
G20 Competitiveness in Human Development

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Abstract:

The article deals with the issues of human development in the Group of Twenty (G20), as an important component of their development and competitiveness.

Despite significant differences in achievements between the G20 countries in the Human Development Index and in each of its components, there are many similarities in the field of human development that should be taken into account in each G20 country.

Keywords: *Competitiveness, employment, G20, human development.*

JEL Classification Codes: *F01, E24, J24, J28, J6.*

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1. Introduction

People are the true wealth of nations (HDR, 1990). In the second decade of the 21st century, the concept of human development acquires special significance, countries are looking for new ways to improve human well-being. Opportunities in the world are extremely unevenly redistributed.

This inequality is the main incentive for the movement of people and carries with it enormous potential for human development. People move in search of better opportunities. In total, over the past 50 years, the ratio of people moving to developed countries has increased significantly, and this trend is associated with increasing inequality of opportunity.

The G20 countries, including Russia, differ in the level of human development, but they are similar in the fact that social systems of each of them should develop measures to optimize social policy in order to improve the well-being of the population.

2. Theoretical, Empirical, and Methodological basis of the Research

Porter did a great job in determining the competitiveness of states. He noted that the prosperity of countries is created, but not inherited. In the world of growing global competition, the role of states has so far become more significant. Differences in national values, culture, economic structures, institutions and historical past play a certain role in achieving success in the competitive struggle. There are striking differences between individual countries regarding the nature of competitiveness. No country could be and would not be competitive in all or at least in most sectors of the economy (Porter, 1998).

The Organization for Economic Cooperation and Development (OECD) was one of the first international organizations that began conducting competitiveness studies and gave certain recommendations to countries and was able to draw attention to this issue. For example, now the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO) also study competitiveness.

The World Economic Forum develops the Global Competitiveness Index. The Institute of Management Development has formulated the tailored competitiveness model. The IMD annually publishes the World Competitiveness Yearbook, which considers the competitiveness of 60 countries based on 338 criteria (IMD, 2017).

In our study, exploring countries with a very wide variation of characteristics and circumstances, we seek to understand the competitiveness of the G20 countries from the perspective of a person and the development of his potential (Sultanova and Chechina, 2016; Guskova *et al.*, 2016; Stamatakis, 2016).

3. Results

In the XXI century, G20 countries, including Russia, faced similar problems: pressure on the budget for the growing volume of pension and other social payments provided for by law; the need to increase the financial support of education and health as a factor in human development. According to the UN, human development is the development of people through the formation of human potential carried out by people (through active participation in the processes that shape their lives) and for people (by improving their lives) (HDI, 2016). According to the Order of the Government of the Russian Federation “On the Concept of the Long-Term Socio-Economic Development of the Russian Federation for the Period up to 2020”, human development includes two types of systemic transformations: the one aimed at improving the competitiveness of human resources, labor, and social sectors of the economy; the one improving the quality of the social environment and living conditions of people.

Annually, within the framework of the United Nations Development Program, countries and regions are classified into one of four categories: countries with a very high level of human development; countries with a high level of human development, countries with a medium level of human development and countries with a low level of human development. The Composite Human Development Index (HDI) combines three basic dimensions of human development: gross national income per capita (the ability to achieve a decent standard of living); life expectancy at birth (the ability to lead a long and happy life); the average duration of training and the expected duration of training (the ability to acquire knowledge).

According to the Human Development Report 2016, 12 countries from the G20 group have a very high human potential (Table 1), which means that the Human Development Index is not lower than 0.800 (for example, the HDI of Australia is 0.949, the US is 0.920, Japan is 0.903, France - 0.897, Russia - 0.804). Four countries from the G20 have a high level (HDI not lower than 0.701) and three countries have an average level of human development (HDI not lower than 0.550). For 25 years, countries such as Russia, Argentina and Saudi Arabia have been able to improve their human development indicators and move into the category of countries with a very high level of human development. As can be seen from Table 1 below, the ratings of countries in terms of GDP per capita and life expectancy at birth are significantly different even by countries - leaders of human development.

For example, Japan, being in the first place in life expectancy at birth (83.7 years), takes 17th place in the HDI and 27th place in per capita GDP (dollars PPP). In Turkey, Mexico, Brazil, China, the expected lifetime is longer than in Russia and Saudi Arabia, but they are in a different category of countries. At the same time, in Saudi Arabia, the per capita GDP is one of the highest among the G20 countries (\$ 50.3 thousand), only the United States is higher - \$ 52.5 thousand. In terms of the average duration of study, the least competitive are India, China, Brazil, Indonesia, and Turkey. At the same time, the length of study in South Africa is longer than in Argentina and Saudi

Arabia (countries with a very high level of human development) (Table 1). If referring to the indicator of overall life satisfaction, the highest rates among the G20 countries are in Canada, Australia and the USA, and the lowest rates are in South Africa and India.

Table 1. Key human development indicators of the G20 (HDR, 2016)

2015 HDI Ranking	Change in rating for 25 years*	Country	Life expectancy at birth (years)	GDP per capita (th. USD 2011 by PPP)	Average duration of study (years)	Overall life satisfaction (0 – min, 10 – max)**	
very high level of human development	2	1	Australia	82,5	43,6	13,2	7,3
	4	0	Germany	81,1	44,0	13,2	7,0
	10	1	Canada	82,2	42,9	13,1	7,3
	10	-3	USA	79,2	52,5	13,2	7,2
	16	-4	Great Britain	80,8	38,6	13,3	6,5
	17	1	Japan	83,7	35,8	12,5	5,9
	18	0	The Republic of Korea	82,1	34,4	12,2	5,8
	21	1	France	82,4	37,3	11,3	6,4
	26	0	Italy	83,3	33,6	10,9	5,8
	38	9	Saudi Arabia	74,4	50,3	9,6	6,3
	45	-2	Argentina	76,5	-	9,9	6,7
49	5	Russia	70,3	23,9	12,0	6,0	
high level of human development	71	9	Turkey	75,5	18,9	7,9	5,5
	77	-5	Mexico	77,0	16,5	8,6	6,2
	79	7	Brazil	74,7	14,5	7,8	7,0
	90	11	China	76,0	13,4	7,6	5,3
Medium level of human development	113	3	Indonesia	69,1	10,4	7,9	5,0
	119	2	South Africa	57,7	12,4	10,3	4,9
	131	4	India	68,3	5,7	6,3	4,3

Notes: * Positive values mean improving of rank, ** The Gallup World Poll question
 *** Due to the fact that national and international statistical institutions are constantly improving their arrays, the data presented in the 2016 Report are not comparable to those published in previous issues.

HDI significantly expands the understanding of the state of human resources, complementing the most general indicator of material well-being - GDP per capita - and a number of other measures of social security and development opportunities.

We are talking not only about humanitarian considerations of ensuring human rights, including economic ones, but also about developing human resources as a condition for expanding economic growth, using the latest scientific developments while ensuring the human resources of the economy. While maintaining traditional measures of social support for the population, aimed at increasing the level of social guarantees and quality of life, it is necessary to modernize the tools of state regulation in the social sphere, as well as the approaches to neutralize threats to social stability and to increase the protection of human resources (Lebedeva and Petrovskaya, 2017).

Differences in the economic situation are only one of aspects of a country's competitiveness. Many other social, racial, political, climatic and other factors affect competitiveness and improve the quality of life and human development. The advantages of globalization, economic growth often do not concern those who are below the poverty line, and government measures do not always solve the tasks (Lebedeva, 2008).

The components of the HDI depend on a variety of economic, social, cultural and historical factors. In the G20 countries with a very high level of human development, the most important factors, along with economic ones, are social: development of programs aimed at social protection of the population; availability of education, medical and social services. However, the scale of redistribution and forms of implementation of social policy in these countries differ significantly.

An important area of work for any country is to support the unemployed and other socially vulnerable groups. Analysis of the structural features of unemployment is extremely important for the formation of social and labor policy at both federal and regional levels; expanding ideas about the possible social consequences of unemployment, especially in regions of its high concentration. We note that the current unemployed ones are the source of labor force formation, which is of particular importance in the conditions of a growing contingent of non-working and non-job seekers (ISC RAS, 2009) (Table 2).

Table 2. *Employment and unemployment in G20 (HDR, 2016)*

Country	Employment to population ratio	Unemployment (% of labour force)	Immigrants as a share of the population (% of population)	Perfect job (% of those who answered yes)**
Australia	60,7	6,3	28,2	70
Germany	57,6	4,6	14,9	80
Canada	61,0	6,9	21,8	71

USA	58,8	5,3	14,5	65
Great Britain	59,3	5,5	13,2	71
Japan	57,3	3,3	1,6	69
The Republic of	58,6	3,7	2,6	51
France	49,4	10,6	12,1	74
Italy	42,5	12,1	9,7	66
Saudi Arabia	51,6	5,8	32,3	61
Argentina	56,9	6,7	4,5	69
Russia	59,8	5,8	8,1	48
Turkey	45,1	10,3	3,8	61
Mexico	59,5	4,3	0,9	72
Brazil	62,3	7,2	0,3	76
China	67,6	4,6	0,1	51
Indonesia	63,4	5,8	0,1	76
South Africa	39,7	25,1	5,8	51
India	51,9	3,5	0,4	80

*Notes: *as of 2015, ** The Gallup World Poll question.*

Table 2 indicates that the highest unemployment rate is in South Africa (25.1%), Italy (12.1%), France (10.6%), Turkey (10.3%). Russia shares ninth place with Indonesia and shows an unemployment rate of 5.8%. The lowest is in India (3.5%) and Japan (3.3%). Reducing unemployment is an important indicator of the health of the economy (Stibel, 2014).

The security of the economy with quality labor depends largely on the demographic situation and the level of professional training of the population. Economic growth will increasingly depend on the growth of labor productivity and an increase in the level of economic activity of the population, including workers in the older age groups (Nanavyan, 2017). A number of G20 countries and especially the USA conduct permanent monitoring of unemployment by age and gender groups of the population, taking into account the level of education, which is one of the key elements in building a system to fight unemployment. The availability of such a database allows differentiating employment support measures depending on the needs of a specific population group.

The highest share of immigrants in the G20 countries is observed in Saudi Arabia and Australia, the lowest is in China, India, and Indonesia (Table 2). Mobility has the potential to promote human development for those who leave, for those who remain, and for the majority of citizens in host societies. Perfect job is the subject of the majority of people in India, Germany, Indonesia, Brazil. At the same time, the least satisfied with their work live in Russia, China, South Africa, and the Republic of Korea. Demographic trends will continue to play an important role in migration, however, new phenomena, such as climate change, are also likely to play an important role. All G20 countries are faced with the problem of finding new forms of social

support for the population, attracting non-state funds and active interaction of state and private structures to increase competitiveness in the field of human development (Lebedeva, 2013).

Modern forecasts say that every 40 years the world's population will increase by one third. And this growth will be provided by developing countries. The maximum relative population growth in the G20 countries is projected in Australia, Saudi Arabia, Mexico and India. In every fifth country in the world, including the G20 countries, in Germany, Japan, Italy, Russia, the population is expected to decrease (Table 3).

Table 3. Population trends in the G20 countries (HDR, 2016)

Countries	Population in 2015, mln.people	Population forecast in 2030, million people*	Median age of population, years
Australia	24,0	28,5	37,5
Germany	80,7	79,3	46,2
Canada	35,9	40,0	40,6
USA	321,8	355,8	38,0
Great Britain	64,7	70,1	40,0
Japan	126,6	120,1	46,5
The Republic of Korea	50,3	52,5	40,6
France	64,4	68,0	41,2
Italy	59,8	59,1	45,9
Saudi Arabia	31,5	39,1	28,3
Argentina	43,4	49,4	30,8
Russia	143,5	138,7	38,7
Turkey	78,7	87,7	29,8
Mexico	127,0	148,1	27,4
Brazil	207,8	228,7	31,3
China	1376,0	1415,5	37,0
Indonesia	257,6	295,5	28,4
South Africa	54,5	60,0	25,7
India	1311,1	1527,7	26,6

*Note: * projection based on average birth rate.*

Population aging is ubiquitous. This is a natural consequence of lower mortality and a slow decline in fertility. By 2050, it is estimated that in the world as a whole, there will be more elderly people (at least 60 years old) than children (under 15 years old), while the average age in developing countries will be 38 years, and in developed countries it will be 45 years. Now the 'youngest' countries of the G20 are South Africa, India, and Mexico. At the same time, most G20 countries with a very high level of human development have crossed the milestone of 37 years (Table 2).

4. Conclusion

Trends occurring at the beginning of the XXI century allow us talking about a new stage of global competition, which requires an adequate assessment taking into account the expansion of financial and economic, political factors affecting the state and prospects of development of trade relations between countries, deepening the relationship of trade and investment flows in the world economy and increasing the involvement of national economies into integration processes (Khasbulatov, 2017),

The state's role is increasing in creating the necessary conditions for the life and self-realization of citizens. It's not only the problem of overcoming the post-crisis financial and economic uncertainty, improving the global economy and finance, and international economic interaction. It is about reassessing the role of the state in the market economy system, the importance of national and supranational regulators to maintain financial and economic stability, and human development in the long term (Lebedeva, 2013).

Challenging the 21st century, all countries are forced to pay more attention to human resources as a key factor in national competitiveness and security. The experience of the G20 countries convincingly demonstrates the growing attention to the tools for implementing state policy in the field of labor and social security, not only to improve the well-being and security of citizens, expand their access to medical, educational, social, information and communication services, but also taking into account the key role of human resources for maintaining economic growth, strengthening the country's position in the world market and in the world community.

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