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Improving the Mechanisms of Increasing Human Potential in Reducing Poverty

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Abstract---*It is not enough that poverty is only of national importance, and that poverty reduction is considered at the level of public policy. In the fight against poverty, it is also important that the population aspires and understands the need for a full and quality life. This will require a world-class education and higher education, access to quality medical care, in a word, opportunities. The relevance of the topic of the article lies in the fact that the article explores ways to improve the mechanism for building human potential in reducing poverty in the country through the study and analysis of the Global Hunger Index, the human capital index and its indicators.*

Keywords---*gross domestic product, gross national income per capita, gross national income, human capital, human potential, life expectancy, poverty, school duration*

Introduction

The poverty line is the minimum amount of income that a person can afford to buy only basic food, clothing and housing. With the development of society, the set of goods and services necessary for life has expanded, but the mentioned method has not lost its essence. The inclusion of a person or family in the category of poor depends largely on what they own. Using this method, we can measure the level of absolute poverty. The United Nations uses the term "least developed countries" to refer to poor areas. According to the UN, in 2019, 47 countries were included in the list of "least developed countries", including Moldova, Ukraine, Tajikistan, Uzbekistan and Afghanistan. Obtaining the status of a poor state is based on the conclusion of a special commission, which is assessed according to three criteria: an index of economic vulnerability; income level of the population (GDP per capita for the last 3 years); and assessment of the real quality of life. Assessing countries with relatively low levels of development is an extremely difficult task.

The World Bank has given a more precise definition of poverty, according to which, since 2015, the poverty line has risen from \$ 1.25 to \$ 1.90 a day. While living on \$ 3.20 a day reflects the poverty line in middle-income countries, living on \$ 5.50 a day is a key criterion in determining the poverty line in middle-income countries. As President Shavkat Mirziyoyev noted, 12-15% of the country's population or 4-5 million people live in poverty. This means that their daily income does not exceed 10-13 thousand soums. At present, the average family in the country is provided with a personal computer 12 times more than the average family in the country, with a car 11 times more, with air conditioning 8 times more, with a vacuum cleaner 4 times more, with washing machines. 4 times more, with a refrigerator 2 times more, with communication means - 1.5 times less. American economist Jeffrey Sachs, in his book *The End of Poverty*, identifies six types of capital that can help a society escape poverty, including human capital, business capital, infrastructure, natural capital, social capital, and knowledge capital (Sachs, 2006).

Sachs state, first of all, directs all its efforts and opportunities to invest in human capital (health, education, food), infrastructure (roads, utilities, drinking water, environmental protection and sanitation), natural capital (biodiversity and ecosystems) to maintain socially established capital (good governance, judiciary, law enforcement, etc.) and knowledge capital (supporting research in various fields and sectors that serve the development of society). Today, countries that are better than anyone else have learned how to form people's knowledge, skills, abilities, their ability for further education, as well as the formation and use of joint activities, are becoming leaders in the world. Effectively using it

in their work, the owners of human capital become the main creators of added value, creating a segment of the population with a high level and quality of life.

In determining the indicators of human capital in countries, the World Bank publishes the Human Capital Index annually. In 2020, for the first time, data from Uzbekistan in this index were also published. According to him, the country took second place among the CIS countries with a score of 62%, after Belarus (70%), Russia (68%) and Kazakhstan (63%). However, until 2020, Uzbekistan's data were not published in the Human Capital Index. In other words, Uzbekistan provided only the health and economic indicators adopted by the World Bank. However, until 2017, the provided data on the quality of education (assessment of students' knowledge) were not accepted due to the fact that the ongoing monitoring to determine the knowledge of schoolchildren in the country does not meet international standards. It should be noted that life expectancy of the population, duration of education, the share of gross national income per capita in the ranking of the Human Capital Index is one of the important indicators of human capital development and plays an important role in reducing poverty in the country (Hales et al., 1999; England, 1998).

It is important to develop measures to improve the position of Uzbekistan in the ranking of the Human Capital Index and to improve the mechanism for building human potential in the field of poverty reduction. The purpose of this scientific article is to provide scientifically based proposals and recommendations for improving the mechanism for building human potential in the field of poverty reduction.

Research Methodology

The subsistence minimum is the estimated value of the estimated minimum consumption expenditure, including the minimum set of food, non-food products and services required to maintain human health and ensure its vital activities, as well as mandatory payments and levies. In other words, the subsistence minimum represents a limit that cannot meet a person's most basic needs or is replaced by poverty.

Simply put, the minimum estimated consumption costs are the minimum set of products, goods and services necessary to maintain human life and health for a certain period of time. The Global Hunger Index is also used in the analysis of the living standard of the country's population. In 2019, Uzbekistan scored 49 points in the global hunger index, ranking 49th in the world.

Table 1
Indicators of Central Asian countries in the Global Hunger Index for 2000-2020

Country	2000 y.	2005 y.	2010 y.	2019 y.	2020 y.
Kazakhstan	11,0	12,4	8,6	5,5	5,4
Kyrgyzstan	19,3	14,0	12,4	8,8	8,4
Uzbekistan	23,6	17,8	14,7	10,7	6,7
Turkmenistan	21,8	17,1	15,0	11,8	11,1

Among the Central Asian countries, the hunger index of four countries: Uzbekistan, Kazakhstan, Kyrgyzstan and Turkmenistan will be published in this ranking. According to 2000 data, Uzbekistan is one of the countries with the highest levels of hunger, and by 2020 it will be one of the countries with the lowest levels of hunger. With a score of 6.7, it ranked 2nd among Central Asian countries after Kazakhstan (Table 1). The poverty rate does not fully cover the situation. The study and analysis of the value of GDP per capita in poverty reduction, education and life expectancy of the population is relevant in the broad coverage of the topic.

Methods such as scientific abstraction, research, induction and deduction, target development, monographic observation, systematic and comparative analysis, graphical representation, expert evaluation and economic statistics in the development of scientifically based conclusions and recommendations based on the systematization of the results of the analysis widely used (Levin & Tatsuzaki, 2002; Saad, 2007).

Analysis and Results

According to the Education Index 2020, published by the United Nations Development Program in 2020, Uzbekistan ranked 71st out of 189 UN member states with a score of 0.729 (Table 2).

Table 2
United nations development program: education index 2020

RATING	COUNTRY	INDEX
1	Germany	0.943
2	Norway	0.930
3	United Kingdom	0.928
71	Uzbekistan	0.729

This indicator shows the continuity and quality of education in countries. But it also has some flaws. In particular, it does not fully reflect the difference in the availability of education due to differences in age requirements and duration of study. Indicators such as average reading duration or expected reading duration are more prevalent, the main reason being the lack of accurate and complete information provided by states. In addition, the index does not take into account students studying abroad, which can lead to data corruption for some small countries. One of the most widely used indicators in the analysis of human potential is the "Human Capital Index". It analyzes the value of GDP per capita in the country, the level of access to education and health care, life expectancy.

Table 3
Duration of education according to the "Human Capital Index 2020"

	Indicator	Years
1	The duration of the school period	12.041
2	Harmonized test scores	474.1
3	Learning to adapt school years	9.13

According to the Human Capital Index 2020, Uzbekistan ranks second among Central Asian countries after Kazakhstan in terms of attendance, with a school-leaving period of 12,041 years. In Singapore and Ireland, the figure was almost 14 years. The Human Capital Index has developed a state strategy to strengthen the country's position. According to it, a policy aimed at ensuring the continuity of education is being pursued. In particular, in 2017, the coverage of children with preschool education in the pre-school education system of the Ministry of Preschool Education was 27%, by 2020 this figure will increase to 52%. Over the past 3 years, the number of public preschools (preschools) increased 1.5 times from 4,940 to 7,500, the number of private preschools from 269 to 783, and the number of non-state preschools in general increased by 12.6.

Coverage with primary and secondary education is 99%. Grades 10-11 have been restored in schools. The share of teachers with higher education in the teaching staff of secondary schools exceeded 80%. Education reform was accompanied by an increase in the salaries of secondary school teachers. The salaries of school teachers have risen in three stages, resulting in an average increase of 50% (<https://review.uz/post/prioritet-obrazovaniya-v-uzbekistane-obzor-reform>). In the field of higher education, the procedure for admission to universities, the results of which will be announced the next day. Tests on creative directions in higher education have been abolished. In order to increase the availability of educational services, universities are allowed to accept additional students at additional contract rates ("super contract"). The external form of education was restored. The salaries of university professors have doubled. As part of education reform, the national student assessment system has been modernized in collaboration with international systems such as PISA, TIMSS and PIRLS, teacher training programs have been revised and brought into line with international standards (Mielnik & Goldemberg, 2002; Coscieme et al., 2020).

Significant changes took place in the health system in 2017-2019. As a result, life expectancy increased from 73.7 to 74.6 years, including 71.3 to 72.3 years for men, respectively. Significant results have been achieved in reducing maternal and infant mortality from 11.5 to 8.5 per 1,000 live births. Due to the fact that the volume of financing the health care system has tripled from 6.86 to 13.4 trillion soums in three years, the provision of the population with cheap and quality medicines and modern medical supplies has improved. In 2019, 914.6 billion soums were allocated for these purposes, compared to 2017, this figure increased 2.5 times. The approach to the billing method has changed radically, depending on the number of locations that affect the quality and effectiveness of health care, rather than the number of patients previously treated. From 2019, a new per capita funding mechanism and a payment system for medical services have been introduced for each "treated condition".

The salaries of medical and pharmaceutical workers in public medical institutions have increased 2.5 times. In order to systematically organize such work, to provide appropriate incentives for the work of medical staff, a fund for the development of health administrators and financial incentives has been established. The emergency medical

service continues to improve. About 1,450 specialized vehicles have been purchased in the last three years to provide timely first aid (Temple,1999; Woodhall, 1987).

However, there are issues that need to be addressed in areas related to human capital development. In particular, the coverage of children with preschool education remains low. There are still schools in the republic where children study in two shifts. Almost 30 percent of schools do not have computer rooms. With the higher education system (15%) of the student-age population, the quality and coverage of higher education remains low. In the health sector, child and maternal mortality are still high compared to developed countries, the life expectancy of the population retains a reserve of 10-12 years, the population has a high rate of socially significant diseases. 3-4 times higher than the European level. Due to the lack of geriatric doctors, adequate professional medical care for the elderly is lagging behind. As the modern economy relies primarily on human potential, improving its quality remains one of the priorities of the reforms.

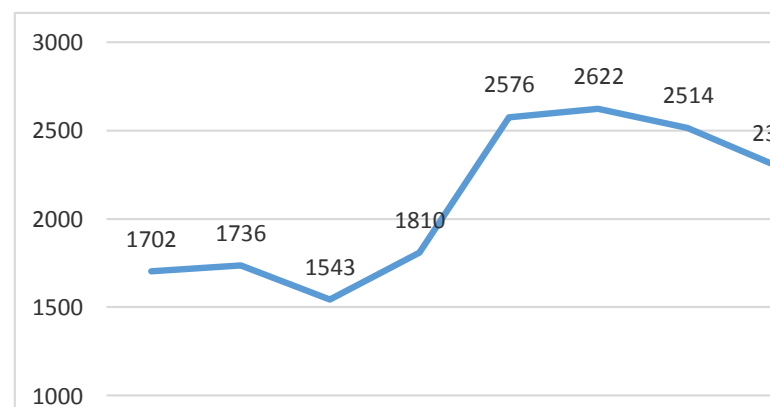


Figure 1. GDP per capita, 2009-2020, USD [10]

The value of GDP per capita is also an important indicator in reducing poverty, and in 2020, this figure was 1,702 US dollars. Although this figure was relatively high in Uzbekistan in 2012-2016, in 2017 the country saw a decline in the value of the currency as a result of the liberalization of the soum (On Amendments and Addenda to Certain Resolutions of the Government of the Republic of Uzbekistan: 2017). For this reason, this indicator does not allow to monitor and analyze the real situation of poverty in the country over the past 12 years.

According to the Human Development Index, the gross national income per capita (at current prices) is \$ 7,142. In Liechtenstein, the figure is 131032, in Qatar 92418, in Hong Kong 62985, in Central Asia 22857 in Kazakhstan and 3954 in Tajikistan. In order to increase the value of GDP per capita and gross national income, first of all, it is necessary to increase the volume of GDP. According to Joseph Stiglitz (Stiglitz: 2016), GDP volume is not affected by environmental quality, population health and satisfaction with life, but GDP size has a direct impact on living standards and quality of life. This can be explained by the number of sectors and industries of the economy, the development and volume of production, the number of jobs (Čadil et al., 2014; Ravallion, 2002).

But the situation in our country is a little different. Along with economic growth and development in Uzbekistan, the population continues to grow. This figure puts an additional burden on the country's economy and requires careful and error-free implementation of GDP growth policies. Another indicator that affects human capacity building in reducing poverty is the life expectancy of the population. Life expectancy as an economic indicator reflects the level and quality of life of the population, as well as the peaceful political situation in the country as a political indicator. In 1991, the average life expectancy of Uzbeks was 67 years, in the early 2000s it was 72 years, and in 2020 it was 74.6 years. According to the World Health Organization, the rate is 84.5 in Japan, 84 in Switzerland, and 81.5 in the United Kingdom. Life expectancy also varies as a result of the impact of various diseases on the human body. In Japan, for example, the leading causes of death are cancer, heart disease and stroke. The share of similar diseases is high in Uzbekistan (Sukanti et al., 2021; Widaryanti et al., 2021).

Conclusions and Recommendations

We can increase the amount of funds allocated by the state to reduce poverty, attract entrepreneurs to a wide range of charitable activities, providing them with various benefits and privileges. However, the implementation of such measures is almost impossible to eliminate the problem of poverty in society. Although such measures provide a

basis for the population to survive, but do not allow to escape from the clutches of poverty. To do this, first of all, it is important to increase human capacity. Including:

- Development of science-based programs and plans to combat poverty based on an in-depth analysis of corruption, poor infrastructure, poor quality of various social services, environmental factors that negatively affect the environment and production, etc .;
- Increasing the coverage of the population in preschool and higher education;
- Increasing the level of computer rooms and Internet access in schools and higher education institutions;
- Increase the number of doctors of narrow specialties and develop standards and mechanisms for their training and retraining that meet international standards. In particular, the relative increase in the salaries of doctors of narrow specialties and the application of other socio-economic measures to motivate their activities;
- Increasing the prevention of cancer, heart disease and stroke among the population;
- The level of economic growth in the country is determined by the value of GDP per capita. For this reason, along with economic growth and development in the country through the development of new economic sectors (pharmaceuticals, nuclear energy, microelectronics, microbiology, aerospace and aerospace industry), to create new jobs and thereby develop human potential;
- In addition, the creation of new jobs in the country through the development of entrepreneurship, production and development of innovative activities.

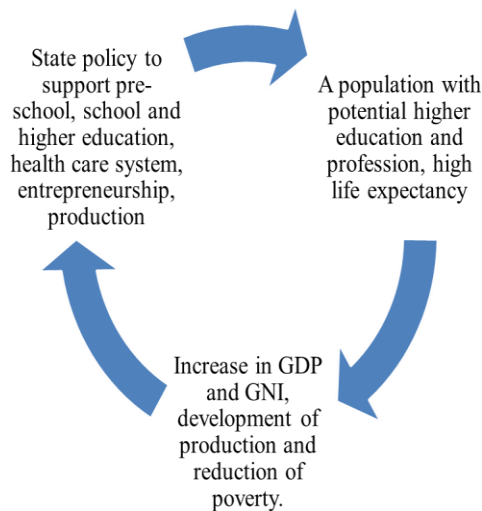


Figure 2. Public policy-human potential-poverty reduction *

Image authoring

It should be noted that poverty is not only a problem of state importance, it is not enough to see poverty reduction at the level of public policy. In the fight against poverty, it is also important that the population strives for and understands the need for a full and quality life. This will require world-class education and higher education, access to quality medical care, in a word, capacity. As a result of the above research, the following mechanism is formed (Figure 2). Through the state's policy to support pre-school, school and higher education, health care, entrepreneurship, production, the population will have a potential higher education and profession, a high life expectancy, and boomerang law will rise GDP and GNI, increase production and poverty reduction.

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