrument in achieving sustainable economic development. So did J. Sachs who analyzed poverty and its key factors. Abhijit Banerjee worked on poverty alleviation which required the in-depth analysis of the potential of the country by regional breakdown. W. Easterly in his work named The Elusive Quest for Growth studied the development of the economy and how aids failed in effectiveness. He claims that incentives of human and right investment can rise the economy. However, we cannot subscribe to these views fully due to the existence of other factors such as innovation and human capital [10].

Angus Deaton in his The Great Escape (2013) accentuated on the change in economic level that globalization has been being brought to the countries' economies. Especially the longer life span was the major mark of better life- relevant prosperity. Convergence is reshaping the global economy [11]. Michael Spence saw poorer countries which have been tending to grow faster than richer ones, gradually catching up in income, productivity, and living standards over time as very good tendency but with dual effect i.e. social classes are experiencing wider gap in contrast to higher living standards. He analyzed it in The Next Convergence but it also brings challenges of inequality, governance, and sustainability.

In the countries of CIS one of the most outstanding scientists, Sh.Kholmuminov analyzed the problems of economic development through econometric methods and revealed the most influencing factors which are drivers of economic development [12]. The simulation of possible economic situations through econometric modelling helped to see and select possible the most effective solutions to existing problems. The National STI Policy Team in Uzbekistan refers to a special movement which was launched to develop and implement the country's Science, Technology, and Innovation (STI) Policy for 2022–2030. What is crucial in this policy is that it is aimed at finding the potential of economy and developing those regions of the country which are in need of special approach (Table 2) [13].

Table 2. CIS Scientists Studying Economic Potential

Scientist / Institution	Country	Area of Focus	Notable Contributions
Shayzak Kholmuminov	Uzbekistan	Labor economics, economic development	Ranked top in Uzbekistan for Economics & Econometrics research
Gulamov S. S. & Shermukhamedov A. T.	Uzbekistan	Intellectual potential and innovation	Studied the role of scientific potential in Uzbekistan's innovative economy

National STI Policy Team	Uzbekistan	Regional innovation and science policy	Assessed scientific and technological potential across Uzbek regions
ENU Research Team	Kazakhstan	Business development and commercialization	Launched 20+ projects to strengthen ties between science and production
KazNU Scientists	Kazakhstan	Environmental economics and urban development	Developed air quality improvement programs for Almaty and Astana
Ranking.kz Analysts	Kazakhstan	R&D investment and economic impact	Analyzed Kazakhstan's low GDP contribution from science despite rising R&D spending
Alexander Granberg	Russia	Regional economic modeling	Pioneered spatial economic models for Russia and CIS integration
Sergei Glazyev	Russia	Macroeconomics, Eurasian integration	Advocated for economic strategies within the Eurasian Economic Union
Rustem Akhunov	Russia	Innovation economics	Explored regional innovation systems and their economic implications

It is undeniable that A.Granberg, one of the greatest Russian scientists, constructed the model of region in terms of economy and was the first to analyze Russian and CIS regions economically [14]. He accentuated on economic potential not only the whole country, but also on the regions taking them as a segment of the whole system which helped him to reveal clearer picture of the whole economy. Strategic approach to economic development was mainly discussed by S. Glazyev who preferred organized steps aimed at concrete targets which involve thorough pre-analysis of the economic picture.

The most prevalent and conventional approaches for evaluating a company's economic capacity in contemporary academic and instructional literature include: valuation methods based on market worth, integrated rating-based assessment techniques, and financial performance evaluation frameworks [15]. Each of these will be examined in greater detail below (Figure 1):

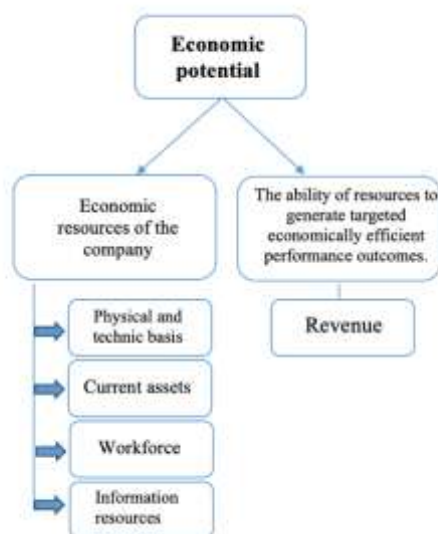


Figure 1. General approach to economic potential identification

Besides this there are other methods of identifying economic potential of regions such as Market Valuation Approaches [16]. These encompass three primary methodologies:

- ❖ Income-based method, which assesses potential by analyzing the net stream of economic benefits generated through utilization.
- ❖ Comparative method, which relies on benchmarking against similar enterprises.
- ❖ Asset-based method, which derives value from the enterprise's incurred expenditures.

Integrated Rating Assessment Technique involves a comprehensive analysis of the enterprise's operational and financial indicators, including profitability, operational efficiency, liquidity, and financial resilience. The calculated metrics are then compared with benchmark standards, enabling the assignment of a specific rating based on the comparative outcomes.

Financial Performance Evaluation Framework utilizes a set of financial ratios to determine the enterprise's asset structure and fiscal condition, offering insights into its economic stability and operational soundness.

4. Conclusion

Considering the complexity of economic potential to calculate and select one exact system to evaluate the economic potential of the region or countries. There are different approaches and it depends on which aspect the government or scientists are going to analyze. Nonetheless, the study of economic potential has evolved from classical growth theories, pioneered by R. Solow, to contemporary multidimensional approaches that integrate hidden assets, human capital, innovation, and regional disparities. Scholars such as G. Zucman, A. Sen, J. Sachs, Abhijit Banerjee, W. Easterly, Angus Deaton, and Michael Spence have each contributed unique perspectives, ranging from poverty alleviation and globalization to convergence and inequality. Within the CIS context, researchers like Sh. Kholmuminov, A. Granberg, and S. Glazyev have advanced econometric modeling and strategic frameworks that emphasize the importance of regional analysis and targeted policy interventions.

The Uzbek National STI Policy (2022–2030) exemplifies how modern science, technology, and innovation strategies can be mobilized to uncover and strengthen economic potential, particularly in regions requiring differentiated development approaches. Similarly, Kazakhstan and Russia have demonstrated the role of environmental economics, R&D investment, and spatial modeling in shaping national and regional trajectories.

At the enterprise level, conventional valuation methods, integrated rating techniques, and financial performance frameworks remain essential tools for assessing economic capacity. Yet, the broader lesson from both global and regional scholarship is that sustainable economic development cannot be reduced to a single metric. It requires a holistic synthesis of market valuation, innovation systems, human capital, and governance structures.

Ultimately, the identification and mobilization of economic potential, whether at the national, regional, or enterprise level, demands a balance between quantitative rigor and qualitative insight. This integrative approach ensures that economic strategies are not only growth-oriented but also inclusive, resilient, and sustainable in the face of globalization and technological transformation.

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