

AMURCON 2020
International Scientific Conference**FEATURES OF HUMAN POTENTIAL IN THE REGIONS OF
RUSSIA**

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**Abstract**

Human potential is a key factor behind accelerated economic development. This research deals with the analysis of human potential development levels in the regions of Russia. The author identifies the indicators of a statistically significant assessment of human potential in Russian regions. The system of indicators is based on a universally accepted human potential assessment methodology via human potential development index and includes indicators that impact the development of human potential and reflect regional specifics. The analysis helped us establish a system of indicators that reflect the human potential development dynamics and the efficiency of the current government policies. We used the developed methodological approach to assess human potential. The author makes conclusions concerning the development areas of human potential in Russian regions to improve the quality of life and accelerate the economic growth in them. The increase in the significance of human health and life expectancy is a general trend. At the same time, the economic factors are in decline. In other words, we observe the socially-oriented development of human potential. The overall human potential development remains low, up to 60% of the maximum, which reflects the low development of human potential across the entire country. The author formulates the following key aspects of the regional policy: the improvement of quality and availability of educational and medical services; the development of cultural intelligence; the improvement of working life quality through developing business environment and improving business efficiency; the motivation of residents to have a healthy lifestyle.

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1. Introduction

‘Human potential’ is seen by economists as one of the key factors behind economic growth. The regional research, including the study of human potential formation within a specific region, require special attention. This approach is highly relevant and significant because it takes into account the internal systemic factors. This allows for selective and efficient regional policies concerning the development of human potential, the improvement of life quality, and achieving regional growth.

2. Problem Statement

The classic economic theory stipulates labor as one of the factors behind the achievement of economic growth (Kravchenko & Sharkevich, 2011; Kuhl et al., 2020; Lokosov et al., 2018). The contemporary theorists pay great attention to the problems of human potential development. The category of ‘human potential’ is closely related to such categories as ‘human capital’ and ‘labor resources’, and it is viewed as a factor behind high rates of economic growth (Rimashevskaja, 2001; Shimizu, 2007; Sluckiy, 2000).

Researchers pay great attention to the study of the human potential formation and development features at the country level, while regional specifics often remain unexposed (Abramjan et al., 2019; Soboleva, 2007; Westhead & Solesvik, 2016). This is especially relevant for federative states where it is necessary to take into consideration the features of specific regions when developing solutions (Egorov, 2017; Ustinova, 2018).

3. Research Questions

Currently, economics lacks a clear and stable definition of this category or the approaches to measuring human potential (Leonidova, 2019; Zarakovskiy & Stepanova, 1999). The term ‘human development’ (Streeten, 1994) can be used as an alternative to ‘human potential’ used in Russian economics. The foreign concept is based on the capability approach that was first described by Sen in his treaty on Commodities and Capabilities (Sen, 1985). (Table 1).

Table 1. The approaches to understanding human potential

Authors	Human potential definition
Human Institute of RAS	It is sets of universal and specific needs, abilities, and aptitudes of various social groups formed in interactions with the social environments and necessary to perform socially-relevant activities, as well as key social roles and functions, These roles and functions ensure both traditions and innovations in social development
Soboleva I. V. (2007)	It is a stock of physical and moral health, cultural and professional competencies, creative, business, and civil activities accumulated by people and implemented in various areas of activity.
Vishnevskiy A. G. (2015)	It is a set of physical and spiritual forces of people that can be used to achieve personal or social goals.
Zaslavskaja T. I. (2005)	It is an integral characteristic of the viability of a society (country, state) as an actor of self-reproduction, development, and interaction with other societies.

We can notice that some researchers (Zarakovskiy, Vishnevskiy, Zaslavskaja) analyze human potential from the macroeconomic point of view, which is not entirely correct. We believe that this category can be seen from the viewpoint of an individual, regional economy, or national economy.

4. Purpose of the Study

The goal of this research is to study human potential development trends in the regions of Russia and to identify the aspects of regional policies concerning the development of human potential.

5. Research Methods

In this research, we will use the approach to understanding human potential proposed by the Human Institute of RAS to analyze its regional specifics.

The basic methodological framework for the assessment of human potential assessment is the UNDP Human Development Index (HDI), which is the key indicator for the assessment of a country’s competitive abilities. The Human Development Index comprises the assessment of three equally significant components: life expectancy, education index, and the actual per capita GDP (Ivanov, 2011; Korchagina, 2012).

HDI is calculated using the following formula:

$$HDI = \sqrt[3]{LEI \times EI \times II} \text{ where}$$

LEI is the life expectancy index,

EI is the education index,

II is the income index calculated using the GNI on the parity of national capability.

This approach proved efficient for international assessments.

Today, there is an array of research works on the differences in human potential in various regions. They are all to some extent based on the methodological approaches formulated by the UN.

Table 2. The comparison of methodological approaches to the assessment of the human potential in different regions

Methodology and author	Brief description of the approach
The definition of human potential development index by the UN	includes the assessment of three equally important components: life expectancy, education level, and actual per capita GDP.
The modified approach to human potential development index proposed by Bychkova S. G. (2015)	includes the assessment of three components: life expectancy, education level, and actual per capita GDP with each of the components having its own specific weight (significance): 35%, 15%, and 50%, respectively.
Mamaeva V. E. (2017)	The human potential development index is calculated taking into account the development of integrated structures

The presented methodological approaches have their advantages as well as significant drawbacks related to the set of data included and the comparability of results (See Table 2).

We formulated the key indicators included in the assessment of human potential in the regions of Russia taking into consideration the key areas of human potential development set out in the framework for

the long-term social and economic development of the Russian Federation up to 2020 (Decree No. 1662-r of the Government of Russia of 17.11.2008) and presented them in Table 3.

Table 3. Indicators for the assessment of human potential development in the regions of Russia

Indicators	Unit	Group
1. Natural population increase (decrease) rate	people per 1000 people	Demographic policies and population-saving policies
2. Life expectancy	Years	Demographic policies and population-saving policies
3. Disease rate	people per 1000 people	Healthcare system development
4. Number of people visiting theaters and museums	people per 1000 people	Developing education and culture
5. The distribution of people over 15 years of age across education levels	% of the total number of people over 15	Developing education and culture
6. General unemployment level	%	Labor market development
7. The specific weight of pensioners with incomes below the minimum		Pension system development
8. Average housing rate	Sq. m per person	Housing market development
9. The per capita GRP exceedance over the minimum wage		Economic development

The resulting selection of indicators used to assess the development of human potential in regions was prepared to take into account the following restrictions:

- the availability of statistically significant and relevant indicators.
- the lack of a significant correlation between indicators.

We maintain the equal significance approach used in human potential index assessment in our research and distinguish three equally important subgroups: income levels (indicators 6-9), level of education and culture (indicators 4-5), and health (indicators 1-3).

Other specific indicators were included in the integral assessment of human potential using the index approach and the methods often employed to assess the combination of social indicators as a ratio of the difference between the actual and the minimum values and the range of variability. This approach was used for all indicators except 3 and 7.

To assess indicators 3 and 7 (the decreasing target parameter value), we used the opposite indicator approach: we calculate the ratio of the difference between the actual and maximum values and the range of variability.

The resulting formula was selected according to the contribution of a parameter to the development of human capital.

The integral index was calculated as an average of the indices in question.

6. Findings

The analysis of human potential in the regions of Russia showed us the following,

We analyzed the statistics for the period from 2005 to 2019 and identified groups of regions depending on the features of their human capital formation and development.

- 1) regions with a steadily high human capital index (0.51-0.62)
- 2) regions with a steadily medium human potential development level (0.40-0.51)

3) regions with a steadily low human potential development level (0.30-0.40)

The latter group proved to be the most stable. The regions that have the lowest levels of human potential development belong to the Siberian Federal Okrug (Altay territory, Republic of Tyva, Republic of Khakassia, etc.) The number of outsider-regions was at its lowest in 2010 (only 2 regions). This is explained by the increase in the quality of life in regions in general and the existing social policies. The actions taken were short-lived and non-systemic.

The list of leading regions is also quite stable. However, it comprised only 9 regions in 2005 and this number grew to 20 by 2018. The leading regions traditionally include Moscow, St. Petersburg, Moscow Oblast, and other regions with high GDP. This group also features regions with low per capita GDP but high life expectancy, health, and culture: the Republic of North Ossetia-Alania and the Chechen Republic.

The majority of the regions (over 60%) have a medium level of human potential development.

The increase in the significance of human health and longevity factor is a general trend. At the same time, the economic factors are in decline. In other words, we observe the socially-oriented development of human potential.

The overall level of human potential development remains low, up to 60% of the maximum possible.

The regional policy must include the following key aspects:

- increasing the quality and availability of education and healthcare services;
- developing cultural facilities
- improving the quality of working life through the development of the business environment and the increased efficiency of the business.
- motivating people to have a healthy lifestyle

7. Conclusion

This research has produced the following findings:

- the level of human potential in regions remains stable over a long time;
- the levels of human potential development across the regions of Russia are different. The differences are often explained by the region's economic development and the factors determining people's health and life expectancy. The significance of the first factor is decreasing, while the second group of factors is gaining importance.
- the dynamics of human potential development level signifies that there are no positive trends and changes.
- the significant differences in regional development and human potential development result from the current raw-material-based model of the social and economic development of the regions.

We believe that today, in the era of post-industrial development, increasing the quality of life and reducing social differentiation in regions must become prioritized and successfully achieved goals. This will require the rearrangement of the economic system and the system of regional management.

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