Procedure for Assessing the Investment Attractiveness of Foreign Markets.
Comparative Analysis of Former USSR Countries

MM. Andranik Muradyan

University of Warsaw, Department Management
murand190294@gmail.com
ORCID ID: https://orcid.org/0000-0002-8789-2683

ABSTRACT

One of the natural stages of development of the enterprise is the desire to expand its business abroad. Globalization, global trade integration, technology development, the emergence of political, economic, customs unions, the existence of international courts of arbitration, the emergence of elements of world culture and other factors reduce the barriers between potential investors and countries to internationalization. This phenomenon has a positive impact on the decisions of companies in different parts of the world about the expansion abroad. The main goal of a foreign investor who plans to internationalize is making the most optimal choice of a foreign market where prevailing realities on business environment will enable the achievement of competitive advantage. Because of this, before internationalization, foreign investors should evaluate the investment attractiveness of all potential directions of internationalization in order to be able to realistically assess their own capabilities in these markets and assess all the risks and opportunities that may arise during the operation. The quality of the analysis which assess the level of investment attractiveness of potential directions has a large impact on the success of the company abroad. The article presents the procedure of comparative analysis taking as an example former USSR countries at the macro level.

JEL classification: F23, F21, M31, M19

Keywords: Investment attractiveness of foreign markets, procedure of country attractiveness assessment, country attractiveness comparative analysis, foreign investments, USSR countries.

1. INTRODUCTION

Foreign market attractiveness analysis is a sequential process that involves eliminating unattractive directions of internationalization first at the macro, then meso (sector) and micro level. The first step in the analysis of the attractiveness of foreign markets is a preliminary research during which foreign markets are compared by macro factors. For this comparison, secondary data are often used that are easily available and do not cause a drastic increase in the cost of the study. The aim of preliminary research is to eliminate these directions of internationalization which do not have a large market potential. An analysis of the macro environment is very useful for a potential investor, because it informs about the general situation and trends in the countries

surveyed. The question arises whether such general information about the target market may be sufficient for the investor to make the most optimal decisions for internationalization. The problem lies in the fact that macro indicators cannot describe factors that have a direct impact on the operations of the company. In other words, the methods used during preliminary research did not take into account the specific nature of the sector (Papadopoulos & Denis, 1988; Cavusgil & Nevin, 1981; Douglas & Craig, 1983; Gaston-Breton & Martin, 2011). An investor who decides to internationalize based on the analysis of macro-environment is exposed to the risk of loss of invested funds. Therefore, there is a need for additional research of potential markets not only at the macro but also meso and micro levels.

The next step in the analysis is the process of identification. After the designation of countries with the highest attractiveness based on the analysis at the macro level, the investor should focus on the economic sector which it plans to enter. During the identification phase, a foreign entity should try to evaluate the attractiveness of the target industry. At this stage of analysis, the main objective of the investor is to find out about the characteristics of the target sector, those that are unique for the sector and which were not taken into account during the preliminary research. Various descriptive indicators are used for this purpose in various sectors of the economy. Every industry has its own characteristics, its own unique way of functioning and prosperity. Indicators that are used to describe one sector can have no informative value for another sector. For example, for a hotel, quite high validity may be carried by the number of tourists coming to the country during the analyzed period. But from the standpoint of mining this information has no value. Of course, the selected indicator, the descriptive criterion, may be important for many sectors of the economy. For example, you can take the current price level of electricity. Unambiguously electricity is used almost everywhere in the economy, but the question is whether the price of electricity has the same importance to all sectors. The problem is that there is no indicator that can describe specific information about all sectors. Even if there are common indicators describing several markets, their importance for each of the sectors is different.

After a positive assessment of the attractiveness of the industry, at the end, a foreign entity should focus on the analysis at the micro level – the production and marketing tools that must be used to gain a competitive advantage in a new market abroad. In order to maintain flexibility, low cost and simplicity, most studies of the attractiveness of foreign markets use a macro approach by focusing on general domestic factors (Cavusgil, Kiyak, & Yeniyurt, 2004; Sheng & Mullen, 2011; Papadopoulos, Chen, & Thomas, 2002; Samli, 1977; Cavusgil, 1997; Iazzi, Trio, & Pandurino, 2015; Ocampo Figueroa, Osuna, & Fong, 2014). However, there are authors who pay attention also to sectors or products (Douglas & Craig, 1982; Root, 1994; Kumar, 1994; Whitelock & Jobber, 2004; Sakarya, Eckman, & Hyllegard, 2007; Pallapothu, 2013; Liberman-Yaconi, Hooper, & Hutchings, 2010). However, there can be a misconception that there is no need to do the analysis of the macro environment, because each entrepreneur operates only in a specific sectors and a sector analysis is sufficient to take the appropriate decision. It must be remembered that each sector is only a small part of the economy of the country and cannot function independently. The functioning of each sector of the economy is somehow dependent on other sectors, the general economic situation in the country, political stability, the level of society development and many other factors. On the other hand, the changing trends at the macro level can have a noticeable impact on the selected sector. Even if the analysis of the specific sector indicators proves that the industry sector in a selected country is the most attractive among all other sectors, that does not mean that the investor has to choose the direction, because there may be many factors at other levels or aspects of the enterprise which will create additional difficulties and barriers for the operation. Thus, the investment decision can be changed due to the unfavorable environment of the selected sector of the economy in a given country. The importance of the sequentiality and indivisibility of assessing the attractiveness of foreign markets becomes clear.

The aim of this article is to emphasize the identified differences of the main approaches/ methods of analyzing the market attractiveness and to propose the procedure which will combine the strengths of that methods and will be suitable not only for the countries which are characterized by low quality of statistical data but also for those with high quality. For a comparative analysis, former USSR countries have been selected in order to present the usefulness of purposed procedure by comparing the attractiveness of the chosen cluster of countries.

2. LITERATURE REVIEW

The process of assessing the attractiveness of foreign markets is quite a difficult process due to a large number of different barriers that may appear in the internationalization process. A slight change in some factor, e.g. the state of the country, the general situation in one of the spheres of life of the state, traditions, the worldview of the society and many other factors, may more or less affect the level of distance and the investor's decisions regarding the choice of the direction of internationalization. The entity examining the distance between the target country and the investor aims to clarify whether selected factors can constitute a barrier to the internationalization of the enterprise. The number of such factors is very large, and they may refer to various aspects of the functioning of the country. To facilitate the process of assessing the attractiveness of countries, it is worth dividing all factors into groups. Each of these groups comprehensively describes one of the basic spheres of state life. For grouping, the PESTEL method can be selected (Obłój & Wąsowska, 2014; Զաքարյան & Սահակյան, 2013). Factors that will define the country's attractiveness from the investor's point of view can be divided into the following groups (Kotler & Keller, 2012): political-legal (including geopolitical), economic, social (including cultural), technological, environmental (including geographical). Different authors draw attention to the mentioned aspects of the functioning of countries in order to clarify those factors that have a significant impact on the attractiveness of the country. These factors are further used during the development of different approaches to foreign market attractiveness analysis (Górecka & Szałucka, 2013; Arbatli, 2011; Birnleitner, 2014; Du, Lu, & Tao, 2012; Whitelock & Jobber, 2004; Ocampo Figueroa, Osuna, & Fong, 2014; Mullen & Sheng, 2006; Crespo & Fontoura, 2007; Cavusgil, 1997; Dow & Ferencikova, 2010).

There are many different attempts to formalize the foreign investor's decision-making process in the literature (Górecka & Szałucka, 2013; Papadopoulos, Chen, & Thomas, 2002; Cavusgil, Kiyak, & Yeniyurt, 2004; Mullen & Sheng, 2006; Natarajarathinam & Nepal, 2012). In these studies, the authors have attempted to develop techniques that can help assess the attractiveness of foreign markets. When analyzing the relevant literature, it can be seen that the authors try to multilaterally analyze the issues of assessing the attractiveness of foreign markets by proposing unique techniques.

The relevant literature describes two basic methods to choose the most attractive foreign markets for expansion. The first approach is called country clustering, where the investor needs to identify a group of countries based on some grouping factors. Such factors can be, for example, political, geographical, economic, socio-cultural, technological factors, etc. This way of choosing the target market additionally informs about possible synergies within groups. In this way, the investor can standardize his offer and marketing strategies within one group of countries. This in turn can reduce costs, for example, through economies of scale and economies of scope (Liander, Terpstra, Yoshino, & Sherbini, 1967; Sethi & Holton, 1969; Sethi, 1971; Huszagh, Fox, & Day, 1985; Cavusgil, Kiyak, & Yeniyurt, 2004; Cojanu & Popescu, 2007; Akkucuk, 2011). The main disadvantage of the clustering approach was identified as the dependence on macro indicators, without taking into account sector-specific indicators (Papadopoulos & Denis, 1988; Douglas & Craig, 1983; Cavusgil & Nevin, 1981; Saint-Arnaud, & Bernard, 2003; Akkucuk, 2011).

Critics propose to include sector, product/service-specific variables. But this is more feasible and sensible in the later stages of the analysis, when groups of countries for expansion are already selected. Sector indicators are not readily available as secondary data and require extensive and costly market research. And at the initial stages of choosing the direction of internationalization, it makes no sense to examine specific market factors, due to the increased costs for research. Therefore, comments of critics are only relevant when a limited number of potential countries for expansion have already been identified. The second criticism of this approach is based on the assumption that countries are indivisible, homogeneous units (Jain, 1996; Kale & Sudharshan, 1987). In other words, whether the country should be a unit of analysis. According to Kale and Sudharsan (1987), diversity within the country is not taken into account. This remark is valid in the case of large countries where there are noticeable differences in various aspects of life. Similarities between buyer groups across national borders are not taken into account. So, at the internationalization planning stage, the investor does not consider the opportunities arising from economies of scale in production, research and development, marketing and advertising. But on the other hand, this remark is valid for large corporations, because small and medium-sized enterprises rarely have sufficient resources to enter many markets at the same time. For them, this remark will make sense in the long term, provided that the company succeeds and develops. The last disadvantage of grouping results from the use of secondary data. Obtaining primary data for a large number of countries is almost impossible, so investors should use secondary data for the process of choosing a foreign market. Data are not always of high quality, may not be comparable in different countries, may be outdated and unreliable (Papadopoulos & Denis, 1988; Cavusgil & Nevin, 1981)

The second approach is to create a country ranking. The ranking generally assesses countries in terms of their overall market attractiveness, taking into account all factors that may have a significant impact on the investor's decision to internationalize (Cavusgil, Kiyak, & Yeniyurt, 2004; Birnleitner, 2014; Lee, 2016). With this method, the investor at the initial stages analyzes almost all potential countries for internationalization in order to choose the best direction among them (Samli, 1977; Harrell & Kiefer, 1981; Cavusgil, 1997; Lee, 2016). The main objections to creating rankings are similar to the criticism of the grouping method. The main disadvantage is the lack of sector specificity in the indicators (Papadopoulos, 1988). Cavusgil (1997) also confirms this weakness. It is worth emphasizing that similar rankings can be used or transformed depending on the needs of the researcher. This in turn means that similar rankings can be used, for example, during the identification process (selecting the country with the most attractive sector of the economy). It is important to remember that the ranking should not be used to ultimately choose the direction of internationalization, it is a tool that helps to eliminate less attractive directions at the macro and meso levels.

The question may arise which of the two approaches to the preliminary analysis should be used by a foreign investor. Cavusgil argued that the grouping method is useful for entities that try to standardize offers and marketing strategy in various foreign markets, because this technique presents structural similarities between markets. Grouping can be a useful tool for segmenting foreign markets according to indicators relevant for an internationalizing enterprise. On the other hand, companies that want to identify the best possible market for internationalization lean towards ranking as a way to identify several countries that deserve a deeper analysis (Cavusgil, Kiyak, & Yeniyurt, 2004).

But sometimes investors make decisions arising, for example, from their own preferences (manager's subjective decision), from psychological distance (fewer entry barriers) or from the investor's environment (social, economic, political, ecological, technological, legal) that comparative models do not take into account. For example, the comparative model does not take into account the fact that internationalization should take place within some economic union, to countries where there is a warm climate, to countries with one religion, to countries

with which the investor has psychological proximity, etc. But the most important thing is that none of the models for assessing the attractiveness of foreign markets takes into account such a very important factor as "liability of outsidership", which shows the investor's unique skills to create business contacts abroad (network) and to gather specific business knowledge (specific for a given market) (Johanson & Vahlne, 2009). This means that it makes no sense to include certain countries, because in no case will these countries be selected. Even if one of these countries proves to be the most optimal direction for internationalization, the investor will not choose it due to the above-mentioned reasons. Including these countries only increases the cost of the study. In other words, due to the specifics of the business, business environment, personality and skills of the investor, at the initial stage of the analysis there are restrictions that create a specific group of countries for the analysis of attractiveness. It can be concluded that there are factors such as the human factor that will not allow to create a model that will show the most optimal direction for internationalization. So, the investor's goal is to minimize subjectivity during the process of selecting a country for internationalization under existing conditions. This in turn means that any comparative analysis of the attractiveness of foreign markets should be created for a specific group of countries, which, depending on the investor's preferences, may be considered as potential directions for internationalization.

Globalization, technology development, the emergence of political and economic unions and elements of the world law and other factors reduce barriers between investors and potential countries for internationalization. This, in turn, means that new countries are emerging next to the traditional directions of internationalization of enterprises. The overall investment attractiveness and attractiveness of the selected economic sectors of these countries are rarely studied in the literature. This may be due to the low quality and reliability of the secondary data available (most models use secondary data to minimize costs and optimize time and process of selecting the target market). Existing models and procedures for assessing the attractiveness of foreign markets and separate economic sectors do not take into account the specificity of countries characterized by low quality of statistical data and are not flexible enough to use for assessing the attractiveness of various groups of countries that have some common features.

While analyzing the available methods, models and techniques for assessing the attractiveness of foreign markets, one can try to develop a procedure that presents sequential actions that can allow for creating a comparative analysis of a specific group of countries at the macro level. After appropriate modifications, this procedure may also be useful for an assessment at the economic sector level. The procedure is based on the assumption that the specifics of the business, business environment, personality and skills of the investor already at the initial stage of the analysis limits the list of potential directions of internationalization and creates a specific group of countries for the analysis of attractiveness. It is characterized by flexibility, because a given procedure can be used to compare different groups of countries (at the macro and meso levels) that have a common feature and which, due to the investor's subjective point of view, may be potential directions for internationalization. In addition, a given procedure can be used both to create a comparative analysis for countries with high quality statistical data and for groups of countries that have low quality data. The usefulness of a given procedure is particularly important for countries with low quality secondary data, due to the fact that often foreign investors do not internationalize in such directions, because analyzing these countries is labor-intensive, time-consuming and expensive. It should also be emphasized that the universality of the presented procedure allows assessing the attractiveness of various economic sectors for various groups of countries.

1. Defining a preliminary group of countries for internationalization;
2. Pre-selection of evaluation criteria and indicators based on literature analysis for assessing the attractiveness of countries at the macro level;
3. Selection of countries for which data will be collected (whether only for 1. the initial group of countries selected by the investor 2. for countries observed regularities of which may

repeat in countries to which the investor plans to internationalize 3. for all countries that provide similar data);

4. Evaluation of data quality based on the five characteristics defined (taking into account the selection of countries in points 1 and 3) in order to eliminate low quality indicators. Creating a list of indicators of acceptable quality;
5. Conducting a correlation and regression analysis;
6. Creating a list of indicators having a significant impact on the attractiveness of the country;
7. Conducting surveys or interviews with experts in order to assign weights to statistically significant indicators;
8. Conducting a comparative analysis for a pre-selected group of countries at the macro level in order to eliminate less attractive countries.

The given procedure is an attempt to create a ranking for a specific cluster of countries created on the basis of the investor's subjective preferences.

In addition, in order to check the reliability of the comparative analysis carried out on the basis of the technique proposed, the results of comparative analyses based on other approaches will be presented. The final results of these analyses will be compared to check the results and increase the reliability of the basic model.

The article will compare the attractiveness of the former USSR countries. After the collapse of the USSR, countries adapted to new economic, social and geopolitical realities at various rates. Assessing the attractiveness of these countries and a competitive analysis can allow the investor to find alternative directions for internationalization instead of traditional ones. On the other hand, this comparison may be useful, for example, for investors originating from former USSR states (small cultural and language distance), for those who are looking for countries with low-middle income, those who want to be present in that geographical location, etc.

3. BUILDING AN ASSESSMENT OF THE ATTRACTIVENESS OF THE FORMER USSR COUNTRIES

1) Defining a preliminary group of countries for internationalization – Assessment of the attractiveness of foreign markets will be created from the point of view of an investor who, because of the specifics of his business, business environment, his personality and skills, chose the countries of the former USSR for internationalization (excluding the Baltic States, due to other realities in which these countries are currently functioning)[1].

2) Pre-selection of assessment criteria and indicators based on literature analysis for assessing the attractiveness of countries at the macro level – In order to clarify the distance between a potential foreign investor and countries from the sample group selected for the assessment of attractiveness at the macro level, first identify factors that may have an impact on the perception of the country's attractiveness for the investor. Such factors describe the business environment in potential directions of internationalization of the company from various points of view. The most important factors may include, for example, political, economic, social, technological, environmental and legal factors. Subsequently, these factors will be explained using many different assessment criteria. It should be emphasized that assigning criteria to factors is conditional and results from a defined group of factors, the specificity of selected criteria and assessment indicators, and a subjective assessment of similarities between these criteria and indicators by the author. After choosing the criteria for assessing the countries of the former USSR, the researcher should find indicators that can help explain and examine the strength of

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[1] The Baltic countries (Latvia, Lithuania and Estonia), despite being part of the former Soviet Union, after its collapse found themselves in other economic and geopolitical realities, which had an impact on the direction of further development of these countries. Due to the different development directions of the Baltic States and EU membership, these countries will not be included in this comparative analysis.

the impact of selected factors on the country's attractiveness at the macro level. The initial list of indicators was created on the basis of an analysis of the literature on the subject. Different authors use various criteria that describe various factors influencing the attractiveness of countries. For example, some pay attention to economic factors (Gaston-Breton & Martin, 2011; Górecka & Szałucka, 2013; Barassi & Zhou, 2012; Cavusgil, 1997; Sheng & Mullen, 2011; Barassi & Zhou, 2012; Iazzi, Trio, & Pandurino, 2015, etc.). They utilize criteria describing economic growth, taxation, international trade, economic freedom, etc. Other researchers emphasize the importance of political-legal factors (Barassi & Zhou, 2012; Malhotra, Zhu, & Locander, 2010; Cavusgil, 1985; Jekanyika Matanda, 2012; Tocar, 2018, etc.). They pay attention, for example, to the corruption level, political stability, country risk, etc. Socio-cultural factors are also widely used by different authors (Whitelock & Jobber, 2004; Tocar, 2018; Dow & Ferencikova, 2010; Sheng & Mullen, 2011; Iazzi, Trio, & Pandurino, 2015, etc.). Criteria like the level of education, cultural distance, language differences were used in order to describe the chosen factor. Criteria describing the technological, environmental or other factors are also present in the literature under study (Cavusgil, 1997; Sheng & Mullen, 2011; Papadopoulos, Chen, & Thomas, 2002; Górecka & Szałucka, 2013; Arbatli, 2011; Tocar, 2018; Barassi & Zhou, 2012; Bhardwaj, Dietz, & Beamish, 2007; Crespo & Fontoura, 2007; Dow & Ferencikova, 2010; Saint-Arnaud, & Bernard, 2003; Drogendijk & Martin, 2015; Du, Lu, & Tao, 2012; Lee, 2016).

3) Selection of countries for which data will be collected – After the collapse of the USSR, the countries that gained independence found themselves in a new economic and geopolitical situation. The lack of a decision-making center, the collapse of the centrally planned economy, an attempt to build a market economy from the beginning, and local military and political conflicts in various parts of the former union caused huge problems in almost every country of the former USSR. These countries focused on expanding their own economies. This had an impact on the reporting of indicators describing situations in these markets. Only after some time, after stabilization of the situation in these markets and joining various world organizations, indicators describing these countries started to appear. Therefore, statistical data describing these countries are not characterized by continuity. The second major limitation is related to the reliability of data from different years from these countries. The emergence of authoritarian regimes of power (in some countries even up to now) has led to a situation in which the data reported by the main statistical offices of these countries were very often used for political purposes. The falsification of data for the purpose of manipulation and increased control over societies by the political elites of these countries resulted in statistical data convenient for the authorities (Michalski & Stoltz, 2013). Even some international organizations, due to the lack of direct access to source data, partly relied on data provided by the statistical offices of these countries. As a result, indicators describing situations in these countries in different years are not highly credible. To sum up, the indicators describing the situation on the markets of the former USSR are not of high quality due to the lack of continuity and reliability of some data. Using such data to build a statistical analysis will result in a model of low quality and reliability, and the survey results will not reflect the actual situation and attractiveness of these markets. Creating a model based on a global scale, using data from all countries is also not recommended, because the observed regularities on a global scale will not necessarily be useful for a group of countries of the former USSR, and at the same time will significantly increase the time and costs of the study.

In this situation, in order to create a comparative model of the countries of the former Soviet Union, it is necessary to choose a group of countries with which the former member states of the USSR have the most similarities. For example, civilizational, cultural, historical, locational, environmental, geographical, political or economic similarities. Particular attention should be paid to the existence of similar economic and geopolitical features. In the specific situation described, the best choice is the European Union for the following reasons:

a) Despite the collapse of the Soviet Union and the existence of numerous military and political conflicts between former members of the alliance, there are still strong economic, political, military and cultural ties between these countries. The evidence for this assumption can be, for example, the existence of various organizations and unions of which these countries are members – C.I.S (Commonwealth of Independent States), EAEU (Eurasian Economic Union), C.S.T.O. (Organization of the Collective Security Treaty), trade relations between these countries, the status of the Russian language in these countries, etc. The member states of the European Union also have strong geopolitical, economic, military and cultural links with each other.

b) Like the EU, the level of economic and social development in the former USSR countries varies.

c) Due to the historical geographical proximity of European countries with this region, the existence of civilizational similarities can be observed.

From the above-mentioned similarities between EU countries and the countries of the former Soviet Union, it can be assumed that trends in the flow of foreign investment detected for EU countries may be repeated in the countries of the former USSR. In addition, the lack of another better alternative to a group of countries and the high quality of data in the EU countries substantiates the decision to use data from the EU countries in the regression and correlation analysis.

To guarantee the possibility of detecting existing current market trends and sufficient observations for high precision of the estimation of parameters, data since 2000 will be taken into account.

4) Assessment of data quality based on five characteristics and creating a list of indicators of acceptable quality – Preliminary selected indicators should be analyzed on the basis of the following five characteristics: data reliability, data acceptability, data continuity, data timeliness, data availability. These five characteristics define the quality of the indicators analyzed. It is worth mentioning that for another group of countries, some of the preliminary selected indicators could prove to be of sufficiently good quality and qualify for subsequent parts of the study. The result of this assessment should be a list of indicators of sufficiently high quality. The list of indicators selected for a given cluster of countries after the quality assessment can be seen in Appendix 6.

5) Conducting a correlation and regression study – After creating a list of factors, criteria and indicators for assessing the attractiveness of foreign markets for the countries of the former Soviet Union, the researcher should proceed to the next stage of the attractiveness analysis, which is conducting a correlation and regression study, in order to clarify which of the selected indicators have significant impact on the level of foreign direct investment. Based on these indicators, a modified table will be created, which will then be used in the comparative analysis of the attractiveness of the former USSR countries at the macro level. Data are collected for 30 indicators from 28 European Union countries for 2000–2018. The total number of observations, depending on the equation, fluctuates around 500. In addition, another statistical model was created for only 14 countries of Eastern Europe in other to check the results of the first model. In both models, the same indicators turned out to be statistically significant.

The dependent variable is log of stock of net inflow of FDI, because this indicator presents a change in the amount of foreign capital involvement in the economy. Fixed effects panel data estimation was used[2]. It can be concluded that the increase in the level of FDI indicates that the country is more attractive. With the help of explanatory variables, an attempt was made to choose those indicators that have a significant impact on the level of FDI.

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[2] The fixed effects panel data estimation was conducted because the fixed-effects model controls for all time-invariant differences between the individuals, so the estimated coefficients of the fixed-effects models cannot be biased because of omitted time-invariant characteristics (like culture, region, religion, gender, race, etc).

6) Creating a list of indicators having a significant impact on the attractiveness of the country – As a result of the statistical survey, a list of indicators is created that have a significant impact on the level of foreign direct investment – the country's attractiveness. The list of these indicators is shown in Appendix 2. The next step is the statistical interpretation of relevant indicators to explain the direction of their impact on the country's attractiveness (positive or negative). In order to be able to compare countries with each other on the basis of the model presented, indicators describing the USSR countries should be brought to one scale. In this case, the indicators will be adjusted to a scale of 0 to 10. The accumulated results of selected indicators will be standardized based on the following formula (1) (Cavusgil, Kiyak, & Yeniyurt, 2004):

$$X'_{ji} = \left[\frac{X_{ji} - \min_i}{R_i}(9) \right] + 1 \tag{1}$$

where X_{ji} is the result of country j for indicator I; X'_{ji} scaled result of country j for indicator I; $\min_i$ minimum value for indicator i; R_i scale of indicator i.

Those indicators that have a negative impact on the country's attractiveness will be standardized on the basis of formula (2). This will help preserve their negative impact on the country's attractiveness and better compare with other standardized indicators (the higher the standardized indicator value, the more attractive the country is).

$$X'_{ji} = 11 - \left(\left[\frac{X_{ji} - \min_i}{R_i}(9) \right] + 1 \right) \tag{2}$$

7) Conducting surveys or interviews with experts in order to assign weights to statistically significant indicators – The last stage of creating a comparative model for assessing the attractiveness of foreign markets at the macro level on the example of the former Soviet Union is to assign weights to statistically significant indicators. This process is crucial because each of these indicators has a different power of influence on the attractiveness of the market and, as a result, the investment decision of a foreign entity. Expert surveys will be carried out for weight attribution to indicators. The selection of experts for the survey will be purposeful. The study will involve people with practical experience (people who at some point in their activity decided to internationalize and as part of their professional duties deal with such entities, including representatives of large banks) and people with scientific achievements (representatives of the scientific community who deal with similar topics – international business, foreign trade, banking and finance, international marketing, market analysis, management, etc). The sample consists of 50 experts. 44% of experts represent the scientific community, and 77% the business environment (such a percentage distribution results from the fact that some people simultaneously represent both environments). 74% percent of the respondents have experience in banking and finance (middle and senior managers), 22% in management and international business, and 20% in market analysis. The average experience of the respondents is over 19 years. The intended weights for individual indicators can be seen in Table 1. In Appendix 1, there is complete information about the surveyed experts.

8) Conducting a comparative analysis for a pre-selected group of countries at the macro level in order to eliminate less attractive countries – Finally, in order to obtain the final result for each of the former USSR countries, first the standardized indicators of each of these countries should be multiplied by the weights assigned. By summing up the results of this multiplication for each of the analyzed countries, the researcher can get a total result assessing the level of attractiveness of a given country at the macro level. Based on this result, the former USSR countries can be compared. The higher the score, the more attractive the country is. The analysis

carried out at the macro level is intended to eliminate from the initial group of potential directions of internationalization of the foreign unit those that are less attractive for investment.

4. RESULTS

Appendix 2 presents these data from twelve countries of the former Soviet Union (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan). These data were used to create the main comparison model. Most of these data come from the World Bank database for 2018. The indicator showing the percentage share of people in each of the countries that have access to the Internet presents the state for 2017. Data showing the level of inflation in 2018 in Moldova, Russia, Tajikistan, Turkmenistan and Ukraine come from the Statista reporting portal[3].

Table 1 presents the results of a comparative analysis of the attractiveness of the countries of the former USSR (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan) on the basis of indicators that turned out to be statistically significant and the weights assigned to them.

This means that the following countries should qualify for the next stage of the study – assessing the attractiveness of the selected economic sector: Armenia, Belarus, Georgia, Moldova, Kazakhstan and Russia.

In addition, in order to check the reliability of the main comparative analysis based on the proposed procedure (Table 1), the results of comparative analyses based on other approaches will be presented. The final results of these analyses will be compared to check the reliability of the main model results (Table 2). Alternative analyses of the attractiveness of foreign markets at the macro level will be carried out on the basis of the following techniques:

1. Comparative analysis based on 10 indicators that were selected as a result of statistical analysis. Equal weights will be prescribed for these indicators (Appendix 3).
2. Comparative analysis based on the indicator which received the highest weight in the opinion of experts (Appendix 4).
3. Comparative analysis based on two indicators that received the highest weights in the opinion of experts (Appendix 5).
4. Comparative analysis based on indicators that, after assessing the quality of the pre-selected indicators, qualified for the statistical survey. In this case, the equal weight approach will be used (no basis for assigning different weights). This approach has many disadvantages. For example, some indicators are correlated, there are deficiencies in some data, the use of equal weights, the choice of the direction of the impact of indicators on the attractiveness (positive or negative) of the country is subjective, etc. It should be remembered that this analysis is of supporting nature and is aimed at checking the main comparative model, therefore its numerous weaknesses will not be taken into account (Appendix 7).

The above-mentioned 4 comparative analyses are done only to check the reliability of the basic comparative model. The final results of these analyses cannot be binding on the decision to internationalize. The decision on the choice of a foreign market at the macro level should be made on the basis of the main model.

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[3] www.statista.com – provider of market and consumer data.

Table 1
Comparative analysis of the attractiveness of the former Soviet Union at the macro level (main model)

Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan	Weight
GDP (2010 constant USD) % change	6.79	1.00	3.50	6.18	5.11	4.19	4.04	2.29	10.00	8.32	3.94	6.67	11.74
GDP per capita (PPP adjusted) (current international $) % change	10.00	1.00	6.43	9.52	5.52	3.15	7.05	5.74	9.49	9.10	7.42	6.68	11.18
Gross capital formation (current USD) % change	8.35	1.97	4.55	5.53	2.85	5.80	10.00	2.90	1.00	5.04	5.12	6.51	9.34
Trade (% of GDP)	5.85	5.91	10.00	7.62	3.39	6.70	5.24	2.41	2.77	1.00	6.52	3.82	9.3
Unemployment, total (% of total labor force) (modeled ILO estimate)[4]	1.00	8.93	8.67	3.23	8.91	7.67	10.00	9.48	5.27	9.92	6.41	8.86	7.76
Inflation, consumer prices (annual %)[5]	9.45	9.78	8.12	9.39	7.47	10.00	9.15	9.25	8.70	5.57	4.69	1.00	11.86
Institutions[6]	7.13	4.31	5.26	10.00	6.15	4.59	6.00	4.55	1.63	1.00	4.34	2.96	16.64
Total population % change	3.14	5.15	2.01	2.67	6.46	8.21	2.14	2.38	10.00	7.36	1.00	7.76	5.88
Human Development Index	6.57	6.25	9.63	7.96	9.63	1.96	3.95	10.00	1.00	3.89	6.04	3.89	8.84
Individuals using the Internet (% of population)	7.78	10.00	9.29	6.99	9.60	3.61	9.55	9.53	1.11	1.00	6.87	5.84	7.46
Total Country Result	697	514	666	743	634	548	673	573	506	501	526	503	

Source: own study

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4 The statistical study and further analysis of the results of the study show that an increase in this indicator has a negative impact on the attractiveness of the country. Due to this, formula (2) was used to standardize the data for this indicator.

5 The statistical study and further analysis of the results of the study show that an increase in this indicator has a negative impact on the attractiveness of the country. Due to this, formula (2) was used to standardize the data for this indicator.

6 Institutions (global management indicators) – This is the sum of institutional variables Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of law and Control of corruption.

Table 2
Comparison of the results of supporting analyses of the attractiveness of the former USSR countries at the macro level with the results of the main comparative analysis

Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan
Main model	697	514	666	743	634	548	673	573	506	501	526	503
1) Comparative analysis based on 10 indicators using equal weights	661	543	675	691	651	559	671	585	510	522	523	540
2) Comparative analysis based on the indicator that received the highest weight by experts	7.13	4.31	5.26	10.00	6.15	4.59	6.00	4.55	1.63	1.00	4.34	2.96
3) Comparative analysis based on two indicators that received the highest weights by experts	231	188	184	278	191	195	208	185	130	83	128	61
4) Comparative analysis based on indicators which, after assessing the quality of pre-selected indicators, qualified for the statistical survey	1722	1503	1808	1810	1846	1372	1615	1686	1123	954	1427	1339

Source: own study.

Table 2 compares the results obtained with the help of supporting/checking models with the results of the main model. The results of supporting/checking analyses are very similar to the final results of the main analysis. Countries that received low results in the main model also proved to be unattractive in supporting analyses. On the other hand, countries which received high results in the main analysis retained their positions in supporting/checking analyses. This indicates that the results of the main study are reliable.

To sum up, after analyzing the attractiveness of foreign markets at the macro level based on the proposed procedure, the following countries should be eliminated from the further stage of the study due to the low level of investment attractiveness – Ukraine, Azerbaijan, Uzbekistan, Kyrgyzstan, Tajikistan, Turkmenistan. In contrast, Armenia, Georgia, Russia, Kazakhstan, Belarus and Moldova proved to be sufficiently attractive. This means that if foreign investors choose the countries of the former USSR as a preliminary group of countries, due to their subjective preferences, business environment, personality and investment skills, then in the six countries presented above they will be more likely to achieve a competitive advantage. These countries qualify as attractive at the economic sector level. The remaining countries of the former Soviet Union should be eliminated from further stages of the analysis in order to reduce the costs, labor and time consuming of the study.

A positive correlation can be observed between the final result for the countries and an indicator showing the quality of the institution. This in turn indicates that if political stability in the country is high, the level of corruption is low, the public can freely express their opinions (voting rights), there is no violence, the activity of the government is effective, the regulations are clear and legible, the government and other market participants operate legally and in accordance with the constitution, the country is attractive to foreign investors. It is also worth emphasizing that the indicator showing the quality of institutions received the highest importance in the opinion of the surveyed experts. This may be due to the fact that foreign entities highly value institutional guarantees for their invested capital and want to be sure that all disputed situations in the country of internationalization are resolved in accordance with the law. This inference confirms Arbatli's statement. The author concluded that a more favorable political and institutional environment causes a larger inflow of foreign direct investment (Arbatli, 2011). In addition, it is worth emphasizing that the given conclusion confirms that low corruption leads to high attractiveness (Mateev, 2008; Barassi & Zhou, 2012; Tocar, 2018). The importance of institutional stability has also been emphasized by many other authors (Holmes, Miller, Hitt, & Paz Salmador, 2013; Newman, 2000).

The results of the comparative analysis also highlight the crucial role of economic factors. Different authors also pay attention to economic factors by using different assessment criteria in their analysis (Du, Lu, & Tao, 2012; Kok & Ersoy, 2009; Iazzi, Trio, & Pandurino, 2015; Mateev, 2008).

5. SUMMARY

In order to compare the attractiveness at the macro level of a group of countries that were characterized by low quality of statistical data – countries of the former USSR – like in other studies in a given field, indicators were used that have a significant impact on various aspects of life of the country (factors). In addition, the proposed procedure tried to combine the most popular approaches to assess the attractiveness of potential directions for internationalization (country clustering and country ranking). As a result, the process of building a ranking for a specific cluster of countries which can be created on the basis of the investor's subjective preferences was presented. The proposed comparative procedure shows the process of building a comparative analysis of investment attractiveness for a selected group of countries – in this study, countries of

the former USSR. The procedure was based on expert interviews (targeted selection of experts), quantitative research (based on secondary data) and case study. The flexibility of the model would allow assessing the attractiveness and comparing countries which form a specific cluster (both those with high quality of secondary data and those with low quality).

This study includes the following restrictions: dependence on secondary data and their quality, use of data from another group of countries to build a statistical analysis (if necessary), subjectivity in the process of assessing the quality of indicators, uselessness in cases of naïve internationalization, rewriting weights to indicators based on interviews/surveys from experts.

Further research will attempt to assess the attractiveness at the meso level (sector) by modifying the proposed procedure.

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APPENDIX

APPENDIX 1. EXPERIENCES, DOMAINS AND AREAS OF EXPERTS' ACTIVITIES

	Years of experience	Scientific environment	Business	International business	Banking and finance	Market analysis	Foreign trade	International marketing	Management	other
Expert 1	60	1	0	1	0	0	0	1	0	0
Expert 2	45	1	0	1	0	0	0	1	0	0
Expert 3	40	1	0	1	0	0	1	1	0	0
Expert 4	40	1	0	1	1	1	0	0	1	0
Expert 5	30	0	1	0	1	1	0	0	1	0
Expert 6	30	1	1	0	0	0	0	0	1	0
Expert 7	30	0	1	1	1	1	0	0	1	0
Expert 8	30	0	1	0	1	0	0	0	0	0
Expert 9	29	1	0	0	1	0	0	0	0	0
Expert 10	25	0	1	0	1	0	0	0	0	0
Expert 11	25	0	1	0	1	0	0	0	0	0
Expert 12	25	0	1	0	1	0	0	0	0	0
Expert 13	25	0	1	0	1	0	0	0	0	0
Expert 14	25	1	0	1	0	0	0	1	0	0
Expert 15	22	0	1	0	1	0	0	0	0	0
Expert 16	20	0	1	0	1	0	0	0	0	0
Expert 17	20	0	1	1	1	0	0	0	1	1
Expert 18	20	0	1	0	1	0	0	0	0	0
Expert 19	20	0	1	0	1	0	0	0	0	0
Expert 20	20	1	1	0	1	1	0	0	0	0
Expert 21	20	0	1	1	1	0	0	0	0	0
Expert 22	20	0	1	0	1	0	0	0	0	0
Expert 23	20	1	1	0	1	0	0	0	0	0
Expert 24	20	0	1	0	1	0	0	0	0	0
Expert 25	20	1	0	0	0	1	0	0	1	0
Expert 26	17	1	0	0	0	0	0	0	1	0
Expert 27	17	0	1	0	0	0	1	0	1	0
Expert 28	16	0	1	0	1	0	0	0	1	0
Expert 29	15	0	1	0	1	0	0	0	0	0
Expert 30	15	0	1	0	1	0	0	0	0	0
Expert 31	15	1	0	1	1	1	1	0	0	0
Expert 32	13	1	1	0	1	0	0	0	1	0

	Years of experience	Scientific environment	Business	International business	Banking and finance	Market analysis	Foreign trade	International marketing	Management	other
Expert 33	12	0	1	0	1	0	0	0	0	0
Expert 34	12	1	1	0	1	0	0	0	0	0
Expert 35	12	0	1	0	1	1	0	0	0	0
Expert 36	12	0	1	0	1	0	0	0	0	0
Expert 37	11.5	0	1	0	1	0	0	0	0	0
Expert 38	10	0	1	0	1	0	0	0	0	0
Expert 39	10	1	0	0	1	0	0	0	0	0
Expert 40	10	1	0	0	0	0	0	1	0	0
Expert 41	10	0	1	0	1	0	0	0	0	0
Expert 42	8	1	1	0	1	1	0	0	0	0
Expert 43	7	1	1	0	1	1	0	0	0	0
Expert 44	7	1	0	0	0	0	0	0	0	1
Expert 45	5	1	0	0	1	0	0	0	0	0
Expert 46	5	0	1	0	1	0	0	0	0	0
Expert 47	5	0	1	1	0	0	0	0	0	0
Expert 48	4	1	0	0	1	1	0	0	0	1
Expert 49	3	1	0	0	0	0	0	0	0	1
Expert 50	3	0	1	1	0	0	0	0	1	0
Average	19									
Sum		22	35	11	37	10	3	5	11	4
Percentage share		44%	70%	22%	74%	20%	6%	10%	22%	8%

APPENDIX 2. DATA OF THE FORMER USSR COUNTRIES FOR SELECTED INDICATORS OF THE ATTRACTIVENESS ASSESSMENT AT THE MACRO LEVEL

Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan
GDP (2010 constant USD) % change	5.2%	1.4%	3.0%	4.8%	4.1%	3.5%	3.4%	2.3%	7.3%	6.2%	3.3%	5.1%
GDP per capita (PPP adjusted) (current international $) % change	7.5%	3.0%	5.7%	7.3%	5.2%	4.0%	6.0%	5.4%	7.2%	7.1%	6.2%	5.8%
Gross capital formation (current USD) % change	25.2%	−5.4%	7.0%	11.7%	−1.2%	13.0%	33.1%	−0.9%	−10.1%	9.3%	9.7%	16.4%
Trade (% of GDP)	91.3%	92.0%	139.3%	111.8%	62.8%	101.1%	84.3%	51.5%	55.7%	35.2%	99.0%	67.8%
Unemployment, total (% of total labor force) (modeled ILO estimate)[7]	17.7%	5.4%	5.8%	14.2%	5.4%	7.4%	3.7%	4.5%	11.1%	3.9%	9.3%	5.5%
Inflation, consumer prices (annual %)[8]	2.5%	1.9%	4.9%	2.6%	6.0%	1.5%	3.0%	2.9%	3.8%	9.4%	11.0%	17.5%
Institutions[9]	−0.79	−4.10	−2.98	2.59	−1.94	−3.78	−2.11	−3.82	−7.26	−8.00	−4.07	−5.69
Total population % change	0.24%	0.90%	−0.14%	0.08%	1.32%	1.90%	−0.09%	−0.01%	2.48%	1.62%	−0.47%	1.75%
Human Development Index	0.76	0.754	0.817	0.786	0.817	0.674	0.711	0.824	0.656	0.71	0.75	0.71
Individuals using the Internet (% of population)	64.7%	79.0%	74.4%	59.7%	76.4%	38.0%	76.1%	76.0%	22.0%	21.3%	58.9%	52.3%

Source: own study.

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[7] The statistical study and the further analysis of the results of the study show that an increase in this indicator has a negative impact on the country's attractiveness.

[8] The statistical study and the further analysis of the results of the study show that an increase in this indicator has a negative impact on the country's attractiveness.

[9] Institutions (global management indicators) – This is the sum of institutional variables Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of law and Control of corruption.

APPENDIX 3. COMPARATIVE ANALYSIS OF THE ATTRACTIVENESS OF THE FORMER USSR COUNTRIES AT THE MACRO LEVEL BASED ON 10 INDICATORS USING EQUAL WEIGHTS

Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan	Weight
GDP (2010 constant USD) % change	6.79	1.00	3.50	6.18	5.11	4.19	4.04	2.29	10.00	8.32	3.94	6.67	10
GDP per capita (PPP adjusted) (current international \$) % change[10]	10.00	1.00	6.43	9.52	5.52	3.15	7.05	5.74	9.49	9.10	7.42	6.68	10
Gross capital formation (current USD) % change	8.35	1.97	4.55	5.53	2.85	5.80	10.00	2.90	1.00	5.04	5.12	6.51	10
Trade (% of GDP)	5.85	5.91	10.00	7.62	3.39	6.70	5.24	2.41	2.77	1.00	6.52	3.82	10
Unemployment, total (% of total labor force) (modeled ILO estimate)[10]	1.00	8.93	8.67	3.23	8.91	7.67	10.00	9.48	5.27	9.92	6.41	8.86	10
Inflation, consumer prices (annual %)[11]	9.45	9.78	8.12	9.39	7.47	10.00	9.15	9.25	8.70	5.57	4.69	1.00	10
Institutions	7.13	4.31	5.26	10.00	6.15	4.59	6.00	4.55	1.63	1.00	4.34	2.96	10
Total population % change	3.14	5.15	2.01	2.67	6.46	8.21	2.14	2.38	10.00	7.36	1.00	7.76	10
Human Development Index	6.57	6.25	9.63	7.96	9.63	1.96	3.95	10.00	1.00	3.89	6.04	3.89	10
Individuals using the Internet (% of population)	7.78	10.00	9.29	6.99	9.60	3.61	9.55	9.53	1.11	1.00	6.87	5.84	10
Total Country Result	661	543	675	691	651	559	671	585	510	522	523	540	

Source: own study.

[10] The statistical study and further analysis of the results of the study show that an increase in this indicator has a negative impact on the attractiveness of the country. Due to this, formula (2) was used to standardize the data for this indicator.

[11] The statistical study and further analysis of the results of the study show that an increase in this indicator has a negative impact on the attractiveness of the country. Due to this, formula (2) was used to standardize the data for this indicator.

APPENDIX 4. COMPARATIVE ANALYSIS OF THE ATTRACTIVENESS OF THE FORMER USSR COUNTRIES AT THE MACRO LEVEL BASED ON THE INDICATOR THAT RECEIVED THE HIGHEST WEIGHT IN THE OPINION OF EXPERTS

Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan	Weight
Institutions	7.13	4.31	5.26	10.00	6.15	4.59	6.00	4.55	1.63	1.00	4.34	2.96	16.05
Total Country Result	7.13	4.31	5.26	10.00	6.15	4.59	6.00	4.55	1.63	1.00	4.34	2.96	

Source: own study.

APPENDIX 5. COMPARATIVE ANALYSIS OF THE ATTRACTIVENESS OF THE FORMER USSR COUNTRIES AT THE MACRO LEVEL BASED ON TWO INDICATORS THAT RECEIVED THE HIGHEST WEIGHTS IN THE OPINION OF EXPERTS

Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan	Weight
Inflation, consumer prices (annual %)[12]	9.45	9.78	8.12	9.39	7.47	10.00	9.15	9.25	8.70	5.57	4.69	1.00	11.86
Institutions	7.13	4.31	5.26	10.00	6.15	4.59	6.00	4.55	1.63	1.00	4.34	2.96	16.64
Total Country Result	231	188	184	278	191	195	208	185	130	83	128	61	

Source: own study.

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[12] The statistical study and further analysis of the results of the study show that an increase in this indicator has a negative impact on the attractiveness of the country. Due to this, formula (2) was used to standardize the data for this indicator.

APPENDIX 6. INDICATORS DESCRIBING THE COUNTRIES OF THE FORMER USSR AT THE MACRO LEVEL WHICH, AFTER ASSESSING THE QUALITY OF PRE-SELECTED INDICATORS, QUALIFIED FOR THE STATISTICAL SURVEY

Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan
Unemployment, total (% of total labor force) (modeled ILO estimate)	17.7%	5.4%	5.8%	14.2%	5.4%	7.4%	3.7%	4.5%	11.1%	3.9%	9.3%	5.5%
Inflation, consumer prices (annual %)	−0.79%	−4.10%	−2.98%	2.59%	−1.94%	−3.78%	−2.11%	−3.82%	−7.26%	−8.00%	−4.07%	−5.69%
Gross capital formation (current USD) % change	25.2%	−5.4%	7.0%	11.7%	−1.2%	13.0%	33.1%	−0.9%	−10.1%	9.3%	9.7%	16.4%
Starting a business Score	96.1	96.2	93.5	99.6	94.4	93.0	95.7	93.1	93.2	–	91.1	96.2
Profit tax (% of commercial profits)	21.8%	12.7%	11.1%	7.8%	16.4%	6.7%	8.7%	7.3%	17.7%	–	10.2%	11.8%
Trade (% of GDP)	91.3%	92.0%	139.3%	111.8%	62.8%	101.1%	84.3%	51.5%	55.7%	35.2%	99.0%	67.8%
GDP per capita (current USD)	4212.07	4721.18	6289.94	4717.14	9812.60	1281.36	3227.31	11288.87	826.62	6966.64	3095.17	1532.37
GDP per capita (PPP adjusted) (current international $) % change	7.5%	3.0%	5.7%	7.3%	5.2%	4.0%	6.0%	5.4%	7.2%	7.1%	6.2%	5.8%
GDP (2010 constant USD) % change	5.2%	1.4%	3.0%	4.8%	4.1%	3.5%	3.4%	2.3%	7.3%	6.2%	3.3%	5.1%
Institutions	−0.79	−4.10	−2.98	2.59	−1.94	−3.78	−2.11	−3.82	−7.26	−8.00	−4.07	−5.69
Control of Corruption	−0.35	−0.83	−0.19	0.71	−0.50	−0.95	−0.73	−0.85	−1.42	−1.36	−0.87	−1.07
Economic freedom Index	70.6	69.3	61.7	77.1	69.6	62.9	62.0	61.0	52.2	46.5	54.9	57.2
Business Freedom Index	81.0	80.8	76.4	85.3	74.6	73.6	68.1	80.2	65.9	30.0	61.3	72.6
Trade Freedom Index	80.6	74.6	82.0	88.6	80.2	79.2	78.0	77.8	75.0	74.2	81.2	67.6

Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan
Investment Freedom Index	75.0	70.0	30.0	80.0	50.0	60.0	55.0	30.0	25.0	10.0	35.0	20.0
Rule of law	-0.15	-0.60	-0.83	0.33	-0.43	-0.91	-0.41	-0.82	-1.28	-1.45	-0.72	-1.07
Political Stability and Absence of Violence/Terrorism	-0.42	-0.70	0.35	-0.43	0.00	-0.58	-0.35	-0.50	-0.72	-0.01	-1.83	-0.28
The Fragile States Index (FSI)	66.70	73.20	68.20	72.00	61.60	76.20	67.10	47.80	77.70	71.40	71.00	75.70
Total population % change	0.24%	0.90%	-0.14%	0.08%	1.32%	1.90%	-0.09%	-0.01%	2.48%	1.62%	-0.47%	1.75%
Total population	3.00	9.90	9.50	4.00	18.30	6.30	4.10	145.70	9.10	5.90	44.20	32.50
Life expectancy at birth (years)	74.9	72.9	74.6	73.6	73.2	71.3	71.8	72.4	70.9	68.1	72.0	71.6
GINI index (World Bank estimate)	34.4	26.6	25.2	36.4	27.5	27.7	25.7	37.5	34.0	40.8	26.1	35.3
Gender Inequality Index (GII)	0.26	0.32	0.12	0.35	0.20	0.38	0.23	0.26	0.38	-	0.28	0.30
Human Development Index	0.76	0.754	0.817	0.786	0.817	0.674	0.711	0.824	0.656	0.71	0.75	0.71
Education index	0.759	0.694	0.837	0.856	0.817	0.734	0.708	0.832	0.673	0.628	0.797	0.718
Individuals using the Internet (% of population)	64.7%	79.0%	74.4%	59.7%	76.4%	38.0%	76.1%	76.0%	22.0%	21.3%	58.9%	52.3%
PM2.5 air pollution, mean annual exposure (micrograms per cubic meter)	32.53	19.93	18.77	22.20	13.82	22.74	16.25	16.16	46.15	21.77	20.31	28.46

Source: own study.

APPENDIX 7. COMPARATIVE ANALYSIS OF THE ATTRACTIVENESS OF THE FORMER USSR COUNTRIES AT THE MACRO LEVEL ON THE BASIS OF INDICATORS WHICH, AFTER ASSESSING THE QUALITY OF PRE-SELECTED INDICATORS, QUALIFIED FOR THE STATISTICAL SURVEY

Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan	Weight
Unemployment, total (% of total labor force) (modeled ILO estimate)[13]	1.00	8.93	8.67	3.23	8.91	7.67	10.00	9.48	5.27	9.92	6.41	8.86	10
Inflation, consumer prices (annual %)[14]	3.87	6.69	5.74	1.00	4.85	6.41	5.00	6.45	9.37	10.00	6.66	8.04	10
Gross capital formation (current USD) % change	8.35	1.97	4.55	5.53	2.85	5.80	10.00	2.90	1.00	5.04	5.12	6.51	10
Starting a business Score	9.68	9.69	9.45	10.00	9.53	9.40	9.65	9.41	9.42	–	9.23	9.69	10
Profit tax (% of commercial profits)	10.00	6.24	5.58	4.22	7.77	3.77	4.59	4.01	8.31	–	5.21	5.87	10
Trade (% of GDP)	5.85	5.91	10.00	7.62	3.39	6.70	5.24	2.41	2.77	1.00	6.52	3.82	10
GDP per capita (current USD)	3.91	4.35	5.70	4.35	8.73	1.39	3.07	10.00	1.00	6.28	2.95	1.61	10
GDP per capita (PPP adjusted) (current international $) % change	10.00	1.00	6.43	9.52	5.52	3.15	7.05	5.74	9.49	9.10	7.42	6.68	10
GDP (2010 constant USD) % change	6.79	1.00	3.50	6.18	5.11	4.19	4.04	2.29	10.00	8.32	3.94	6.67	10
Institutions	7.13	4.31	5.26	10.00	6.15	4.59	6.00	4.55	1.63	1.00	4.34	2.96	10
Control of Corruption	5.52	3.49	6.18	10.00	4.87	2.95	3.92	3.42	1.00	1.24	3.30	2.47	10
Economic freedom Index	8.09	7.71	5.47	10.00	7.79	5.82	5.56	5.26	2.68	1.00	3.47	4.15	10
Business Freedom Index	9.30	9.27	8.55	10.00	8.26	8.10	7.20	9.17	6.84	1.00	6.09	7.93	10
Trade Freedom Index	6.57	4.00	7.17	10.00	6.40	5.97	5.46	5.37	4.17	3.83	6.83	1.00	10
Investment Freedom Index	9.36	8.71	3.57	10.00	6.14	7.43	6.79	3.57	2.93	1.00	4.21	2.29	10

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13   After subjective assessment of a given indicator, it was assumed that an increase in the indicator has a negative impact on the country's attractiveness. Due to this, formula (2) was used to standardize the data for this indicator.

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Indicator / Country	Armenia	Azerbaijan	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmenistan	Ukraine	Uzbekistan	Weight
Rule of law	7.58	5.31	4.13	10.00	6.16	3.75	6.25	4.22	1.86	1.00	4.71	2.91	10
Political Stability and Absence of Violence/Terrorism	6.81	5.66	10.00	6.78	8.54	6.14	7.10	6.46	5.55	8.51	1.00	7.37	10
The Fragile States Index (FSI)[15]	4.31	2.35	3.86	2.72	5.85	1.45	4.19	10.00	1.00	2.90	3.02	1.60	10
Total population % change	3.14	5.15	2.01	2.67	6.46	8.21	2.14	2.38	10.00	7.36	1.00	7.76	10
Total population	1.00	1.44	1.41	1.06	1.96	1.21	1.07	10.00	1.38	1.18	3.60	2.86	10
Life expectancy at birth (years)	10.00	7.35	9.60	8.28	7.75	5.24	5.90	6.69	4.71	1.00	6.16	5.63	10
GINI index (World Bank estimate)[16]	4.69	9.19	10.00	3.54	8.67	8.56	9.71	2.90	4.92	1.00	9.48	4.17	10
Gender Inequality Index (GII)[17]	3.88	2.42	7.19	1.71	5.20	1.00	4.61	3.98	1.09	–	3.29	2.84	10
Human Development Index	6.57	6.25	9.63	7.96	9.63	1.96	3.95	10.00	1.00	3.89	6.04	3.89	10
Education index	6.17	3.61	9.25	10.00	8.46	5.18	4.16	9.05	2.78	1.00	7.67	4.55	10
Individuals using the Internet (% of population)	7.78	10.00	9.29	6.99	9.60	3.61	9.55	9.53	1.11	1.00	6.87	5.84	10
PM2.5 air pollution, mean annual exposure (micrograms per cubic meter)[18]	4.79	8.30	8.62	7.67	10.00	7.52	9.32	9.35	1.00	7.79	8.19	5.93	10
Total Country Result	1722	1503	1808	1810	1846	1372	1615	1686	1123	954[19]	1427	1339	

Source: own study.

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[15] After subjective assessment of a given indicator, it was assumed that an increase in the indicator has a negative impact on the country's attractiveness. Due to this, formula (2) was used to standardize the data for this indicator.

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[17] After subjective assessment of a given indicator, it was assumed that an increase in the indicator has a negative impact on the country's attractiveness. Due to this, formula (2) was used to standardize the data for this indicator.

[18] After subjective assessment of a given indicator, it was assumed that an increase in the indicator has a negative impact on the country's attractiveness. Due to this, formula (2) was used to standardize the data for this indicator.

[19] The absence of data for the three indicators describing Turkmenistan has no significant impact on the country's total score in a given analysis.