

**INCLUSIVE DEVELOPMENT INDEX IN RUSSIA: ANALYSIS,
METHODS, POSSIBILITY OF APPLICATION**Rustam I. Sharafutdinov¹Vladislav O. Gerasimov²,Elvir M. Akhmetshin³Elena A. Karasik⁴Olga V. Kalimullina⁵

Abstract: The world society tends to economic growth more and more, due to the social orientation, to so-called inclusive development. The World Economic Forum proposed recommendations and methods of evaluation of such a growth that would be very useful for the Russian Federation. The theoretical basis of work is supported by foreign scientists' writings devoted to the inclusive development, as well as on recommendations and methods of evaluation of the inclusive development of the World Economic Forum and International Bank. The methodological research basis consists of general

scientific methods of perception, which include analysis, methods of system, complex and statistical analysis allowing researching the main indices of the inclusive development. The methods of the inclusive development evaluation proposed by WEF have been considered, and you can see the place of the Russian Federation in this rating for 2016. The experts of WEF have made a lot of remarks and claims to the financial area during determination of Russia's place in the inclusive index. That's why it's necessary to develop the methods and adapt the inclusive development for Russia and its regions for the purpose of forming the inclusive development. The

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inclusive development concept is not only the display of political programs of the developed countries but also the global aim of the world society. The work on studying the inclusive development is high-priority in the work of UN and includes more than thirty seven thousand scientists, public authority and civil organizations worldwide. In the Russian Federation, the inclusive development remains a topic for discussion rather than agenda for clearly defined actions. It's important to adapt the methods of the inclusive development evaluation for the Russian realia for the purpose of creating the national strategy of inclusive development.

Keywords: inclusive development, inclusive development index, key national performance indices, inclusive development evaluation procedure.

Introduction

The world society pays attention to problems in the society more and more for the last few years and admits the necessity of socially oriented approach to economic growth paying attention to

the inclusive development concept (Schumpeter, 1912; Pakhomova, 2014; Hoff and Stiglitz, 2016).

Nowadays the world society does not have a general interpretation of the inclusive development, however, the specialists of OECD have proposed the following notion: inclusive development is understood as an economic growth directed for forming a fairer allocation of resources and benefits in the society, both materially and not. The concept of the inclusive development index is based on the fact that there is not only an economic growth index but also a number of other indices connected with a stable development of people's well-being in the basis of the people's life quality improvement. Therefore, improvement of the people's life quality and well-being is possible just by taking into account a large number of social factors that include education, culture, healthcare, unemployment and many other indicators (World Inequality Database on Education, 2012).

Also during the process of description of the inclusive development, the latter is often associated with the following notions: «general growth», « growth focused on

the poor », «fair growth» and many other similar notions. The best example of the inclusive development strategy is a Chinese program of the harmonious society (Korableva et al, 2017a; Kubenka, 2014).

Methods

The scientists haven't clearly understood the inclusive development level until recently, however, the specialists of WEF 2017 proposed the methods of defining the inclusive development index and also defined IDI.

Inclusive Development Index, IDI, allows defining the improvement efficiency level of the people's well-being and life quality due to the direct and equal distribution of wealth and benefits among people.

There are disagreements regarding criteria of the inclusive development as they can define the priority development rates or those having the index below the average life standard, fixed in earlier limited groups where the development goes along with the employment increase etc. Both theoretical and practical research of social aspects are required for providing the inclusive development. It causes the

problem of sociological interpretation that belongs to the regulatory language in the economic theory and policy (Ramo, 2004).

When we speak about adapting the inclusive development evaluation for regions of the Russian Federation and municipal units, we should consider some indices defined by WEF.

When evaluating, based on the criteria of the inclusive development evaluation, we can define the following key and institutional indices of the inclusive development by the regional and municipal level:

1. Education;
2. Services and infrastructure;
3. Corrupt practice and tax system;
4. Finance;
5. Capital and business;
6. Employment;
7. Budget target.

WEF experts define 147 indices and we define 35 and 50 indices divided into 7 components by adapting for regions and municipal units (Latyshev, 2015; Korableva *et al*, 2017b).

The methods of inclusive development evaluation directly depends on quantitative data, that's why in order

to aggregate, indices are converted within the range of values from 0 to 1, where 1 is the best case and 0 is the worst one according to the below formula (1) (Dmitrieva,2017):

$$Z_i^p = (Z_i - Z_{\min}) / (Z_{\max} - Z_{\min}) \quad (1)$$

There is the following formula for indices with the negative influence:

$$Z_i^p = (Z_{\max} - Z_i) / (Z_{\max} - Z_{\min}) \quad (2)$$

where Z_i^p - individual index of i for p -region;

Z_i - value of Z index for p -region;

Z_{\max} and Z_{\min} – maximum and minimum values of Z index for the studied regions (Sharafutdinov, 2017).

Then it's necessary to define key and institutional indices divided into indices described above (Zabelina *et al.*, 2013). Then the total inclusive development index is defined. The calculation is based on consecutive aggregation of indices from the indicator

level to the column or subcolumn level unless otherwise provided. The arithmetical mean is used to combine separate indices in the category (Karasik, 2017), (3):

$$category_i = \frac{\sum_{k=1}^3 \frac{k}{3} indicator_k}{i}$$

Results

According to the results of the inclusive development evaluation for 2016, the first thirty developed countries include Scandinavian regions and also Switzerland, Austria, the Netherlands, as well as Pacific countries and Australia, New Zealand. Such countries as Israel, South Korea and the Czech Republic have made much progress in the inclusive development for the last few years as well (International Policy, 2017).

In the inclusive development index, Russia is number thirteen among developing countries (Table 1).

Table 1. Russia in the inclusive development rating for 2016

Inclusive Development Index (IDI)		
	Russia	
	Value	Class

Result index	4,42	13/79
Key national performance indices for calculation of the Inclusive Development Index		
Growth and development	3,69	12/79
GDP per capita	11,039	11/79
Labour efficiency	46,903	10/79
Life expectancy, years	63,40	43/79
Employment, %	60,50	38/79
Involvement	4,14	21/79
Income inequality, Gini	32,8	14/79
Poverty rate, %	0,5	4/79
Welfare inequality, Gini	92,3	74/79
Average income per capita, \$ a day	18,80	2/79
Intergenerational equity	5,43	20/79
Adjusted net savings,%	13,10	28/79
GDP carbon intensity, KGha\$ GDP	213,5	69/79
State debt, in % of GDP	16,4	4/79
Dependency ratio, %	43,1	9/79

According to the result indices of the rating of WEF, Russia is number thirteen in the list of developing countries and their economics by IDI.

In Russia, the decent standard of life has quite a high value, however, just regarding developing countries that doesn't have a positive dynamics in the ratio of the life standard to the developed countries. We also can make such a conclusion according to the results of the poverty level evaluation within the

inclusive development, as it is rather high in relation to the standards even of developing countries (Korableva and Kalimullina, 2016). On the whole the level of unemployment is rather low but there is a significant part of unemployed people among the youth in relation to the young people of the country. Many young people have to work informally to earn their living (Strategy 2020, 2012). Education in the Russian Federation is widely spread among the population

(Magsumov and Nizamova, 2015; Magsumov, 2015), especially higher, but its level and quality raise doubts, especially in the conditions of frequently changing economic processes in the country and world (The World Bank Annual Report, 2015; OECD 2017).

Discussion

The experts of WEF have made a lot of remarks and claims to the financial area. They proposed their proposed their recommendations regarding more available finance of services for small and medium entrepreneurship and make changes in the tax law, particularly, progressive taxation.

These remarks and a lot of other low indices mentioned by the experts enable to focus on the country inclusive development more detailed, that will result in the Russian people's social security increase and more inclusive development generation by a positive solution of the given problems.

The quick change of economic processes causes the necessity of development of such methods and adaptation for Russia and its regions for the purpose of forming the inclusive development. That's why we recommend

interpreting the methods of the inclusive development index evaluation for the Russian realia and analyzing the education system, financial sector and especially indices of financing small and medium enterprises (Wietzke, (2015).

The main indices characterizing the inclusive development will be analyzed as fully as possible during the evaluation process, including the fairness of income distribution and availability of the accessible environment for people with limited mobility/.

Summary

Thus, it's necessary to gradually and widely study all stages of the inclusive development, making the process of creating and increasing the factors importance, raising the living standards. We should take into account the specific features of each region and then the process of improving the methods of the inclusive development implementation and analysis will be more efficient and useful not only for some regions of Russia but for the whole country as well.

It's necessary to develop and update the existing development

programs approved by the specialists of WEF for most regions of Russia for the purpose of entering the world scientific society for introduction of the inclusive development system resulting in successful and efficient development of regions in future (Vasilev, 2016).

The specialists of WEF highly recommend the Russian government to make structural reforms sooner and invest in human capital assets (Silos, 2015) including the quality of education and flexibility of the labour market for young specialists.

Conclusions

Today, the inclusive development concept is not only the display of political programs of the developed countries but also the global aim of the world society. This concept is included in work programs of international organizations and their analytical centers where the main world leaders are: International Bank and IMF, UN, Asian Development Bank and others (Akhmetshin 2017) that says about importance of this concept development. The work on studying the inclusive development is high-priority in the work of UN and includes more than

thirty seven thousand scientists, public authority and civil organizations worldwide.

However, in the Russian Federation, the inclusive development remains a topic for discussion rather than agenda for clearly defined actions. That's why it's important to adapt the methods of the inclusive development evaluation for the Russian realia for the purpose of creating the national strategy of inclusive development, its further development and entering the world community of scientists, specialists and politicians within the range of inclusive development.

In the end, we should note that the quotation about the inequality growth is especially important and lays emphasis on importance of the work on the inclusive development analysis: «inequality is not an iron law of capitalism but a consequence of the lack of attention to this matter».

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