Assessment of the Human Potential Level in The Framework of Society Development Strategy in Kazakhstan

Abstract. The article considers the influence of human capital on the development of the country, identifies factors of a weak relationship between economic growth and changes in health and education levels. Based on the indicators of development of modern conditions of the global market and the development of further strategic directions of development, an assessment is made of the level of human potential of the Republic of Kazakhstan. Also, based on the analysis of the development of human potential in the context of its elements, the need for further improvement of the strategic vectors of the country’s development is substantiated. To create the conditions for development in assessing human potential, the use of the methodological and practical approach proposed in the article will increase the validity of decisions and actions of authorities that ensure the development of human capital in the Republic of Kazakhstan.

Keywords: prosperity, human resources, indicators, human potential, strategy for the society development, personal development.

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Introduction. The level of human potential of any state depends on the education system that is dynamically adapted to rapidly changing conditions in the socio-economic sphere. In terms of globalization, the global economic space is determined, first of all, by the level of development of human capital. Human potential can and should become the main resource factor in achieving the priority goals set in the «Strategy-2050». Society must rely on human capital, the main advantages of which are the well-being of the population, the level of health and education [1]. One of the directions for solving these problems is the state’s activity in financing investments, primarily in scientific research in the field of developing indicators of the social sphere.

Purpose of the scientific article: to assess and form your own point of view on the issue of the level of human capital of Kazakhstan’s society, to express your author’s position on the issue of building the potential of Kazakhstan’s society in the global market.

Method of research: analysis of human development coefficients based on international indices.

As solved scientific problems: it was revealed that Kazakhstan shows positive growth dynamics in a number of indicators (in particular, in terms of life expectancy), but in terms of health indicators and living standards should be improved through systematic work, including state programs.

In the context of global competition, most of the countries are continuously modifying the workforce. The main requirement, in this case, is a significant redistribution of public sector resources to programs that promote the formation...
of human capital. Therefore, the formation of indicators of sustainable development of the social infrastructure of the regions and the country as a whole was reflected in the “State Program for the Development of Regions until 2020” [2].

Close attention has been paid to questions of assessing the level of development of human capital, both by Kazakhstani scientists and scientists from near and far abroad. Practice shows that the use of achievements in human capital gives a real economic effect. However, no one has yet calculated what losses the state suffers from programs due to poor implementation of costs in education and healthcare.

According to the American economist and Nobel laureate Theodore Schulz, the author of the concept of human capital, improving welfare does not depend on production factors, but on educational capital, like knowledge. [3]. In turn, Gary Becker developed this idea, highlighting knowledge, motivation and production skills in human capital. At the same time, he allocates capital as a stock of goods, which accumulates to generate income through investment, namely the cost of education, health and mobility [4].

Global experience shows the place that each country will occupy in the future, and to a large extent, it will be determined neither by the territory, nor by oil, but by human capital, the level of development in the educational sphere (schools, universities, family). The most important part of human capital is a human initiative, not only in the personal, but also in the common good, not just the formation of skills in the production of the value chain, but also the formation of the ability to make new product innovations.

The key limitations of the classical theory of human capital assume the relative stability of institutions, i.e. education is a key factor of productivity, but at the same time, a person becomes a means in it, not a goal. Both Schultz and G. Becker emphasized that there are two components in human capital in skills one is very specific components for a specific employee and general skills (work culture, general literacy, and communication culture). Today, the role of human capital is undergoing painful changes due to the globalization of new public management tasks with a focus on human development.

Kazakhstan does not yet have a strategy for the development of human capital and, in our view, it is necessary to develop it very soon. When developing this strategy, it is necessary to take into account all the above circumstances, to study the labor and capital markets. As we know, the strategy of human capital development actively promotes the competitive advantages of any country. But even with an abundance of natural resources, the costs associated with trying to exploit this advantage for international trade are less effective than the benefits of investing in human capital.

In the face of global competition, countries are continuously modifying their labor force. The main requirement is a significant redistribution of public sector resources to programs promoting human capital formation. When the exchange rate of the national currency is deliberately underestimated to artificially increase exports, a country can export more labor-intensive, low-skilled goods, but this encourages intellectual exports. If the stimulus package provided credible signals for resource allocation, and economy managed by good governance would respond. If the signals are misleading, then the structure of incentives needs to be changed. [5].

The strategy for the development of human capital requires, above all, that the state be active in financing investments in research, education and health care, which can be done by:
- reducing programs that do not contribute to human development;
- redistribution in favor of programs covering the maximum number of people;
- giving up a complex and expensive social security system, which is typical for developed countries, which benefits the urban elite and cannot be justified within the limits of the human development program [6, 7].

The existence of a highly skilled and educated workforce is linked to the absorption of technical knowledge. The presence of a highly skilled workforce makes it easier to attract foreign capital. Unfortunately, many educated people are deprived of the opportunity to apply their skills and abilities, resulting in excess and inefficient
use of human capital. Low salaries lower private and social rates of return to tertiary education compared to return to primary and secondary education. Applicants, therefore, emigrate to developed countries, resulting in a general loss of resources.

There is also an upside-down expenditure pyramid in the health sector. It is important to shift the focus from hospitals to primary health care programs, from curative medicine to preventive medicine. Preventive health programs implemented at the national level reduce the need for the more expensive treatment. Consequently, the redistribution of public revenues to primary health and education has a positive impact on each other, as the whole is likely to be larger than the sum of its parts.

Human development is impossible without political stability and the rule of law if the full range of human rights is not systematically respected. In the period from 1991 to the present, the legislative base of our Republic has been significantly updated, and in some areas, the second and third generations of laws have appeared.

Consider the impact of the human factor on labor efficiency. The human factor here is understood as a wide range of psychological and psycho-physiological properties that people possess and which, anyhow, are shown in labor activity, influencing its quality and efficiency. It speaks about the needs and abilities of a man, motives of behavior, interests and creative abilities, ability to work and to work, about intelligence and emotions, about will and character, consciousness and self-consciousness, about the formation of social and value attitudes [8].

As a consequence of globalization, the functions and role of the individual in the work process are changing significantly. The peculiarities of labor in modern conditions become intensification of human mental activity, involvement in the activity, which means the degree of entering a person into the system of modern requirements. These features condition the increase of the role of the human factor in production.

With the beginning of the development of economics, scientists from different countries have been trying to analyze the welfare of the population. The condition of this factor is fundamental in assessing the socio-economic situation in the country, and one of the indicators of welfare is the level of health of the population. In recent years, Kazakhstan's health, birth and death rates have remained stable and life expectancy has increased. Other economic indicators, the level of international trade and the country's entry into the world market are increasing. In this regard, the country has seen an increase in financing for health care, as well as in the number of private medical facilities.

The first president of Kazakhstan N.A. Nazarbayev constantly notes that the priority task of our country is the formation of quality human capital as a key production factor. World Bank research suggests that 55% of economic growth success is determined by human resources. It is possible to determine the quality of a country's human development by certain indicators [9]. Table 1 shows the main indicators of human capital development and social infrastructure, which can be analyzed both at the level of the whole country and compared by different regions.

In addition to these components, it is also important to analyze the global position of the Republic of Kazakhstan on several indicators. According to the United Nations Development Programme (Human Development Reports), an annual study is conducted on the ratio of different countries on key human development indicators, with the Human Development Index (HDI) as the main indicator. Its calculation takes into account life expectancy in the country, the literacy rate of the population (depends on the years of schooling spent by each resident), and living standards (takes into account gross national income adjusted for purchasing power parity).

HDI is calculated using the formula below (1):

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

Where:
LEI is the life expectancy index;
EI is the education index;
II is the index of income [10].
Norway has been the leader in this indicator for the past few years; in 2018 Kazakhstan ranked 50th out of 189 countries and was included in the group of countries with high human development (Table 2).

Figure 1 shows the positive dynamics of the Human Development Index (HDI) in Kazakhstan over the past 5 years. In addition, we note a high growth rate in 2018.

Thus, it can be assumed that the level of human development in Kazakhstan is increasing, and, consequently, there is an increase in living standards and well-being as a result of improved health and increased education of the population.

### Table 1

<table>
<thead>
<tr>
<th>Region of social infrastructure indicators for sustainable development</th>
<th>Baseline statistical indicators</th>
</tr>
</thead>
</table>
| 1. Human Health | 1.1 Life Expectancy Index  
1.2 Working-age Population Mortality Index  
1.3 Maternal Mortality Index  
1.4 Infant Mortality Index |
| 2. Nutrition | 2.1 Food Consumption Index  
2.2 Food Expenditure Index |
| 3. Education | 3.1 Early Childhood Education Index  
3.2 School-age Children’s Education Index  
3.3 Secondary Special Education Index  
3.4 University Education Index |
| 4. Well-being | 4.1 Personal Income Index  
4.2 Index of The Ratio of Average Monthly Pensions Granted to The Subsistence Minimum |
| 5. Ecology | 5.1 Polluted Air Index  
5.2 Contaminated Water Resources Index |
| 6. Culture | 6.1 Museum Visitor Index  
6.2 Theatre Visitor Index  
6.3 Library Visitor Index |
| 7. Housing conditions | 7.1 Housing Security Index  
7.2 Index of Dilapidated and Emergency Housing Stock  
7.3 Living Conditions Improvement Index |
| 8. Democracy | 8.1 Electoral Participation Index |
| 9. Communications | 9.1 Telephone Network Coverage Index  
9.2 Road Density Index of Paved Roads |

### Table 2

<table>
<thead>
<tr>
<th>No.</th>
<th>Country</th>
<th>Years</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Norway</td>
<td>0,946</td>
<td>0,948</td>
<td>0,951</td>
<td>0,953</td>
</tr>
<tr>
<td>2</td>
<td>Russian Federation</td>
<td>0,807</td>
<td>0,813</td>
<td>0,815</td>
<td>0,816</td>
</tr>
<tr>
<td>3</td>
<td>Belarus</td>
<td>0,807</td>
<td>0,805</td>
<td>0,805</td>
<td>0,808</td>
</tr>
<tr>
<td>4</td>
<td>Malaysia</td>
<td>0,794</td>
<td>0,795</td>
<td>0,799</td>
<td>0,802</td>
</tr>
<tr>
<td>5</td>
<td>Republic of Kazakhstan</td>
<td>0,793</td>
<td>0,797</td>
<td>0,797</td>
<td>0,800</td>
</tr>
<tr>
<td>6</td>
<td>Iran</td>
<td>0,788</td>
<td>0,789</td>
<td>0,796</td>
<td>0,798</td>
</tr>
</tbody>
</table>
However, there is an opinion that there is no direct link between economic growth, growth in income, education, and health. The HDI provides these statistics and the correlation shown in Figure 2. A study of 70 countries found that there is no such correlation.

Since life expectancy is included in the HDI, it is not superfluous to analyze this indicator as well. Figure 3 clearly shows this parameter in comparison with other countries that occupy the closest rating lines to Kazakhstan.

Figure 3 shows that Kazakhstan is significantly inferior to the other analyzed countries in terms of living standards, although it ranks above Iran in the ranking. However, there is an increase in the indicator for 2018. In the context of the review of this indicator, it is important to note that the retirement age for women in Kazakhstan is currently 59 years, and it is planned to gradually increase the threshold to 63 years by 2027, as there is a positive trend in life expectancy.

The next indicator worthy of attention and analysis is the gender inequality index. Gender inequality remains a major obstacle to human development, a country’s population, and its economy. In today’s world, there is still a situation where women in some countries are discriminated against and cannot contribute to the development of their economy. Kazakhstan is a secular country where the problem of gender inequality does not exist on a significant scale. Let us analyze the place of our country in this context using the GII inequality index.

Figure 2 – Weak relationship between economic growth and changes in health and education levels [11]
GII measures gender inequality in three important aspects of human development:

- reproductive health as measured by the maternal mortality ratio and adolescent birth rate;
- empowerment as measured by the proportion of parliamentary seats held by women and the proportion of adult women and men aged 25 years and over with secondary education;
- economic status, expressed as labor market participation and measured by the labor force participation rate of women and men aged 15 years and over [13].

The point is that the closer this indicator is to 1 (one), the greater the gender equality gap in the country. In 2018, Kazakhstan ranked 60th out of 149 countries in the gender inequality index (table 3).

As can be seen from Table 3, this index has tended to decrease in recent years, which is a favorable factor. It should be noted that with the positive dynamics of the gender gap index, the maternal mortality rate is also decreasing. Here we see it as an indicator for assessing the health system of Kazakhstan. Over the years, the national health-care system has made repeated attempts to reform this area. In the course of implementation of various state programs, the potential of the health care system of Kazakhstan was strengthened, elements of market mechanisms were introduced and modern medical technologies were transferred. The implementation of these programs contributes to the sustainability and dynamic development of the socially oriented national health system in accordance with the principles of universal coverage, social justice, quality medical care and shared responsibility for health in line with the key principles of the World Health Organization’s “Health 2020” policy strategy.

### Table 3

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator Name</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gender Inequality Index</td>
<td>0.718</td>
<td>0.323</td>
<td>0.197</td>
<td>0.354</td>
</tr>
<tr>
<td>2</td>
<td>Maternal Mortality Rate</td>
<td>12.0</td>
<td>15.6</td>
<td>12.5</td>
<td>12.0</td>
</tr>
<tr>
<td>3</td>
<td>Empowerment Rate</td>
<td>20.1</td>
<td>25.2</td>
<td>27.1</td>
<td>27.8</td>
</tr>
<tr>
<td>4</td>
<td>Economic Inclusion Rate</td>
<td>91.0</td>
<td>93.0</td>
<td>98.5</td>
<td>97.8</td>
</tr>
<tr>
<td>5</td>
<td>Kazakhstan Place (by Index)</td>
<td>47</td>
<td>51</td>
<td>52</td>
<td>60</td>
</tr>
</tbody>
</table>
In addition to the state budget financing of the healthcare system, further development of public-private partnership is envisaged, which includes the construction of new primary medical care facilities, transfer of state facilities into trust management with the possibility of subsequent privatization provided that the profile of activities is constantly maintained.

**Conclusion.** The Republic of Kazakhstan has sufficient potential of human resources for a high level of economic and social development. There are a number of issues that are essential for strategic global competitiveness, therefore, systematic work in the direction of public and private cooperation through state development programs will help strengthen the country’s human potential.

One of the latest changes in the adoption of the “Law on Compulsory Social Health Insurance” in 2015, which reflects a mixed model of the organization of the country’s health care system, where the state partially finances medicine from the budget and partially from the non-budgetary fund formed by contributions from citizens and their employers. The compulsory health insurance system will be launched in Kazakhstan on January 1, 2020, and its success will depend on the degree of participation of all citizens.

To sum up, Kazakhstan has every opportunity to join the list of countries with a high development level. The potential of the country will be high enough to enter the competitive world markets, and imbalances in social and economic development should be eliminated and systematic work should be done to improve the level of health care and education. Such changes should be facilitated by a well-thought-out public policy and qualitative organization of the movement of economic resources of the country.

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Оценка уровня человеческого потенциала Казахстана
в рамках стратегии развития общества

Аннотация. В статье рассмотрено влияние человеческого капитала на развитие страны, выявлены факторы слабой взаимосвязи между экономическим ростом и изменениями в уровнях здоровья и образования. На основе индикаторов развития современных условий глобального рынка и разработки дальнейших стратегических направлений развития проведена оценка уровня человеческого потенциала Республики Казахстан. Также на основе проведенного анализа развития человеческого потенциала в разрезе отдельных его элементов обоснована необходимость дальнейшего совершенствования стратегических векторов развития страны. Для формирования условий развития в оценке человеческого потенциала использован методический и практический подходы, позволившие повысить обоснованность решений и действий органов власти, обеспечивающих развитие человеческого капитала в Республике Казахстан.

Ключевые слова: благосостояние, человеческий капитал, индикаторы, человеческий потенциал, стратегия развития общества.}

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