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# AN ALTERNATIVE APPROACH TO MEASURE HUMAN DEVELOPMENT IN RUSSIA

**ABSTRACT.** The article deals with finding optimal ways to measure the level of Human Development in Russia's regions. In the past, it was common to measure the level of regional development by the Gross Regional Income indicator. Nowadays, we shifted to more "humanized" indicators of regional development. The Human Development index is one of them. A way to improve methods of calculating this index to reflect the closest to reality situation is suggested.

**KEY WORDS:** human development, sustainable development, human development index, Russia regions

## INTRODUCTION

Through all the history of human development, there were different accents and aims that people tried to achieve. The first aim was to survive and people were

competing on who was stronger physically. The further the human society developed, the more "humanized" were the priorities of development. If we compare different approaches to the final goal of Human Development (HD) in different economic theories (Table 1), we could notice the shift towards human needs.

In the XXI century, humans have achieved a certain acceptable level of wealth. Thus, it was possible to shift to the HD concept. In a simple language, HD is a world development concept, which shows the most important direction of today's development of each country. The final result of different approaches in achieving this goal should be enhancing human capabilities and functioning.

The concept of HD coincides with the concept of Sustainable Development (SD).

**Table 1. Different approaches to HD**

	<b>Role of people</b>	<b>Final goal</b>	<b>Measurement</b>
<b><i>Economic growth theory</i></b>	Production factor	Enlarge output and income	GDP growth rate
<b><i>Theory of human capital</i></b>	Proprietors of labor ability	Improve human abilities	Productivity of labor, economic efficiency
<b><i>Concept of basic needs</i></b>	Consumers of goods and services	Reduce poverty	Poverty line, basic consumer's basket
<b><i>Well-being concept</i></b>	Focus of economic development	Increase standards of living	Income, health, education, employment, environment etc.
<b><i>Human development concept</i></b>	Focus of economic development	Create a favorable environment for human development	HDI (Human Development Index)

**Table 2. Indicators for the “Classic” and “Alternative” HDI**

Dimensions	Classic HDI	Alternative HDI
Long and healthy life	Life expectancy at birth	Life expectancy at birth
Knowledge	1) Adult literacy rate; 2) The rate of people aged 7–24, attending educational institutions	Number of children at the age of 7–18, not attending educational institutions, on 10 000 children of corresponding age
A decent standard of living	GNI per capita (PPP US\$)	Share of population with monetary incomes below living standards, %

Initially, the main idea of the SD concept included coexistence of developing and ascending socio-economic indicators with lesser emphasis on environmental and resource supply indicators. Nowadays, the term “SD” has expanded and is used in the meaning of the “direction of HD,” in general. The main elements of Sustainable HD could be: 1) sustainable social, 2) sustainable economic, and 3) sustainable environmental development.

#### INITIAL DATA AND RESEARCH METHODS

The HDI is used to measure and compare the level of the country’s achieved conditions for people. Over the years, the index has been improved. Initially it measured three dimensions: 1) long and healthy life, 2) knowledge, and 3) the decency of the living standard. Now, it has four main adjustments:

- a) taking into account human poverty,
- b) taking into account gender inequalities,
- c) taking into account inequalities in distribution of each dimension,
- d) avoiding the impact of the largest (or smallest) dimension on the overall aggregated index; it is calculated by geometric mean instead of arithmetic [UNDP. HDR 2010].

It is stated in the “Human Development Report” that there is no fixed list of dimensions of HD. That means that every country, according to its prevailing socio-

cultural settings, should develop and adjust the accounting of HD inside the country.

This was the reason to introduce an “Alternative” HDI measurement. The HDI, in all cases, is calculated for the standard HD dimensions proposed in the “UNDP Human Development Report 2010” [UNDP. NHDR 2010]. The “Alternative” HDI is calculated with the means of two different indicators for the same standard HD dimensions (Table 2).

The “Alternative” HDI is associated with measuring different aspects of knowledge and living standard dimensions. For the knowledge dimension, it measures the literacy rate of a narrow but the most important inhabitant group – children. They are the ones who have to proceed through compulsory secondary education. The rest of the adult population could continue their education by correspondence or by new technology means remotely. The “Alternative” HDI for the living standard dimensions measures the poverty rate of people. It indicates the real living standard of people more precisely than the per capita GNI. And it better reflects Russia’s realities. For the knowledge and living standard indicators, reverse dimension indices were used.

#### RESULTS OF THE RESEARCH

The distribution of the HDI calculated by different indices are shown in Fig. 1 and Fig. 2. The “Classic” and “Alternative” HDI rating of Russia’s regions appeared to be

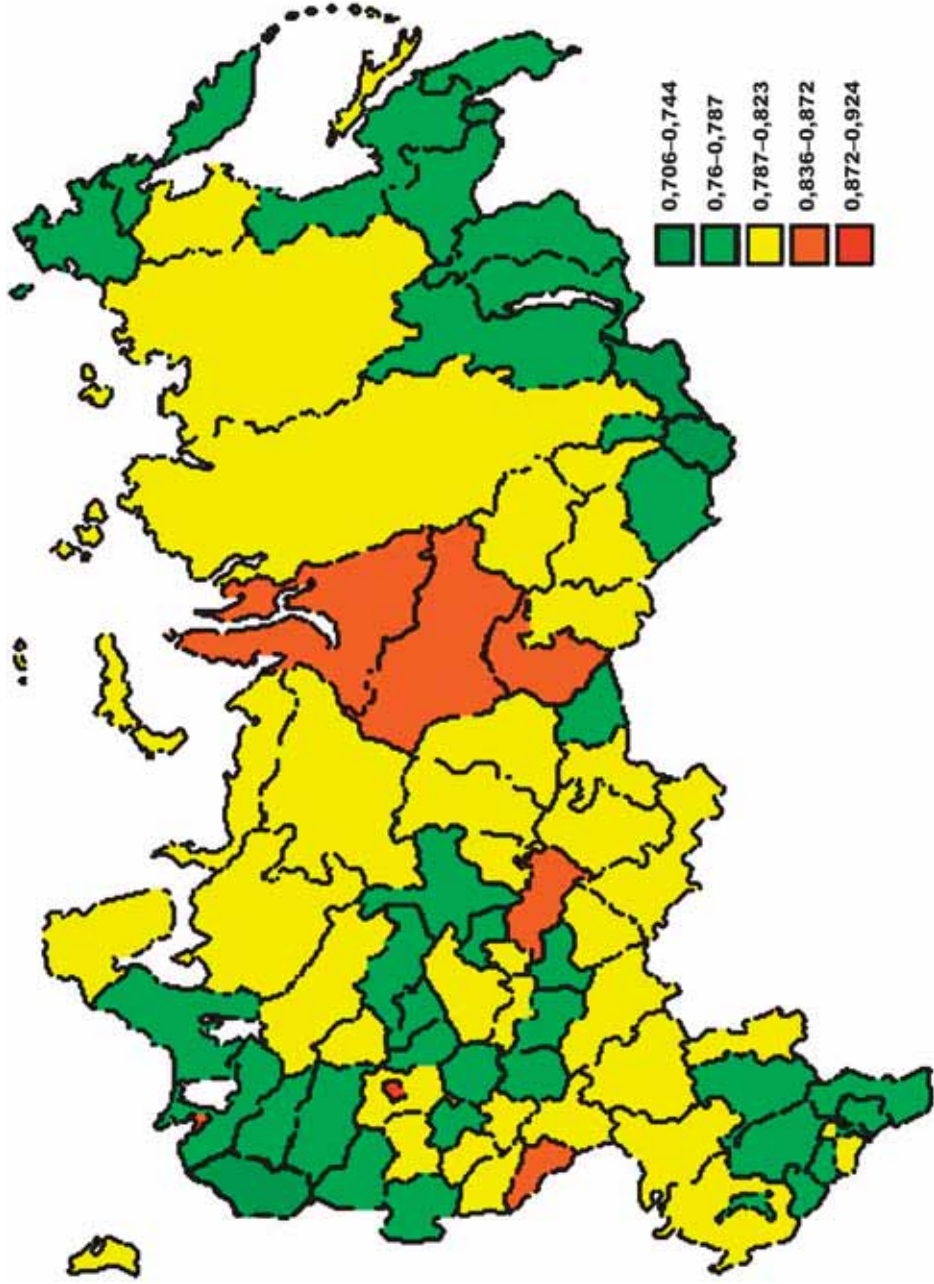


Fig 1. Distribution of the "Classic" HDI

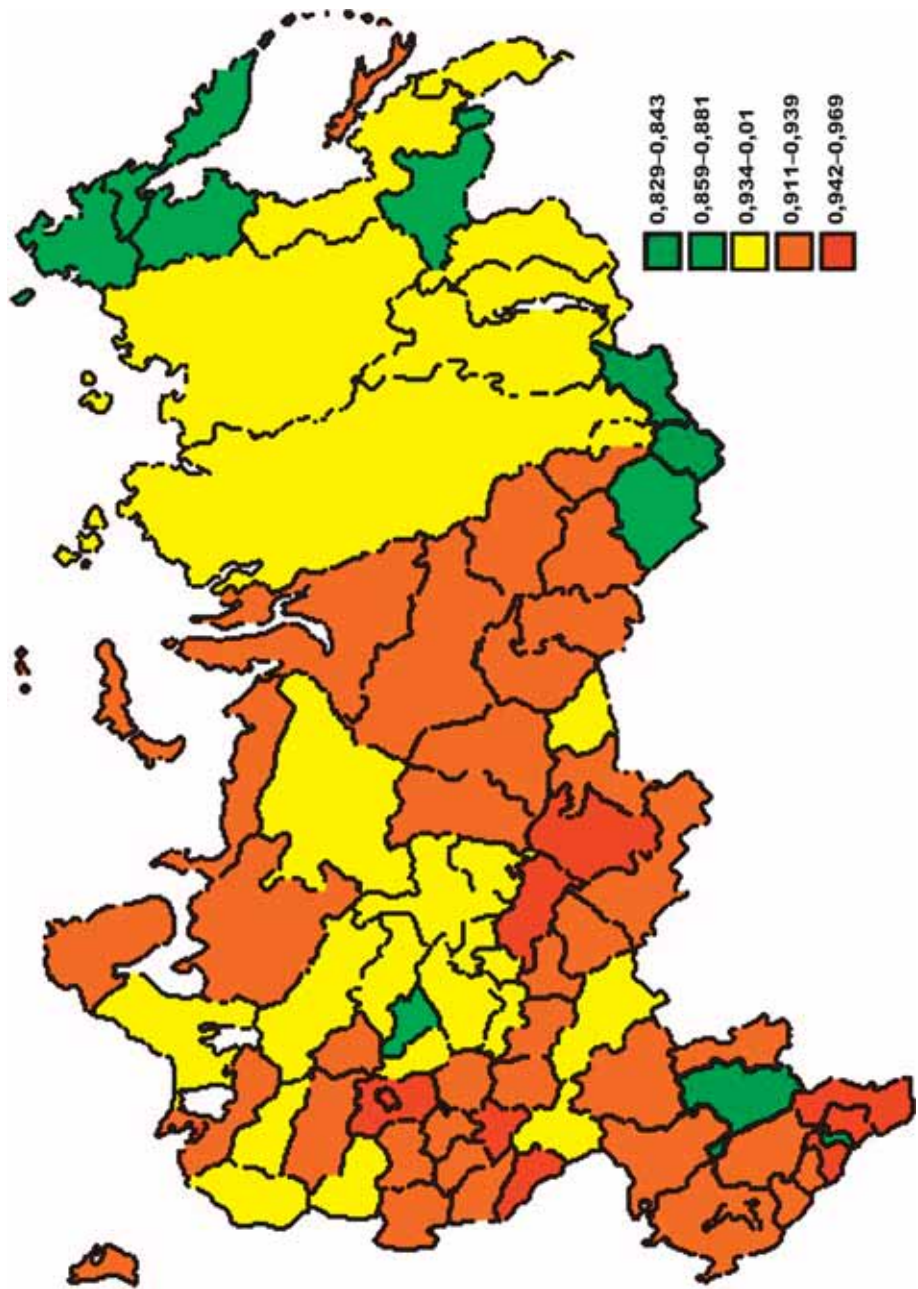


Fig 2. Distribution of the "Alternative" HDI

Table 3. Largest differences between the "Classic" and "Alternative" HDI rating of Russia's regions

	"Classic" HDI rating of Russia's regions	"Alternative" HDI rating of Russia's regions	"Classic" HDI rating – "Alternative" HDI rating
Krasnoyarsk Territory	12	59	-47
Komi Republic	14	57	-43
Republic of Sakha (Yakutia)	20	61	-41
Vologda Region	16	56	-40
Magadan Region	38	76	-38
Tomsk Region	6	41	-35
Udmurtian Republic	25	58	-33
Irkutsk Region	42	72	-30
Sakhalin Region	7	37	-30
Voronezh Region	36	63	-27
Nizhny Novgorod Region	30	54	-24
Orenburg Region	18	42	-24
Saratov Region	26	50	-24
Kamchatka territory	56	79	-23
Samara Region	9	31	-22
Altai Territory	54	75	-21
Novosibirsk Region	17	35	-18
Perm Territory	28	46	-18
Omsk Region	15	30	-15
Republic of Mordovia	37	52	-15
Chukotka Autonomous District	63	78	-15
Smolensk Region	64	49	15
Tver Region	62	44	18
Kaluga Region	40	20	20
Leningrad Region	55	34	21
Penza Region	44	21	23
Tambov Region	47	18	29
Bryansk Region	65	33	32
Republic of Adygeya	70	38	32
Karachaevo-Cherkessian Republic	49	16	33
Republic of North Ossetia-Alania	41	8	33
Republic of Dagestan	43	1	42
Kabardino-Balkarian Republic	67	17	50
Chechen Republic	71	9	62

very different. The largest differences are shown in Table 3.

The "Alternative" HDI appeared much lower in Siberia, Far East, and North Russia's regions. The main cause of that is a very low monetary income of people in these regions despite the high, per capita, GNI. In some of these regions, the rate of children not attending school is also high.

The "Alternative" HDI appeared much higher in the Caucasus republics. The people there have Russia's average income despite a very low, per capita, GNI. School availability has high indicators.

## CONCLUSIONS

Any dimension has its own purpose. It could never suit every need and requirement.

Moreover, the best the dimension suits and illustrates the phenomena it was created for, the worse it satisfies other requirements.

Measuring HD, we should take into account the indices that compose the final aggregated index. We can change the components according to the priorities and needs of a concrete investigation. However, the result would be a different dimension that indicates different aspects of HD.

In this very research, an alternative approach to measure HD in Russia was implemented. Different indicators for the standard HD dimensions seem to reflect the situation in Russian regions more precisely. As a result, the final "Alternative" HDI should reflect the level of HD of Russia's regions more close to reality than the "Classic" HDI. ■

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