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HUMAN DEVELOPMENT INDEX: PLACE OF KAZAKHSTAN IN THE MODERN WORLD

Abstract. This article is devoted to comparative analysis of the ranking of countries according to the Human Development Index. Human capital as economic category leads to strong separation of peoples and nations by its main indicator – efficiency and quality. At the same time, Human Development Index (HDI), nowadays is widely used by international institutions of the United Nations, dramatically eliminating these differences. This is the main difference between HDI and efficiency indicator of human capital.

This article analyzes the differences in achievements between the leading countries, EEU states on the human development index (life expectancy, GDP per capita, education level). In conclusion, the authors propose a set of measures to improve the efficiency of human capital in Kazakhstan at the level of advanced countries in the world.

Keywords: human capital, human development concept, human development index, the Republic of Kazakhstan.

1. Introduction

Human development as a complex economic category has qualitative and quantitative characteristics. At different times many scientists, economists offered the use of various approaches and methods for measurement.

The simplest way of measuring human development, that use natural assessment is measuring human development in person-years of study. The more human learns, the higher his level of education and the greater the amount of his human development is. However, amendments that take into account the same duration of training at different levels of education (for example, secondary education in schools and higher education at the university) are made.

National human capital is more than half of national wealth of each developing country and more than 70-80% of developed countries of the world, it was and remains the main intensive factor in development of economy and society.

Human capital (HC), like any other capitals, - physical, natural, financial – has a value, subject to renewal, modernization and development. The main measuring indicators of HC are its cost and capacity (efficiency) as intensive factor of development. The HC has all properties and indicators of development intensive factor.

Human capital as economic category leads to strong separation of peoples and nations by its main indicator – efficiency and quality. At the same time, Human Development Index (HDI), is nowadays widely used by international institutions of the United Nations, dramatically eliminating these differences. This is the main difference between HDI and efficiency indicator of HC.

National human capital (Human Capital) is essentially different by quality and cost per capita, as well as by its efficiency for different countries. These indicators of HC depend on quality and ethics of labor that are historically determined by degree of economic freedom and mentality.

Capacity or efficiency of HC is determined by transformation ratio of investments in HC, that can be greater than one (for the most developed countries with the highest quality of HC, knowledge economy and information society) and less than one for developing and underdeveloped countries of the world. For countries with low-quality labor and low capacity it is several times lower than that of developed countries, as well as labor capacity.

Transformation ratio of investments in HC (efficiency coefficient) reflects integral capacity and efficiency of cumulative national HC, which, in its turn, determines average labor capacity in industries with high added value (manufacturing industry, high-tech industries).

2. Brief Literature Review

The concept of "human capital" in the economic theory came through by the efforts of two Nobel Prize winners in Economics: Theodore Schultz (Shultz, 1968) [1] and Gary Becker (Becker, 1964) [2], who argued that improving the welfare of poor people does not depend on the land, machinery or effort, but rather on knowledge.

A fundamental contribution to the development of the modern theory of human capital was made by T. Schultz, G. Becker, R. Solow, S. Kuznets, I. Fisher, R. Lucas and other economists, sociologists. Schultz proposed the following definition: "All human resources and capabilities are either congenital or acquired. Everyone is born with an individual set of genes determining his innate human potential. Acquired valuable human qualities that can be amplified by specific inputs are called human capital» [1].

The concept of human capital has been put forward by American economist G. Becker in 1960 and represents accumulated knowledge, skills and craftsmanship that an employee has and has acquired during his training, education, professional training, work experience. Becker (Becker, 1964) considered the cost of education and training as main investments into human capital and assessed their cost-effectiveness as the ratio of revenues to costs, having about 12-14% of annual profits [2].

Schultz believed that the accumulation of people's ability to work, their creative activities in social life, and the maintenance of health are the main results of investment in human capital. He believed that human capital has the necessary attributes of a productive nature. In our opinion, human capital is a complex of intellectual abilities, skills, knowledge and abilities of the person that were received during education and practical activities and the quality of life and health of the person.

3. Results

Human development dynamics in countries with different economic capacities at the beginning of the current century indicates a significant increase in the proportion of countries with high human development. As assessed in UN HDI, all EEU members states are in this group, except Kyrgyzstan (Kyrgyzstan is in the group of states with average HDI). Classified according to their HDI values there are four groups of states: a very high level of HDI (0.808 and above), a high level (between 0,700 and 0, 808), an average level (0.556 - 0.699) and a low level (below 0.556) [3].

All EEU member states have shown positive results in the Human Development Index (HDI) dynamics over the past decade, which is calculated on the basis of achievements in education, life expectancy and income. None of the member state showed lower HDI in 2014 as compared to 2005 [4].

Whereas the average rate of this indicator in countries with very high human development is 0.890 and a high level of human development is 0.735, this figure in Russia is 0.798, in Armenia is 0.733, in Belarus is 0.798, in Kazakhstan is 0.788, in Kyrgyzstan is 0.655. HDI dynamics over the past decade shows an increase of its value in all EEU member states even in the global crisis of 2008-2009, with the exception of Armenia and Kyrgyzstan, which demonstrated a reduction of this index in 2010; however, the growth has also been consistent in these countries since 2011 [4] (Table 1).

As indicated in the analyzed dynamics, EEU member states were in the following positions in HDI ranking in the middle of the current decade (in 2014): Russia and Belarus were the 50th, Kazakhstan was the 56th, Armenia was the 85th, Kyrgyzstan was the 120th.

All EEU member states are rated quite high in terms of the duration of schooling. Except for Kyrgyzstan, the figure is closer to the group of countries with a very high human development level. The HDI in Kyrgyzstan is higher than the average figure in the group of countries with a high human development level.

Table 1 – Comparative analysis of data and the performance results of the Republic of Kazakhstan on HDI data, indicators of 2014

No.	Indicator	Indicators of the top three leading states in the world	EEU member states performance data
1	Human development index (HDI)	1. Norway – 0.944 2. Australia – 0.935 3. Switzerland – 0.930	Belarus – 0.798 Russia – 0.798 Kazakhstan – 0.788 Armenia – 0.733 Kyrgyzstan – 0.655
2	Life expectancy at birth, years	1. Hong Kong (China) – 84.0 2. Japan – 83.5 3. Italy – 83.1	Armenia – 74.7 Belarus – 71.3 Russia – 70.1 Kyrgyzstan – 70.6 Kazakhstan – 69.4
3	Expected years of schooling	1. Australia – 20.2 2. New Zealand – 19.2 3. Iceland – 19.0	Belarus – 15.7 Kazakhstan – 15.0 Russia – 14.7 Kyrgyzstan – 12.5 Armenia – 12.3
4	Average duration of schooling, years	1. Germany, the United Kingdom – 13.1 2. Australia, Canada – 13,0 3. USA – 12,9	Belarus – 12,0 Russia – 12,0 Kazakhstan – 11.4 Armenia – 10.9 Kyrgyzstan – 10.6
5	Gross national income (GNI) per capita, USD	1. Qatar – 123,124 2. Kuwait – 83,961 3. Liechtenstein – 79,851	Russia – 22,352 Kazakhstan – 20,867 Belarus – 16,676 Armenia – 8,124 Kyrgyzstan – 3,044
6	Public expenditure on health (% of GDP), 2013	1. USA – 17,1 2. Micronesia – 12,6 3. France – 11,7	Kyrgyzstan – 6.7 Russia – 6.5 Belarus – 6.1 Armenia – 4.5 Kazakhstan – 4.3
Source: the authors' calculations using collected data [4]			

Notwithstanding, relatively lower indicators of life expectancy and GDP per capita as compared to the developed countries reduce these countries' HDI value [5].

In terms of life expectancy at birth (number of years newborn children are expected to live provided their health and living conditions remain unchanged), which reflects the health condition of the population of a state, the quality of healthcare in Russia, Armenia and Belarus is at the level of states with high human development, and in Kazakhstan and Kyrgyzstan it is below the level of countries with average human development.

Analysis of separate population groups indicates that for those aged 60 and above, life expectancy in all EEU member states in 2010-2015 was lower than that of the countries with average human development (18.5 years), with the exception of Armenia (20 years). This indicator is 17.1 years in Belarus, 16.5 years in Kazakhstan, 16.8 years in Kyrgyzstan and 17.5 years in Russia [6, 7].

One of the contributing factors is the healthcare expenditures against GDP. Whereas healthcare expenditures in countries with a very high human development average 12.2% of GDP and in 6.0% in countries with a high level of human development, healthcare expenditures in Russia, Belarus and Kyrgyzstan are above 6% of GDP – 6.5%, 6.1% and 6.7% respectively, while in Armenia this figure is 4.5% and in Kazakhstan it is 4.3%.

According to UNDP reports on human development for 2008-2012, there is a positive trend in the human capital development, as evidenced by the human development index/ human potential development index [8, 9, 10].

It is important to note that in 2008 Kazakhstan was in the group of countries with average human development (Human Development Report, 2010).

Since 2009 Kazakhstan has moved to the group of high level Human Development Index / Human Potential Development Index, successfully maintaining its position through 2012.

Table 2 below shows the data on the Human Development Index / Human Potential Development Index and its components for 2008-2012. It should be mentioned that in drawing up the Human

Development ranking of countries, UNDP experts were not always guided by the actual data (Kurmanov et al., 2015).

Table 2 – Human Development Index / Human Potential Development Index and its components (2008-2012)

Components	Human Potential Development Index (HPDI)		Human Development Index (HDI)		
	2008	2009	2010	2011	2012
HDI (in the HDI ranking of countries)	0.794 (73 out of 177)	0.804 (82 out of 182)	0.714 (66 out of 169)	0.745 (68 out of 187)	0.754 (69 out of 187)
1. Health and longevity:					
Life Time Index at birth (life expectancy)	0.682 (65.94)	0.666 (64,95)	0.766 (65.4)	0.775 (67)	0.775 (67.4)
2. Access to education:					
Education Index:	0.973	0.965	0.795	0.799	0.799
Sub-index 1	Literacy Level of Adult population		Average education duration		
	99.5	99.6	10.3	10.4	10.4
Sub-index 2	The overall figure of students in educational institutions		Expected education duration		
	93.8	91.4	15.1	15.1	15.3
3. A decent standard of living					
Index GDP / GNI	GDP per capita in USD per PPP		GNI per capita in USD per PPP		
	7857	10,863	10,234	10,585	10,451
Source: Human Development Report, 2010, 2013					

So, for example, in the preparation of a HPDI ranking for 2007-2008 they used life expectancy data of the 2005 ranking for 2009 – data as of 2007.

According to the latest UNDP human development report 2013 entitled “The Rise of the South: Human Progress in a Diverse World”, in 2012 Kazakhstan ranked 69th in the Human Development Index; this index corresponds to the group of countries with high human development.

The report was presented to the director of the UNDP Regional Centre in Bratislava Adam Oliver.

According to the report, in the most countries in the group with the high HDI there is a steady increase in the index for the period since 2000. Kazakhstan, Algeria, Iran, Venezuela and Cuba have demonstrated the highest increase in the HDI for the 12-year period in the group of countries with a high index [11, 12].

Between 1995 and 2012, Kazakhstan's score rose from 0.642 to 0.754.

UNDP experts note that Kazakhstan shows one of the highest HDI growth rates in the region – an average of 1.1 percent within the past 10 years. Other Central Asian countries ranked as follows: Turkmenistan – 102nd, Uzbekistan – 114th place, Kyrgyzstan and Tajikistan – 125th place.

“The Rise of the South” is dramatically changing the world’s aspect in the XXI century. At the same time, developing countries are driving economic growth, drawing hundreds of millions of people out of the poverty and inducing billions of others in the ranks of the global middle class.

One of the major achievements in the field of development in the countries of Asia, Africa and Latin America is a large-scale reduction of poverty and the increasing the middle class number [13, 14, 15].

Studying the main trends in the development of Kazakhstan in conjunction with the global Human Development Index of UNDP: “The Human Development Index of Kazakhstan for 2011” is estimated at 0.745 and qualifies Kazakhstan as the country in the group of high human development – 68th place among 187 countries and territories.

In comparison with the revised data for 2010 Kazakhstan's rating improved by one point.

During the period from 1995 to 2011, Kazakhstan's HDI rose from 0.636 to 0.745, or by 17%, an annual increase made up about 1%.

Considering the progress of Kazakhstan for the period since 1995, we can highlight the progress in terms of life expectancy at birth, which increased by 3.1 years [16, 17, 18].

The average number of schooling years increased by 1.6 years and the expected schooling period

increased by 3.2 years. Kazakhstan's GNI per capita increased 2.4 times”.

Globally, the report notes that global revenue growth is associated with the deterioration of key indicators such as greenhouse gas emissions, soil and water quality” (Human Development Report, 2010).

Despite the positive trends in the Central Asian region, the countries are still depend on fossil fuels by using energy inefficiently and demonstrating a high level of air pollution [19].

These effects increase inequality, influencing adversely people that are already in the disadvantaged group, and the inequality in human development, in turn, increases the ecological degradation.

Outstanding progress in human development, which occurred in recent decades, could not continue without major decisive steps to reduce environmental risks and inequality [20]

The Report identified ways of further actions to achieve environmental sustainability and the equality of opportunity in such a way that they reinforce each other.

4. Conclusion

Human development should be a priority of the economic policy in EEU member states. In the context of the current socio-economic situation and objectives for the economic growth and increase in the population welfare set up by EEU member states, the development of measures to enhance the social policy efficiency in the Community in general and in each member state in particular becomes actual.

Human capital has all the properties and indicators of intensive development factor, but there are some problems with the precise measurement of its cost and performance.

To increase the efficiency of human capital and to create an innovation economy at the level of advanced countries, it is necessary to achieve:

- very high level and quality of human capital and high investments in its growth and development;
- high level and quality of life;
- high level of HPDI and economic freedom;
- high level of development of basic science;
- high level of development of applied sciences;
- availability of powerful intellectual centers of technological development in the country;
- high proportion of the sector of the new economy;
- powerful synergetic effect in all spheres of human intellectual activity;
- advanced and effective innovation and venture systems supported by the state;
- an attractive investment climate and a high level of investment ratings;
- a favorable business and tax climate;
- diversified economy and industry;
- competitive products in the global technology markets;
- an effective state regulation of the country's development;
- transnational corporations ensuring the competitive technological and scientific development of the country;
- low level of inflation (less than 3-5%).

The integration of education, science and industry, the development of post-graduate education based on modern scientific and technology advances are today one of the priority fields of economic development.

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АДАМИ ПОТЕНЦИАЛЫНЫҢ ДАМУ ИНДЕКСІ: ЗАМАНАУИ ӘЛЕМДЕГІ ҚАЗАҚСТАННЫҢ ОРНЫ

Аннотация. Мақала адами потенциалының даму индексінің мемлекет рейтингін салыстырмалы талдауына арналған. Адами капитал экономикалық категория ретінде халықты және ұлттарды, олардың көрсеткіштерін тиімділігі мен сапасына қарай қатал бөледі. Сонымен қатар, қазіргі уақытта БҰҰ халықаралық институттарында кеңінен қолданылатын адами потенциалдың даму индексі айырмашылығын түпкілікті түрде ажыратады. Осы кезде АПДИ-ның негізгі айырмашылығын және адами капиталдың тиімділік көрсеткіштерін көрсетеді.

Мақалада адами потенциал дамуының индексі бойынша ЕАЭҚ мемлекет бірлестіктері, көсбасшы мемлекеттер аралығындағы жеткен жетістіктері жөнінде талдау жасалды. Қорытындылай келе автор келесі шараларды ұсынады: дамыған мемлекеттер деңгейінде Қазақстанның адами капиталының тиімділігін арттыру.

Түйін сөздер: адами капитал, адами дамудың концепциясы, адами капиталдың даму индексі, Қазақстан Республикасы.

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ИНДЕКС РАЗВИТИЯ ЧЕЛОВЕЧЕСКОГО ПОТЕНЦИАЛА: МЕСТО КАЗАХСТАНА В СОВРЕМЕННОМ МИРЕ

Аннотация. Статья посвящена сравнительному анализу рейтинга стран по индексу развития человеческого потенциала. Человеческий капитал как экономическая категория приводит к сильному разделению народов и наций по основному его показателю - по эффективности и качеству. В то же время широко используемый сейчас международными институтами ООН индекс развития человеческого потенциала кардинально нивелирует эти различия. В этом состоит основное отличие ИРЧП и показателя эффективности человеческого капитала.

В статье проведен анализ различий в достижениях между странами-лидерами, государствами-членами ЕАЭС по Индексу человеческого развития (продолжительности жизни, ВВП на душу населения, образовательному уровню и т.д.). В заключение авторы предлагают комплекс мер по повышению эффективности человеческого капитала в Казахстане на уровне передовых стран мира.

Ключевые слова: человеческий капитал, концепция человеческого развития, индекс развития человеческого потенциала, Республика Казахстан.