



Inclusive Economic Growth in Ukraine: The Social Aspect

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Abstract

International human rights standards are based on the idea of participation of everyone in public life on an equal and non-discriminatory basis. The spread of the inclusive growth of the urban economy in Ukraine is not only a reflection of time and an actual vector of economic development in European countries. The current negative tendencies of the formation and development of the labor market in Ukraine are systematized. The description of level and structure of employment of the population of Ukraine with inclusiveness, causes of unemployment is given. The number of vacancies for inclusive population by type of economic activity is calculated. It is proved that the optimization of managerial approaches to labor market regulation in Ukraine should be based on the European experience of constructing an inclusive-oriented economic environment.

Keywords: growth, inclusive development, labor market, employment, labor organization

1. Introduction

The economic and socio-political challenges of our time suggest that traditional models of economic growth do not fully address the global problems of employment, equity and fair distribution of income in society.

The last few years the world speaks of the need for a more socially inclusive approach to generating economic growth in society. Inclusive growth is fundamentally different from the traditional policy of economic growth, since it is based on the assertion that the increase in incomes and GDP is automatic and directly proportional to the result of gradual economic growth in society. The socio-inclusive approach to generating economic growth has the goal of: developing the social environment and improving the well-being of households, reducing poverty and inequality, ensuring active participation in the economy and the availability of work for all segments of the population.

The key elements of inclusive growth are investment in human capital, job creation, structural transformation, progressive tax policies, social protection, non-discrimination, social inclusion and participation, strong institutions.

The generalization of the views on the problem of inclusive economic growth in the EU countries shows that the well-being of people with disabilities is central to the regional, national and international economic policies of most states.

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Education, infrastructure, ethics, investment, employment and social protection have become the main factors in creating a new policy for inclusive development of society. Inclusive economic growth allows you to fully realize the socio-economic potential of

the productive forces of the regions and the country as a whole based on the employment of all segments of the population.

Inclusive development was explored by a number of foreign scholars in their papers. Among them are D. Asmaglow, D. Robinson, E. Rainett, S. Golander, R. Boling, S. Bedos, E. Duflo. The study of the inclusive economic growth influence on the social and economic development of Ukraine was also dealt with domestic researcher's works, in particular T. Zatonak, S. Kozhemyakin, I. Taranenko, A. Bazylyuk, Y. Barva.

Consideration of new approaches to the economic growth of the national economy of Ukraine based on the introduction of a new model of inclusive development used in the world is important for Ukraine, since the social aspect of inclusive economic growth in domestic practice is not sufficiently studied. The weakness of the internal potential of individual territories, the lack of adequate infrastructure and incentives for the inclusive development of the labor market creates severe barriers to economic growth in Ukraine. Therefore, the search for ways of inclusive development of the labor market in Ukraine on the basis of the mobilization of all available drivers of economic growth and improvement of the existing infrastructure is relevant and has shaped the research goal.

2. Main body

The achievement of inclusive development is a key task that is at the center of the attention of the governments of many countries, since the high level of inequality negatively affects welfare and economic growth.

Today, the principles of inclusive economic development are embodied in the national and regional strategies of countries that have reached the level of sustainable economic development.

Figure 1 shows the place of inclusive development of the European Development Strategy by 2020.

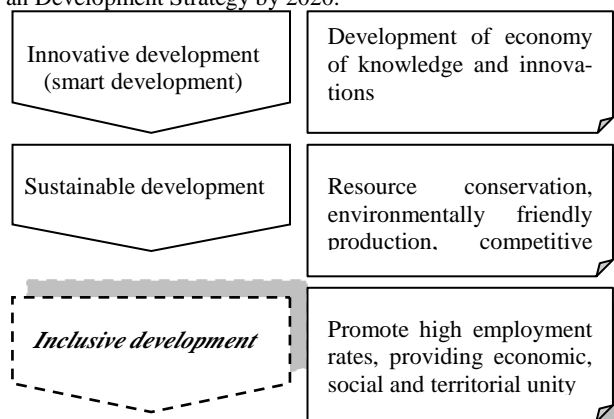


Fig. 1: The place of inclusive development in the system of European priorities in accordance with the Development Strategy till 2020 [1]

The main position of the concepts of inclusive development of European countries is that each subject of the economy is complete, unique, valuable to society and has the capacity to meet their needs [12]. So, in the general sense, inclusive is the newest interpretation of modern development, the essence of which is the need to strengthen the involvement of all groups of people in solving development problems.

The World Economic Forum (World Economic Forum) calculates a composite index that ranks countries based on a combined index - the development inclusiveness index. This new global index has a more comprehensive content of the relative dynamics of the level of economic growth in society compared with generally accepted ratings based on GDP per capita. According to the results of the annual study of The Inclusive Development Index (IDI), in 2018 Ukraine ranked forty-ninth among 74 developing countries. This index estimates the prevalence of the positive effects of economic growth on all segments of the population [1].

The concept of inclusive growth can be spread in the practice of strategic and operational management in Ukraine at the level of individual territorial communities. The transition to an inclusive type of development requires, above all, qualitative changes in domestic economic policy. It has now been declared that changes in the economy should take place subject to the implementation in Ukraine of fiscal decentralization, which involves strengthening local budgets and, as a result, delegating self-determination to territorial communities in the choice of development strategies.

Strategic and operational management in Ukraine should be aimed at increasing economic competitiveness by increasing labor productivity and increasing the volume of production; increase the level of economic security of cities and sources of filling budgets; providing employment opportunities, functional social protection systems and the right to lead products-out of life by investing in human and social capital; improving social security and quality of services for all sectors of society.

One of the key issues in overcoming Ukraine's low-rate economic growth is changing the attitude of the state towards its own labor resources.

Ukraine has one of the highest welfare inequalities in all developing countries. Modern realities show inclusive growth only in the education system, which today creates opportunities for inclusive education of schoolchildren and students from different socio-economic levels. Compared to other countries of the "developing countries" group, the current policy of reforming the healthcare system and social protection of the unemployed provides Ukraine with a satisfactory position in the ratings for inclusive economic growth.

The World Bank has set a number of priorities for inclusive economic growth, which should include improving training and re-training opportunities, reducing administrative and tax burdens on

creating a new business, expanding financing for entrepreneurs, and strengthening the fight against corruption.

The socio-demographic crisis in Ukraine is considered one of the main challenges to the country's national security in the humanitarian and social sphere and the development of the labor market. Over the past decades, there has been a massive migration of Ukrainian boards of various qualifications abroad in order to find work. In addition, there is a constant loss of the human race, mainly of the young, able-bodied population, as a result of military actions in the east of the country. These factors significantly affect the economic, scientific, labor and intellectual potential of the state and significantly slow down the pace of inclusive economic growth [7].

According to the Ministry of Social Policy in Ukraine, there are 2,800,000. Citizens with disabilities, including 12,300,000 people. retirement age. And only 37% of people of working age are officially employed.

Today, Ukraine does not have an adequate system of registration of the population with limited health abilities, including children with physical or mental disabilities. According to the state statistics service, in 2017 in Ukraine there were 151100 children. However, according to UN experts, the number of children with physical or mental disabilities is much higher.

The current economic situation of Ukraine's economy is characterized by the following indicators, the state of which in most is unsatisfactory:

- Gross Domestic Product (GDP) amounted to 91.66 billion dollars. US at current prices, or \$ 2080 US per capita;
- the unemployment rate according to the methodology of the International Labor Organization (in 2016) amounted to 7.5% at the age of 15-70 years, and by the end of 2017, the unemployment rate among young people under 25 has risen by almost 23%;
- Poor people are officially considered to have less than 75% of the average subsistence level, therefore, according to statistics, there are more than 11 million people in this country, or 28% of the total population;
- The rural population in Ukraine is 13.2 million people and steadily decreasing.

The National Bank of Ukraine improved the growth forecast for the economy of Ukraine in 2018 to 3.4%, from the planned level of 3.2% and worsened the inflation forecast for the current year to 8.9% from 7.3%. The International Monetary Fund (IMF) forecasts GDP growth in Ukraine in 2018 by 3.2% with inflation of 10%, the World Bank - GDP growth by 3.5% with inflation of 10%. The only and correct way to accelerate economic growth in Ukraine is to consolidate the efforts of the state to create quality jobs to attract all segments of the population to the labor market.

Under the conditions prevailing today in Ukraine, the inclusive development of the labor market is extremely relevant. However, the understanding of the need to create conditions for the inclusive growth of the economy in Ukraine is not yet common and can be implemented subject to the combined efforts of business, education, infrastructure and public authorities [9]

Building an effective national model of inclusive economic growth in Ukraine is possible based on the interaction of various factors, but the primary one is to change the priorities of the development of the labor market. In order to identify the main directions of development of the labor market in Ukraine, the article carried out a Swot-analysis of the prospects and reserves for the inclusive growth of the labor market in Ukraine.

The most significant levers of macro and micro levels that can activate the development of the labor market in Ukraine, in our opinion, are the following (Fig. 1).

Table 1. Swot-analysis of prospects for inclusive growth in the labor market in Ukraine

Strong Parties	Weaked Parties	Directions of Inclusive Growth Of Economy In Ukraine	Strategic Directions of Realization
		Microeconomic Level	
Growth of State Support for Entrepreneurship and Small Business	Low Productivity and Insufficient Level Of Wages	- Providing The Economy With Skilled Personnel; - Improving The Quality And Competitiveness Of The Workforce; - Regulation Of Labor Migration Of The Population; - Creation Of Conditions For Employment Of Young People.	The Average Monthly Salary Should Grow By 10-15% Annually, Minimum Wage (Nominal) - By 15%
Increased Employer Interest in Staff Development	Lack of Interrelation Between Labor Input And Employee Income		
Implementation of The Principles of Dual Education in The System of State Vocational Training	The Loss Of Highly Skilled Workers' Closing Skills, Restructuring Of Large Industrial Enterprises		
Introduction of European Approaches To The Reform Of The Labor Sphere	Saving Discriminatory Approach In Addressing Issues Of Release And Employment		
Possibilities	Threats	Macroeconomic Level	
The Growth Of The Share Of Workers In High-Tech And Knowledge-Intensive Spheres Of The Economy	The Transition Of Specialists In The Sphere Of Ad Hoc Employment, The Shadow Economy, Migration Abroad	- State Support Of Creative Spheres Of Economy And Employment In Them; - Encouragement Of Entrepreneurs To Increase Funding For Training, Retraining And Further Employment Of Additional Workforce With Inclusiveness; - Innovative Policies That Enable Young People With Higher Education And Mature Engineers To Work	<i>Real Incomes Of The Population Should Be Significantly Ahead Of Gdp Growth (Ahead Of The Gdp Growth Ratio - 1.5);</i> <i>The Share Of Budget Capital Investments In Budget Expenditures Should Be Not Less Than 7-10%</i> <i>The Growth Of The Share Of Expenditures On Education In The Structure Of State And Local Budgets</i>
Development Of Entrepreneurship And Independent Employment Of The Population	The Discrepancy Between Supply And Demand Of Labor In The Labor Market		
Reducing The Level Of Shadow Employment	Imperfection Of Existing Regulatory Legal Acts Regulating Labor Relations		
Development Of Training, Retraining And Advanced Training Systems	Lack Of State Strategy Of Social And Labor Relations		
Minimization Of Taxes On Wages And Salaries	The Lack Of Real (Complete And Accurate) Statistics Of Employment And Salaries		

The actual vectors for the development of the labor market in Ukraine to meet the needs of people with disabilities are [9,11.14]

- Automation of jobs and increased demand for professionals who develop and maintain the work of machinery, equipment and equipment;

- Increase the motivation for employment on legal grounds, consolidation of relations in the labor market;

- Expansion of employment, in particular, encouraging the creation of jobs with appropriate conditions and decent wages;

- Promoting the development of inclusive entrepreneurship and self-employment of the population;

- Development of an extensive system of public employment services, vocational guidance, vocational education system;

- Providing entrepreneurs with subsidies and tax breaks for hiring additional labor or transferring some workers to a short working day;

- Promotion of self-employment of all segments of the population and entrepreneurial activities;

- Minimize payroll taxes for workers with special needs.

The main indicator of the state of the labor market is the unemployment rate, which reflects the degree of correspondence between the supply of labor and demand for it and belongs to the main macroeconomic indicators.

The situation on the labor market in Ukraine remains tense and is accompanied by a reduction in demand for labor. The number of unemployed in 2017 was 1,690,000 people. The unemployment rate according to ILO methodology was 9.5%, and among people of working age it was 9.9% of the economically active population [12]. The indicated unemployment rate is quite high, although within the dynamics of this indicator in European countries. The unemployment rate in the European Union decreased in 2017 to 8.5% compared with 9.6% of 2010.

Among the EU countries, the lowest unemployment rates in 2017 were recorded in the Czech Republic (4.1%) and Germany (4.2%). The highest level was observed in Greece (23.6%) and Spain (19.6%). In August 2017, there were 1.9 million less unemployed people in the EU than in the previous year, of which 1.3 million were in the Eurozone countries [3].

The unemployment rate varies considerably depending on the age group. Young people under the age of 25 years, the unemployment rate remains more than twice as high as the national average

in 2016 - 16.9%, and in 2017 - 17.8%. The highest unemployment rate in 2010-2017 stably observed in the age group 15-24 years. It should be noted that the unemployment rate in this age group is rapidly growing: from 17.2% in 2010 to 23.0% in 2017. The unemployment rate in the age group of 60-70 years is practically absent.

The results of the forecasts of the World Economic Forum indicate that the wave of the fourth industrial revolution fundamentally corrects the demand in the labor market and will radically change employers' requirements for the skills, knowledge and experience of future workers.

That is, according to expert estimates, up to 35% of modern professions and corresponding working skills that are not inclusive oriented will disappear from the labor market. In the next 20 years, 47% of jobs will be automated, which will lead to the transformation of the employment structure in the world [2].

The labor market will gradually increase the demand for highly qualified personnel, which may be all segments of the population of relevant education. The requirement for continuous self-study becomes leading.

By 2020, specialists in robotics will become relevant, creating and maintaining innovative modes of transport, artificial intelligence, new materials, biotechnologies, etc. That is, there is a process of degradation of manual labor and an increase in the volume of vacancies in mental labor, which in most cases can be potential for people with special needs.

The current realities of the labor market in Ukraine indicate that the largest number of people employed in recent years has been observed in the wholesale and retail trade, agriculture and industry. The lowest employment rates are in the arts, sports and leisure, information and telecommunications, and financial activities. The reason for the formation of these trends in the labor market is that, until now, the Ukrainian economy remains a raw and low-tech country.

For comparison with the EU countries, the employment rate in Ukraine in 2017 was 56.1%, which is 2.4% less than in 2010. The highest level of employment in the EU in 2017. It was observed in Sweden (60.4%), the Netherlands (60.2%), and the smallest in Italy (43.7%), Croatia (44.6%).

The number of employees in the EU countries in 2017 reached more than 235,000,000 people. This is the highest level ever

recorded in Europe [15]. In the EU countries, unemployment of the population with special needs, which is one of the central problems of modern society, has been and remains a challenge. In Ukraine, in 2017. The unemployment rate of the population with inclusion is on average 72%. The country's population with inclusiveness is the first to be hit by the financial and economic crisis, as evidenced by the data on the reduction in the number of employed people in 2014-2015. Although unemployment is growing predominantly among the elderly population, the reasons for the

reduction in the number of staff are major. The current crisis has hit not only the industries and construction, but also the service sector, and so on. financial and insurance spheres, education, health care.

Table 2 will guide the analysis of the structure of the available vacancies on the labor market in Ukraine and the proportion of vacancies that may be vacant for people with special needs is calculated.

Table 2. Number of vacancies by type of economic activity for the first half of 2018 [15]

Type of economic activity	The number of vacancies by economic activity		Population Groups with Intelligence with the possibility of filling vacancies				
	thousand units	%	Total	by age	with disabilities		
					Total	with difficulty in physical development	with difficulty in mental development
Total	82,4	100,00	30,7	8,2	22,5	8,7	2,6
Manufacturing industry	25,5	30,95	7,65	-/+	-/+	-	-
Wholesale and retail trade	12,8	15,53	7,68	+	-/+	+/-	-
Transport, warehousing, postal and courier activities	8,9	10,80	0,00	-	-	-	-
Public administration and defense, social insurance	4,8	5,83	0,96	-	+/-	-	-
Education	3,5	4,25	2,28	-	+	-/+	-
Health care and social assistance	5,1	6,19	3,06	+	-/+	+/-	-/+
Construction	4,8	5,83	2,40	-	+/-	-/+	+/-
Activity in the field of administrative and auxiliary services	3,2	3,88	2,40	-/+	+/-	+/-	+/-
Agriculture, forestry and fisheries	5,4	6,55	1,62	-/+	-	-	-/+
Information and telecommunications	0,7	0,85	0,35	-	+	+	-
Financial and insurance activities	0,8	0,97	0,24	-/+	-/+	-/+	-
Real estate operations	1,2	1,46	0,36	-/+	-	-/+	-
Professional scientific and technical activities	1,5	1,82	0,90	+/-	+/-	+/-	-
Others	4,2	5,10	0,84	-	+/-	-	-

In the total number of vacancies, as of the first half of 2018, every fourth vacancy came from processing enterprises, 15.33% - wholesale and retail trade, 10.8% - transport, warehousing, postal and courier activities [3]. The leaders in the number of vacancies remain highly skilled workers.

The fact is obvious that the unemployed with inclusiveness are a more problematic group, since the loss of work for them is associated with a lower probability of getting out of the state of unemployment compared to the share of another working-age population [2].

However, analysis of general indicators of employment and unemployment and their gender distribution shows that in Ukraine, there are quite wide employment opportunities for workers with inclusiveness, and in the dynamics, these opportunities increase.

Based on a comparison of the number of available vacancies with relevant qualifications in the labor market and the structure of the unemployed population, the author calculated the number of vacancies for the population with inclusiveness by economic activity.

The largest share of vacancies that may be vacant for the population with inclusiveness are created in the field of education, health care and the provision of social assistance, activities in the field of administrative and support services, wholesale and retail trade

3. Conclusions

The implementation of the principle of social justice in the labor sphere is the most important condition for reducing social tension and, consequently, ensuring social security in Ukraine. Therefore, the priority of state policy in the near future should be the creation of legal, social, economic and institutional bases for improving the efficiency of employment of the population with special needs, the free share of which can constitute a significant proportion of the personnel reserve of business in Ukraine.

In our opinion, the inclusive growth of the labor market in Ukraine should take into account territorial characteristics and requires a design approach based on a combination of different models for development and diversification of the sources of their implementation. This may be possible with the implementation of the priorities and needs of inclusive development :

- popularization and dissemination of knowledge about inclusive economic growth among representatives of local governments, business representatives, non-governmental organizations;

- identifying the most promising and socially significant types of economic activity that have the resources to create and the potential to attract people with special needs;

- popularization of successful domestic and foreign business models, development programs for the effective use of labor of the population with special needs;

- stimulating an increase in interest from business and government, the general public, towards inclusive business in the potential for solving social problems of local communities;

- ensuring favorable conditions for the development of social partnerships between government organizations, businesses and the non-profit sector, initiating discussions on the development of inclusive business models;

- promoting the availability of small and medium-sized businesses to credit resources in order to create new jobs for people with special needs;

- stimulation of the creation of regional business partners and platforms of inclusive development, which are formed on the basis of a systemic dialogue between business representatives, employment centers, social security agencies.

- initiating the creation of a bank of inclusive business models of economic development, which will contribute in a consultative, financial and investment manner to solve specific social problems of certain territories.

In general, we can draw the following conclusion that at the present stage of the social development of the labor market in

Ukraine it is necessary to create special opportunities for employment of the population with special needs, since this group of the country's population is a significant personnel reserve for business.

This will contribute to the formation of new models of labor relations between the employee, the employer and the state and will lay the foundation for the future inclusive development of the national economy of Ukraine as a whole.

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