

SOCIO-ECONOMIC STATUS AND IMPROVEMENT THE CONDITION OF THE NATIONAL ECONOMY OF UKRAINE

Viktor Koval¹

Inesa Mikhno²

Abstract: Changes over the last decade of economic ties, priorities and interaction mechanisms make large investments and changes in technology necessary. Existing barriers to the country's development do not contribute to the achievement of sustainable goals. It has been found that the standard of living in Ukraine is getting lower and its improvement in 2010-2012 has become short-lived and has changed with the worsening of the situation. It is proved that increasing the investment potential of the country can improve the situation and change negative trends.

Keywords: development of Ukraine, socio-cultural development, investments, impact of investments, developing countries.

1. Introduction

The constant worldwide development of science and technology affects the entire life of the population, including the changes and transformations of socio-economic institutions through technological, economic and organizational-economic relations. Today's stage of development of society in Ukraine is characterized by a number of problems and imbalances in the social structure of society and in the minds and culture of the population, which are not solved by the recent reforms that have taken place.

The key drivers of sustainable economic development and macroeconomic shifts that countries need during socio-economic transformation include effective state regulation of the economy, which should be understood as the purposeful influence of the state in the sphere of

¹ Odessa Institute of Trade and Economics of Kyiv National University of Trade and Economics, Odessa, Ukraine. Email: victor-koval@ukr.net. ORCID: <http://orcid.org/0000-0003-2562-4373>

² Private Higher Educational Institution "International European University", Kyiv, Ukraine. ORCID: <http://orcid.org/0000-0003-3661-1965>

economic management to give economic processes a certain orientation in accordance with goals, objectives and interests countries [1].

2. Literature review

Zhivko Z.B. notes that society is the basis of the existence of the state, where the social relations formed under the influence of various factors are an element of the system. Therefore, Ukraine's becoming a democratic state depends directly on how effectively the constitutional regulation of social relations will be implemented, how protected and secured are those constitutional principles and norms that currently determine the foundations of social relations in Ukraine [2].

Achieving a state of social security does not involve the complete elimination of all threats, as they are constantly generated by the dialectic of society. Therefore, according to S. Pirozhkov, social security is the result of effective social policy, which should warn society against social explosions, overt and covert manifestations of public disobedience and other conflict situations, help increase the

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competitiveness of Ukrainian workers by European and world standards. The scientist identifies social security as an important component of national security [3].

3. Results

One of the indicators of the country's development was the indicator of the effectiveness of innovation implementation. In 2019, in Ukraine it amounted to 37.40 and ranks 47th in the ranking of countries on this indicator, while the leader remains Switzerland. In 2017, Ukraine ranked 50th, but the Global Innovation Index was 37.62, which indicates a slowdown in Ukraine's development compared to other countries. According to Global innovation, this figure is higher than average and expected, given the country's income level. The geography of innovation is shifting from high-income countries to middle-income economies. The shift from higher to lower rates is slow compared to the number of innovations in the world. Ukraine is one of the countries ahead of economic development in terms of innovation.

Global economic growth in 2019 relative to 2018 and previous projections is lower. Growth in investment and productivity worldwide due to innovation is an important driver of development, however, in 2009 and 2017 there was a slowdown in their rates, which may be caused by contract investment in research and uneven implementation in economic processes and access to open data. In 2020, world GDP continued to decline. The reasons are the lack of significant impetus for development, which depends on the introduction of innovations, the coronavirus pandemic, unregulated oil prices and its decline due to the withdrawal of some countries from OPEC and the general state of economic recession that began in 2019.

The deteriorating situation caused by the lack of financial resources and the inability of the state at the competitive level to create proper conditions for scientists and innovation workers, the creation of barriers and corruption in entering the markets make such documents ineffective. And although positive changes in Ukraine can be seen with the launch of the "Action" project and the gradual digitalization of

all components of society, changes are slow and chaotic (not continuous), due to the dependence on the amount of investment [4].

The Multiplier of Investments is helping to expand demand and increase production in industries. The amount of investment invested in digitization is directly proportional to the level of development of the country and GDP per capita. However, innovation is characterized by a reshaping of the population and a reduction in the number of employees and labor costs, which is not in line with J. Keynes's theory [5].

An increase in investment (I) leads to an increase in national income (D):

$$\Delta I_n = m * \Delta D * (1 - inf); \quad (1)$$

here m - is the multiplier, inf - is the inflation rate compared to the previous period. Considering that the income of the population is constantly changing over time n, then in the next iteration it will become sanguine:

$$D_n = (D_{n-1} + \frac{1}{m}(I - I_{n-1})) * (1 - inf); \quad (2)$$

In its original form, the theory of the accelerator multiplier is not fully consistent with economic reality, but further additions and improvements

make it possible to accurately describe the real data. Particularly large variations can occur in transition, prone to transformation economies, in the transition from recession to growth and vice versa.

As the experience of developed countries shows, digital technologies are not only able to directly deliver economic growth, but also create a self-sustaining synergistic effect at the expense of numerous externalities that extend to the economic, social, technological, intellectual and infrastructural components of development [6].

In recent years, there has been a decline in the number of economically active innovative private sector enterprises, which is caused by the difficult economic and political situation in Ukraine, a small planning horizon, instability and an outflow of investment.

All this causes a decrease in the quality of life of the population and a decrease in purchasing power.

As of 2020, the average wage in Ukraine is UAH 10727 per month (USD 398), which is significantly lower than in developed countries [7].

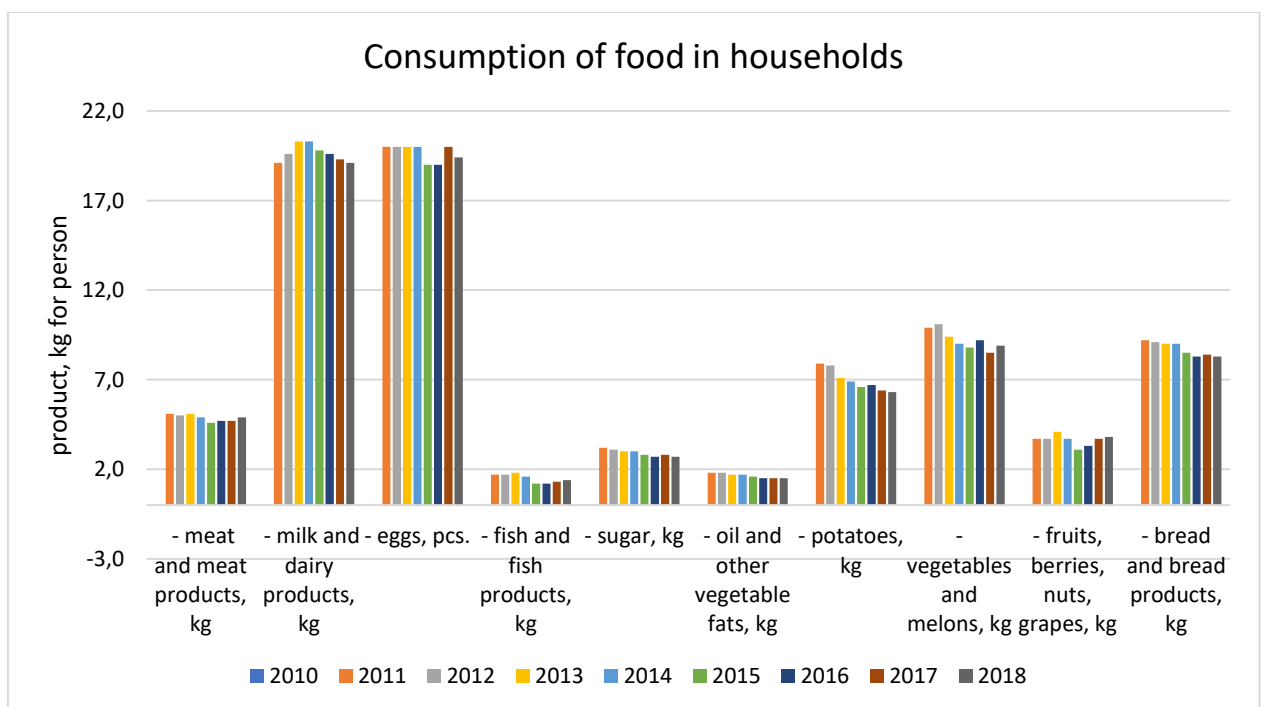


Fig. 1. Consumption of food in households in time un Ukraine [7].

From Fig. 1 we see a decrease in consumption of products in the long run, which is caused by a decrease in the standard of living of the population and impoverishment.

Given the aging of the Ukrainian nation, the number of elderly people will increase steadily as the working age population decreases. Increasing retirement age can reduce retirement costs, however, we believe that such a policy is irrational and impairs the quality of life and public well-being, while stimulating business development, legalization and openness of income will be much more effective in improving the country's development. The social policy of the state, which acts as an integral part of the measures taken by the state to regulate the conditions of social production as a whole, is closely linked to the general economic situation in the country. Of the total number of women who gave birth, 46% reported having given birth to two children, 43% reporting having one child, and one in nine giving birth to three or more children. The proportion of mothers who gave birth to three or more children is higher among rural women than among urban women. In rural areas, 14% of

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women gave birth to three children 5% - in cities, four - respectively 3% and 0.6%, five or more - 2% and 0.5% [7].

Increasing spending on areas of life such as education, sports, social payments to the vulnerable, health care, promoting fertility through increased childbirth assistance will increase the purchasing power of citizens, which will have a positive impact on private business. Increasing money circulation is a tool that can restore the country's economy, reduce financial disparities in society and improve the quality of life of the population with targeted and transparent use of funds and the absence of corruption.

The establishment of various voluntary associations, whose activities are related to charity, mutual assistance, implementation of cultural and educational programs, will contribute to the development of public policy in the social sphere.

In conducting a survey of households participating in the survey of their living conditions, the following results were obtained on the effectiveness of social support programs according to the State Statistics Committee (Fig. 2):

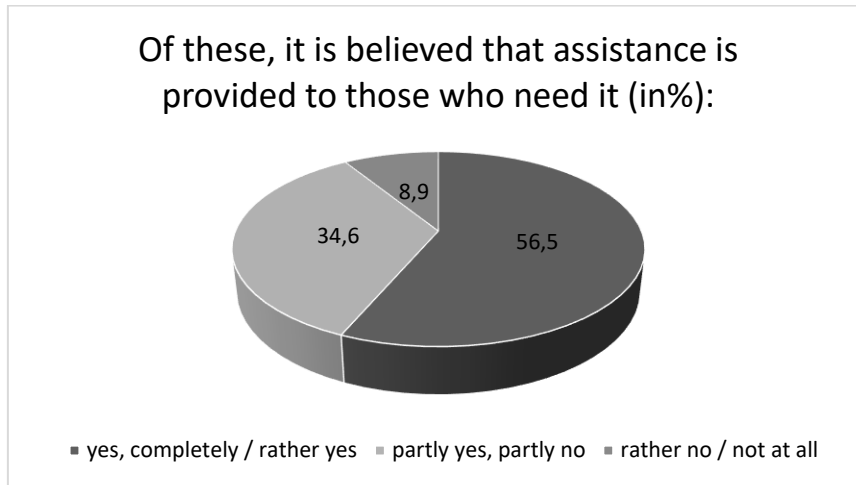


Fig. 2. Distribution of households on the expediency of providing social assistance [7].

From Fig. 2 we see that only 56.5% think that assistance is provided to those citizens of Ukraine who need it, while the majority (98% according to our survey) think that its size is unsatisfactory. The amount of assistance to low-income citizens in 2020 amounted to about 10 dollars. USA, which is the lowest in Europe. All this creates conditions for the existence of demographic crisis and labor migration, which is reflected in the resultant indicators of the state.

Comprehensive analysis, diagnosis of potential hazards and the development of a detailed plan to prevent them significantly reduce the likelihood of accidents or accidents at the enterprises. In developing long-term

forecasts, it is advisable to use, in addition to quantitative risk assessment methods, qualitative methods and to take into account the peculiarities of the free market and competition, which lead to the constant development and creation of new technologies and innovative systems in the metallurgical field. However, the main problem in Ukraine now is increasing the risk of social security due to low wages, low social services package for the population and increasing production risks associated with the use of outdated technologies and the lack of a strong regulatory framework for working conditions and financial support for workers. .

Analyzing the current situation in all areas of social sphere, let us consider

the main instruments of state policy for ensuring social security of Ukraine:

1. Creation of social guarantees that are provided on a legislative basis that finances the duties and responsibilities of the state to citizens and to the state and are protected. These include family and childhood support programs, the disabled and the elderly, and health care.

2. Ensuring minimum social standards, which are a means of ensuring the rights of citizens in the field of social guarantees. They are necessary to determine financial standards. The minimum social standards include the subsistence minimum, housing standards, health, education, culture, conditions and occupational safety, employment, environmental standards.

3. Increasing the attractiveness of the population and business to volunteer programs, social initiative, creation of

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modern information portals and ensuring compliance with legislation and freedom of choice of social programs.

4. Creation of a consumer budget for the population and its timely use and replenishment, control over the demographic situation in the country and the availability of incentives, subsidies for improving the indicators.

5. Formation of cultural and moral values, relations between groups of the population for harmonious existence in the state and increase of potential of the country.

Over the past three years, the sentiment in business has changed. The situation with small- and medium-sized businesses, dominated by retail, has improved, while high-tech and capital-intensive projects and innovations are at a low level and public expectations are low.

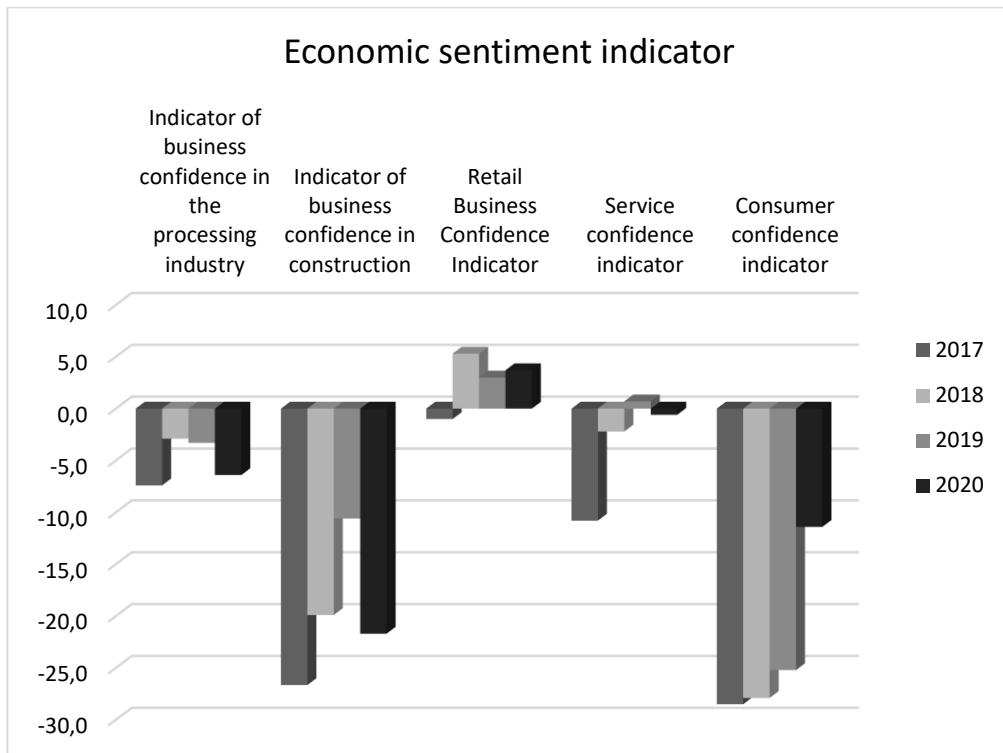


Fig. 3. Economy Indicator in Ukraine [7].

In the first quarter of 2020, the indicator of economic sentiment in Ukraine amounted to 103%, which is 10.3% less than in the first quarter of last year and 2.9% less than in the fourth quarter of 2019. This is evidenced by the data of the State Statistics Service [7].

A deterioration was recorded in all four indicators of business confidence - components of the indicator of economic sentiment: in construction (from -18.9% in the IV quarter of 2019 to -21.7%), in the processing industry (from -5.5% to -6.4%), in the service

sector (from +1.6% to -3%) and in retail trade (from +13.7% to +3.7%).

The indicator of consumer confidence also fell (from -5.8% to -11.4%). The indicator of economic sentiment reached a record high level (113.4%) in the IV quarter of 2019, and was record low (76.9%) in the I quarter of 2017, when the calculation of this indicator was first started [7]. The indicator is calculated in accordance with the Methodology for calculating business expectations indicators in accordance with the requirements of the

International Monetary Fund's extended Special Data Dissemination Standard.

Depending on the sector, business confidence indicators are evaluated based on surveys of current orders and inventories of finished goods, changes in sales over the last three months, projected changes in production / sales and the number of employees over the next three months.

The GSTC calculates the consumer confidence indicator using Gfk Ukraine's survey.

The largest in determining the IES is the contribution of the business confidence indicator in industry - 40%, followed by services - 30%, construction with retail - 5%. The weight of consumer sentiment is 20% [7].

After the 2020 quarantine, the situation is likely to worsen. In retrospect, we have a decline in the economic expectations indicator compared to 2010.

Ukraine's gross domestic product growth in the IV quarter of 2019 slowed to 1.5% [7].

By increasing the speed of development and implementation of economic digitization projects, it is possible to save money that is misused or

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spent through corruption schemes, to increase the number of services provided and the turnover of funds [8-11].

Legislative regulation of innovation, user safety at the legislative level, and implementation of norms and laws in the field of digitization are needed to facilitate the entry of investors who invest in the creation of innovative products with minimal environmental impact and scientific development;

4. Conclusions

In Ukraine, there has been a decline in living standards since 1991 and a decrease in consumption caused by poverty. The aging of the nation causes a burden on the social fund, together with a decline in the average age of the population. All this has implications for the country's economic potential. In recent years, we have decreased the scientific potential and entrepreneurial activity in the field of innovation. Although Ukraine is a country where the expected innovation is higher than the gross domestic product, this percentage is low. The number of scientific institutes and own developments is shrinking. To improve the situation, it is proposed to increase investment

potential and develop the country intensively. With the introduction of scientific development, increased wages and social guarantees, the consumption of products will increase, which will cause an increase in production and economic recovery. To do this, we need to support innovative projects, reduce corruption and change the legislation to invest better and faster in the Ukrainian sector.

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