

Inclusive Development as Means of Overcoming Regional Inequality

Nailya K. Nurlanova, Farkhat Dnishev, Anel A. Kireyeva, Farida Alzhanova, and Akedil Omarov*

Institute of Economics CS MES RK, 050009 Almaty, Kazakhstan

Abstract. The study is aimed to determine the essence, directions and methods of measuring the level of inclusive development of the national economy and society, which may form the basis of the toolkit for regulating regional development for government bodies of Kazakhstan. As a methodological approach to measuring the possibility of inclusive development of regions of the country, it is proposed to abandon the one-dimensional measurement of economic growth using a gross domestic product (GDP) and use the method of multidimensional assessment, including indicators of the development of the economy, society, infrastructure and innovation. The results of the analysis of the levels of socio-economic, infrastructural and innovative development of Kazakhstan are presented, on the basis of which a conclusion is made about the continuing inequality of its regions. Various points of view on the theory of inclusive development are considered and it is concluded that inclusive development involves overcoming inequality of countries, regions, incomes and living standards of certain segments of the population in different regions of one country. As a result of the study, it was recommended to use the author's methodological approach as a toolkit for public authorities when developing regional programs and making managerial decisions on the development of regions of the country.

1 Introduction

In recent years, under the influence of Industry 4.0, increasing differences in the level of digitalization of national economies, the gap in the level of socio-economic development of countries and the scale of inequality of different social strata of the population have been growing [1]. In the face of the COVID19 pandemic, inequality has worsened further. Analysis of trends in global economic development shows that the depth of differences between the poor and the rich began to grow. Thus, pursuant to analysts, in just one quarter of the global pandemic, the total wealth of the world's billionaires increased by 27.5%, amounting to USD 10.2 trln in July 2020. compared to USD 8.9 trln in April of the same year.

* Corresponding author: kireyeva.anel@ieconom.kz

The deterioration of the conjuncture of the world commodity markets, a further decrease in demand during the pandemic had a negative impact on the well-being of countries with a commodity economy. In the context of a pandemic in Kazakhstan, anti-crisis measures are being taken to prevent a critical recession in the economy and the welfare of the population. However, in 2020, due to an increase in unemployment and a decrease in household income, consumer demand decreased, the real income index of the population decreased by 3.1%. There are large regional differences in the levels of socio-economic and innovative development.

One of the ways to overcome regional inequality and ensure an equitable distribution of resources, goods and services is the inclusive development of the economy and society of the country's regions.

The hypothesis of the research is the assumption of a positive impact on the solution of the problem of inequality of the transition of the economy to the model of inclusive development.

The main idea of the article is to determine the essence, directions and methods of measuring the level of inclusive development of the national economy and society, which may be the basis of the toolkit for regulating regional development.

2 Materials and Methods

In recent years, many experts and analysts have begun to move from a one-dimensional measurement of economic growth using gross domestic product (GDP) to a multidimensional assessment that affects different aspects of the development of the economy, society and the ecological state of the country or its regions. Various methods have emerged for measuring the level of sustainable development of the country and the degree of implementation of the inclusive growth model, based on the calculations of integral indicators.

Thus, after the theoretical conclusions of G. Daley and J. Cobb about the inadequacy of the GDP indicator for measuring the economic development of the country, the Austrian scientist Engelbert made empirical confirmation of this conclusion [2]. He proposed instead of a single indicator (GDP) to calculate the Index of Sustainable Economic Welfare (ISEW), which includes GDP, the cost of household unpaid labor, social costs, environmental damage and income distribution.

Scientists at the Joseph Rowntree Foundation (JRF) measured the relationship between poverty and inclusive economic growth by monitoring 39 UK companies across 18 metrics. In particular, the ratio of GDP to investment, the share of employment in various sectors, access to economic infrastructure, indicators of poverty and inequality, the size of human potential (i.e. educational coverage, access to water, sanitation, health indicators), initiatives in the field of social protection [3].

To determine the possibilities for overcoming regional inequality in social-and-economic development, R.I. Sharafutdinov, E.M. Akhmetshin et al. offer to calculate the index of inclusive growth for 26 regions of the Russian Federation [4]. Indicators are united in four categories: "Growth and Development"; "Inclusion" indicators reflecting the level of equity in the distribution of incomes of the population; "Equality between generations and sustainable development", which includes indicators showing the social responsibility of the population towards future generations (public debt, demographic burden, carbon intensity and net savings); "Institutional indicators" showing the level of education and skills development of the population, as well as basic services and all infrastructure.

The model of inclusive development has many-sided character. There is no common point of view among researchers on the main theoretical provisions of this model. An interesting approach is offered by Boon-Kwee Ng, Chan-Yuan Wong et al. [4], who

propose the promotion of a platform for regional coordination and innovation in the countries of Southeast Asia. T. Bogolib justifies the need to use Industry 4.0 trends for inclusive growth in Ukraine. [5].

It is believed that inclusive growth may provide a compromise between social justice and economic development efficiency (Ranieri, R., & Ramos, AR (2013) [6], which means creating a more equitable system of redistribution of the created product.

For a comparative analysis of the country’s position at the World Economic Forum in Davos, the calculation of the Inclusive Development Index was proposed. It takes into account not only economic growth, but also the degree of stratification of society by income, as well as the level of sustainable development [7].

Russian researchers consider various aspects of this issue: [8.9]. The regional aspect of the problem is considered by R.I. Sharafutdinov, E.M. Akhmetshin et al., who propose calculating the inclusive growth index for 26 regions of the Russian Federation [10]. Indicators are united in four categories: "Growth and Development"; "Inclusion" indicators reflecting the level of equity in the distribution of incomes of the population; "Equality between generations and sustainable development", which includes indicators showing the social responsibility of the population towards future generations (public debt, demographic burden, carbon intensity and net savings); "Institutional indicators" showing the level of education and skills development of the population, as well as basic services and all infrastructure. But the application of the experience of Russia as a state of the federal type in Kazakhstan is limited due to differences in the methods of state regulation. So far, inclusive development in Kazakhstan has been viewed mainly in terms of the accessibility of education.

It should be noted that the proposed methods cannot be applied in their pure form in developing countries, including Kazakhstan, because do not consider the specifics of the structure of the economy, its spatial structure, population structure and features of statistical methodology. Therefore, we propose a methodological approach to measuring the level of inclusive development in the regional context. It is based on measuring the disproportions between the levels of economic development and the social sphere of the regions, between the republican and regional levels of the main indicators of socio-economic development.

The system of indicators proposed in our methodology is presented in Table 1.

Table 1. The system of indicators characterizing the possibilities of inclusive development of the regions of Kazakhstan.

Key groups of indicators			
Social	Economic	Infrastructural	Innovative
1. Monetary income per capita, KZT 2. The population share with income below the living wage, % 3. The share of the employed population in its total number, % 4. Unemployment rate, % 5. Fund ratio, % 6. Migration balance, people	1. Gross Regional Product (GRP) per capita, th. KZT 2. The share of small business in the total volume of products (works and services). % 3. Labor productivity of one employee, KZT 4. Per capita investment in fixed assets, th. KZT 5. Fixed assets in the economy at historical cost, (at the end of the year) per capita, th. KZT 6. Local budget per capita, th KZT	1. Freight turnover of all types of transport (USD bln/t/km), % 2. Passenger turnover of all types of transport (mln passenger-km), % 3. Density of the road network, km/sq. km. 4. Density of the railway network, km/sq.km 5. Gasification level of the region, %.	1. Literacy rate of the population, % 2. Computer literacy level, % 3. The level of provision of regions with broadband Internet, % 4. The level of innovative activity of enterprises, % 5. The share of people employed in research and development (R&D) in the total number of people employed in the region, %.

3 Results and Discussion

The analysis of socio-economic, infrastructural and innovative development clearly demonstrated the persisting inequality of the regions of Kazakhstan. Despite the recovery in economic growth in 2021, the gap in GRP per capita between the leading regions (Atyrau oblast, the cities of Nur-Sultan and Almaty) and outsider regions reaches 8-10 times. The stratification of the population of the regions of the country in terms of income has increased, a significant difference in income remains, the differences in the scale of unemployment in rural areas and in cities have increased, in many regions the problems of property stratification of the population have become significantly aggravated. Rural areas of all regions of the countries, with the exception of areas around large cities, are characterized by insufficient density and poor quality of highways, and low gas supply.

Only the city of Nur-Sultan, Almaty and the East Kazakhstan region are characterized by a high level of development of innovative resources. The middle position is occupied by 5 regions: Aktobe, Atyrau, Karaganda, Kostanay, Pavlodar regions. The rest of the regions, including the city of republican significance Shymkent, are characterized by a low level of innovative development. Despite the high general literacy of the population (up to 96%) and computer literacy of the population under 60, the level of access of the population in rural areas remains low, which limits the access of rural residents to digital services and online education in a pandemic.

The solution to the problem of territorial inequality is seen in Kazakhstan's transition to a model of inclusive economic development instead of a development model, in the implementation of which economic growth is achieved through a constant increase in resource consumption and growth in consumer demand.

Summarizing the various points of view, we may come to the conclusion that inclusive development involves overcoming inequality between countries, regions, incomes and living standards of individual strata and groups of the population living in different territories of one country.

The focus of the concept of inclusive development is human-centered. Each individual person with a wide variety of needs - for work and social security, education, medicine, culture, etc. - should be both an object and a subject of inclusive development. Herewith, such strata of the population as people with disabilities, women, and rural residents require increased attention.

In the context of a pandemic, the digitalization of many types of activities and services began to develop at an accelerated pace in the world. Herewith, the problem of widespread access to health care and education systems, to goods and services of vital importance has become aggravated due to limited access to the Internet for half of the world's population.

For Kazakhstan, such a direction of orientation towards inclusive development as providing access to broadband Internet for rural residents is of great importance. The laying of 20,000 km of fiber-optic communication lines will provide Internet for 80% of villages.

In our country, there is a promising market for inclusive innovations aimed at the population of rural areas. They may be used in various fields: agriculture, healthcare, education, renewable energy, handicrafts, etc.

The principle of inclusiveness should have a special priority in the countryside, because the rural population, which is 40% of the country's population, is still little involved in the process of industrial and innovative development. This refers not only to the low availability of its results for the rural population, but also to an even lower level of their involvement in the creation of new projects and new businesses. As a consequence of this situation, there is a lag in the growth of incomes of the rural population in comparison with the incomes of the urban population, and the solution of many social problems is hampered.

4 Conclusion

The transition of the economy of Kazakhstan to the model of inclusive development will require continuous monitoring of the levels of socio-economic, infrastructural and innovative development. For this, the methodological approach recommended in the article may be applied. In fact, it may become a reliable toolkit for public authorities in developing regional programs and making managerial decisions on the development of the country's regions. This will enhance targeted support for the population of backward regions in order to ensure inclusive development and enhance the quality of life of the population.

In turn, it will be required to enhance the institutional foundations of the macroeconomic and regional policy of the state in the direction of adopting regulatory measures for a more equitable distribution of resources between territories and strata of society, strengthening measures of social support of the population in various aspects: to ensure accessibility to public goods and social services (healthcare, education); providing efficient jobs, infrastructure, drinking water, etc.

Inclusive innovations are of particular importance for Kazakhstan, because their dissemination allows taking into account the interests of the whole society, reduces unequal access to innovations (innovation gap) for various segments of the population, enhances the quality of life and develops human capital of vulnerable segments of the population, and engages them in productive activities.

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