



ANALYSIS AND TARGET PRIORITIES OF SYSTEM AND STRUCTURAL TRANSFORMATION OF THE UKRAINIAN SOCIAL SPHERE

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ABSTRACT

The study is devoted to the analysis of the transformation of the social development of Ukraine and the determination of a system of target priorities designed to ensure the effectiveness and efficiency of state social policy. The research methodology is based on World Bank tools and official statistical observations of the Ukrainian State Statistics Service, as well as the Methodology for Comprehensive Poverty Assessment and Living Wage Methodology officially adopted in Ukraine. The research results indicate a critically high growth rate of poverty, the growing dependence of citizens of Ukraine on social support from the state. An analysis of social development also indicates a high level of deprivation poverty and its destabilizing dynamics. It was revealed that the dominant drawbacks of state regulation of the social sphere are the unformed normative and methodological support for monitoring and adjusting the levels of social standards,



the absence of reforms in the systems of pension provision, education and science, medicine, housing, and communal services, and regulation of employment. So, institutional regulation of the parameters of the development of the social sphere in Ukraine is insufficient and does not provide a solution to the critical problems of the demographic crisis, labour emigration, poverty alleviation, and, therefore, is not able to ensure sustainable social and economic development of the state. The strategic priorities of the system and structural transformation of the social sphere of Ukraine are the formation and establishment of the composition and structure of the elements of the social sphere system, the creation of a full-fledged social infrastructure and the institutional environment for its functioning, which will create conditions for the realization of citizens' constitutional rights to social protection.

Keywords: social policy; institutional regulation; social standards; poverty alleviation; employment regulation; labour migration income policy.

1. INTRODUCTION

A permanent decrease in the effectiveness of institutional mechanisms of social development is due to the predominance of the passive component in the policy of influencing the increase in the level of real incomes of the population and ensuring social dialogue, regulation of the labour market and employment of the population, the mismatch of educational potential with the needs of innovative development of the economy, and financing of the social sphere according to the residual principle.

At the same time, the systematic transformation of social and economic relations, designed to ensure the integration of economic growth and social development, is an important benchmark in achieving Ukraine the Sustainable Development Goals (MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE, 2017) and provides for the identification of targets and their corresponding strategic objectives of building a global social partnership.

The impact of unresolved social problems on the standard of living of the population was strengthened by the consequences of the armed conflict in eastern Ukraine. In general, factors such as danger to human life and health, increase in extreme poverty and social exclusion, growth in the number of socially vulnerable groups of the population negatively affect the human potential of the country.

A significant threat is the spread of a sense of social injustice and public distrust of most state institutions. Restoring economic growth and ensuring equal access for citizens to



participate in economic life, as well as to basic social services (especially in the field of education and healthcare) are urgent tasks for ensuring sustainable development.

2. LITERATURE REVIEW

Various aspects of the modernization of the social system are the focus of modern researchers. Thus, Pohribna and Volianska (2014) have devoted their research to the analysis of current theories of social policy effectiveness and mechanisms for measuring effectiveness. As a result, they argue that there is no single approach to determining the effectiveness of social policy, but there are many theories, each of which offers measurement indicators that depend on the aims of the study.

Bondaruk and Bondaruk (2018) argue that strengthening the social orientation of market transformations requires that the social and economic policies of the state aim at achieving European standards of quality of life and universal values. This envisages sound social protection of the population and proper retirement provision as one of the determining factors of social well-being. In this aspect, the effectiveness of ensuring the economic security of the state becomes an important condition for social development and social transformation (BONDARUK; BONDARUK, 2018).

The authors conclude that social dominance is the most important goal of national security processes at all subjective levels and functional areas of activity. The development of the economic and social sphere forms the only interdependent process within which the influence on national security parameters across the spectrum of human activity manifestations is exercised. The social component is transformed into a prerequisite for ensuring a high level of development of productive forces and industrial relations in accordance with fundamental state and public interests.

Researches of such scientists as Iliash, Vasylytsev (2018) on the changes in the labour market, structural imbalances between labour supply and demand for occupations, the growth of the shadow and informal segments of the employed, the increase in the nominal and the shadow employment of the population cause considerable scientific interest. These scholars argue for the lack of effective social dialogue and cooperation by EU partner countries on the implementation of European standards in the Ukrainian labour market and represent their own vision of strategic directions and means of intensifying the implementation of social reform in the context of European integration.

Dubych (2017) dedicated his research to the issues of social and demographic factors



of shadowing the labour market in Ukraine. He analysed and identified the main aspects of its impact on the social and economic development of the state and society. Thus, the author came to the conclusion about the destructive influence of this factor not only on the labour market, but also on the economy, the sphere of social protection, demographic status and social development of Ukraine as a whole.

Issues of imbalances in the employment structure were the focus in the works of such scientists as of Ryzhikh and Morozova (2018). Researchers have also analysed various aspects of citizen engagement in the field of social and labour relations and pointed out the need to eliminate areas and regional disparities in the employment structure by restoring the system of jobs, promoting the development of territories whose economic potential does not provide sufficient rates of expansion of the scope of employment (RYZHIKH; MYZHIKH, 2018).

Balan and Savchenko (2018) logically develop the topic of social and economic aspects of labour by exploring the issue of pay. The authors carried out a comparative analysis of the level of remuneration in Ukraine and CIS and substantiated the conclusion that the success of further crisis management requires a comprehensive state and regional policy, which should include measures to create additional jobs, improve tax legislation, and develop tax legislation, as a result, withdrawing remuneration from the shadows, raising the actual employment rate and income of the population.

Zablodska, Noskova, Tatarchenko and Zavoyskyh (2019) devoted their research to the practical aspects of planning the social and economic development of territorial communities.

Kochemirovska and Pyshchulin (2012) identified the priorities of the state social protection strategy as a system of social risk management, broader than the policy of financial support for certain groups of the population of Ukraine, and aimed at increasing the role of labour income as a factor in poverty reduction. The researchers analysed the current state of normative and legal, organizational and financial support of social protection (in particular, on the provision of benefits and other types of social benefits and material benefits, as well as the regulation of social services infrastructure) and proposed conceptual ideas on changing the strategic priorities and ideology of social protection in Ukraine, revising citizens' income policies, reforming the social services system.

Mokiy and Datsko (2018) outlined the systemic threats to the Ukrainian social system and proposed transformational mechanisms for the unconditional institutional provision of social services to citizens. Within this study, much attention was paid to the macro-systemic

features of deepening differentiation in population income, reflecting the unfairness of public distribution of public property. Therefore, summarizing the analysis, the authors emphasize that the macro-model and the long-term strategy of sustainable development of Ukraine have not been formed, as well as the lack of motivation of Ukrainian authorities to adhere to social standards.

The purpose of the article is to identify a system of targeted priorities for the transformation of Ukraine's social development, designed to ensure the effectiveness and efficiency of state social policy.

3. RESEARCH METHODOLOGY

An objective tool proposed by the World Bank (WORLD BANK, 2015) was used in the process of research to objectively assess the state of social infrastructure, determine indicators of development and the effectiveness of state social policy, taking into account the specifics of the national organization of official statistical observations, as well as the Comprehensive Poverty Assessment Methodology officially adopted in Ukraine and definition of a living wage (MINISTRY OF SOCIAL POLICY OF UKRAINE, 2017). This methodology was developed pursuant to the Poverty Alleviation Strategy.

This methodology was developed pursuant to the Strategy for Overcoming Poverty (CABINET OF MINISTERS OF UKRAINE, 2016).

The methodology provides for the definition of three groups of criteria for assessing poverty:

- a) the first group – the main monetary criteria for poverty (aggregate income deficit of the poor; average income deficit of the poor; depth of poverty);
- b) the second group – other monetary poverty criteria (Equivalent expenses of a person below the poverty line defined by the United Nations for Central and Eastern Europe as the hryvnia equivalent of 5.05 US dollars in accordance with purchasing power parity calculated by the World Bank; per capita equivalent income of a person below 60 per cent of the median level of per capita equivalent income on the European Union equivalence scale);
- c) the third group – non-monetary criterion of poverty (criterion for signs of deprivation).

4. RESULTS AND DISCUSSIONS

The systemic lack of functioning of the social sphere in Ukraine and the state's



regulation of its development parameters are the critically high rates of growth of poverty of the Ukrainian population. Poverty is a complex characteristic, determined by many factors and reflects the ability of the population to acquire the goods needed for the viability of the population (MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE, 2017).

Unfortunately, the phenomenon of high poverty is characteristic of Ukraine for almost the entire period of independence. At least significantly reduce its level to overcome this problem, the implementation of the state program "Poverty Strategy" (KOCHEMIROVSKA; PYSHCHULIN, 2012) and Ukraine's accession to the UN program "Sustainable Development Goals 2016–2030" (MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE, 2017).

Despite the targets of these program documents, to achieve the main goal, that is, to eliminate absolute poverty (US \$ 5.05 income per day), reduce relative poverty to 25%, reduce by 10 times the proportion of persons whose consumption is less than the level of actual cost of living failed so far. The poverty level in Ukraine has remained and is 3.5%, the poverty of working people is about 20.0%, consumption is below the subsistence level – 22.1%, relative poverty – about 25.0%, and poverty among children – 32.6% (STATE STATISTICS SERVICE OF UKRAINE, 2019).

The main criterion for poverty is the relative measure of “economic demarcation”, that is, the income level is less than 60% of the average household income in the country of residence (MINISTRY OF SOCIAL POLICY OF UKRAINE, 2017). The World Bank defines poverty in absolute terms – \$ 1.9 per day, which today is considered the criterion of extreme poverty (WORLD BANK, 2015).

In accordance with the Sustainable Development Goals adapted for Ukraine for 2015-2030, overcoming poverty is a key objective of social development (MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE, 2017). At the same time, in recent years there has been an accelerated increase in asymmetry in the development of social protection systems in Ukraine and the EU.

Understanding the mechanisms for counteracting the negative impact of social and economic risks is necessary for making informed strategic decisions in the processes of convergence of the social system of Ukraine in the context of European integration (ILIASH and VASYLTSEV, 2018). In Ukraine, income is still taxed, which is less than the subsistence



minimum necessary for the physical survival of a citizen, and the real level of the subsistence minimum calculated by the current methods (MINISTRY OF SOCIAL POLICY OF UKRAINE, 2017) officially exceeds 1.5-2.2 times promulgated normative indicator.

In fact, the lack of institutional guarantees for working citizens to ensure their basic social needs is one of the most significant reasons for both Ukrainian labour emigration and the manifestations of the demographic crisis in Ukraine.

According to Mokiy and Datsko (2018), the practical implementation of so-called “parallel social quasi-standards” is deepening negative trends. For example, instead of a tax-free minimum, the Tax Code of Ukraine provides for a “tax social benefit” of 50% of the minimum wage, although the actual application of this rule is not possible due to additional legal restrictions (VERKHOVNA RADA OF UKRAINE, 2011).

The second objective identified by the Sustainable Development Goals to overcome poverty is to increase the coverage of the poor by targeted social support programs (MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE, 2017). However, the growing dependence of Ukrainian citizens on social support from the state has led to an imbalance in the structure of their income. In particular, the share of wages in the income structure, despite an annual slight increase, does not exceed 50% (Fig. 1), while in countries with a high standard of living it ranges from 80-90.

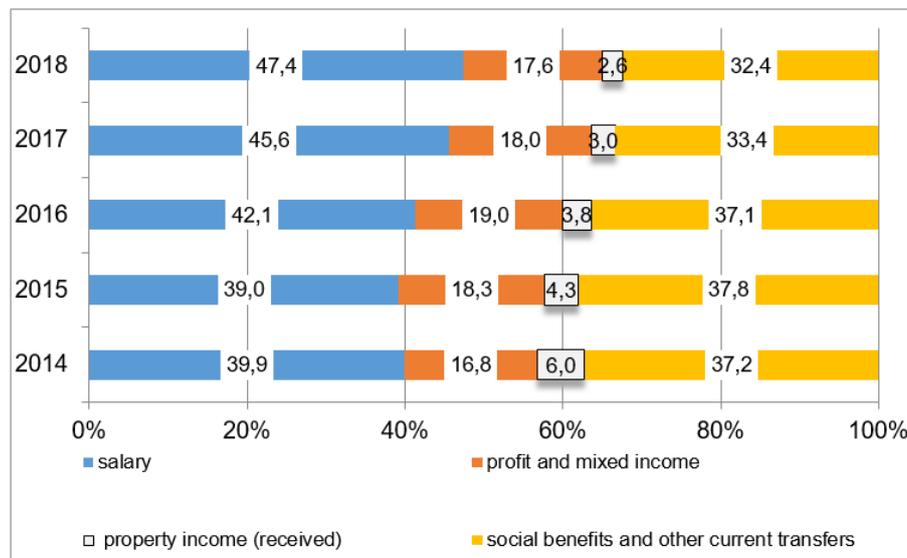


Figure 1: The income structure of the population of Ukraine in 2014-2018
 Source: Calculated by the State Statistics Service of Ukraine, 2019

At the same time, the share of social benefits and other current transfers received, despite a slow relative decline, is growing steadily in absolute terms. Of particular concern is

the ratio of wages and social benefits, which is evidence of the growing need of the population for social assistance and the weakening ability of citizens to counteract the complication of the social environment.

A critical decrease in the level of real incomes of the population is confirmed by an increase in the poverty level to 59.3% in 2018 according to the criterion of the estimated living wage (STATE STATISTICS SERVICE OF UKRAINE, 2019), which exceeds the threshold values for social security of the state (Table 1).

This was caused by a whole range of reasons: rising prices for energy and utilities, inflationary processes, exchange rate fluctuations, deterioration in the qualitative and structural characteristics of the labour market and employment, social instability due to external military aggression and etc.

So, in 2018, the share of people with incomes below the average annual real cost of living was 64.1%.

Table 1: Distribution of the population of Ukraine by the level of average per capita equivalent total income in 2011-2018, %

Distribution of the population (%) per capita equivalent total income per month, UAH	2011	2012	2013	2014	2015	2016	2017	2018
to 1920.0	70.5	61.2	54.6	51.7	35.3	18.4	6.9	2.6
1920.1–2280.0 ³	29.5	14.5	16.6	16.5	17.6	16.0	7.7	4.0
2280.1–2640.0	...	9.3	10.5	11.7	15.9	16.4	11.0	6.7
2640.1–3000.0	...	5.6	6.8	7.8	11.4	13.6	11.0	7.6
3000.1–3360.0	...	3.1	4.3	4.6	6.7	10.0	10.7	9.4
3360.1–3720.0	...	2.1	2.0	2.5	4.4	7.9	10.8	9.2
3720.1–4080.0 ³	...	4.2	5.2	5.2	8.7	17.7	9.3	8.7
4080.1–4440.0	6.3	8.9
4440.1–4800.0	6.4	7.0
4800.1–5160.0	5.1	6.9
above 5160.0	14.8	29.0

Source: it is calculated by the State Statistics Service of Ukraine, 2019

Only 42.9% of citizens received incomes in excess of the officially determined minimum wage UAH (about \$ 170).

The critical increase in poverty in Ukraine is also confirmed by the results of other studies and assessments. Figure 2 shows the indices of deprivation poverty, based on the identification of various deprivations of vital wealth and social exclusions that a person experiences.

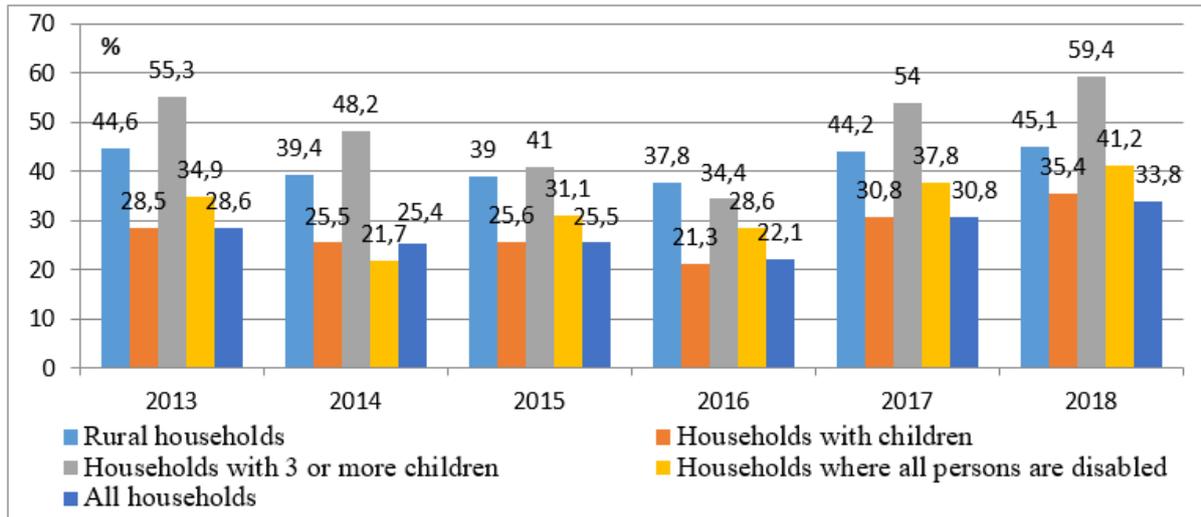


Figure 2: The level of deprivation poverty in Ukraine in 2013-2018
 Source: it is calculated by the authors for State Statistics Service of Ukraine, 2019

So, 44.0% of the population of Ukraine receives incomes at which they are forced to deny themselves the most necessary things and are not able to provide themselves even with sufficient food (Table 2).

Table 2: Self-esteem by poor households of Ukraine of their income level in 2018, %

Features of households	All Households	Households with average per capita income equivalents		
		below the subsistence minimum (UAH 1853)	below 60% of median income (UAH 3096)	below 75% of median income (UAH 3870)
Estimates				
It was enough to spend money and save money	6.2	1.7	1.7	1.7
Costs are sufficient, but no savings were made	45.7	29.6	30.2	32.0
Constantly refused the most essential, except of food	44.0	58.9	58.4	58.9
Even adequate food could not be provided	4.1	9.8	9.7	7.4

Source: calculated by POGRIBNA, VOLYANSKA, 2014

At the same time, 67.2% of such households had incomes below the subsistence level. This confirms that monetary and deprivation poverty in Ukraine covers different categories of the population and is not identical. Unsatisfactory living conditions, the need to deny you in various goods and services for lack of funds reinforce the subjective representation of some citizens regarding their situation. The feeling of poverty of certain segments of the population is also due to stereotypes of high living standards.

Thus, the essences of public relations, the action of objective factors are represented by various social and economic institutions, significantly affect the state and characteristics of poverty in Ukraine. Consequently, this proves the insufficient effectiveness of state policy,

which, on the one hand, should provide a high level of income and sufficient social protection for the poorest citizens, and, on the other hand, redistribution of public goods due to economic development, the formation of the middle class and private business, and an increase in the country's GDP.

One of the goals of sustainable development of Ukraine is defined as “promoting sustained, integrated and sustainable economic growth, full and productive employment and decent work” (MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE, 2017).

The obstacle to its achievement is the high level of unemployment (Fig. 3), the strengthening of systemic and structural deficiencies in the domestic labour market, the deterioration of the quality characteristics of the labour resource potential, labour efficiency and the use of intellectual and personnel capital.

According to estimates by Iliash and Vasylytsev (2018), the officially published unemployment rate in Ukraine does not fully reflect the real state of employment, since a critically high percentage of people who are not officially employed do not apply for registration to employment centers.

According to Mokiy and Danish (2018), Ukraine continues to intensify social problems of labour market reproduction, structural imbalances between supply and demand for labour by profession, the growth of the shadow and informal segments of the employed, and an increase in the nominal and shadow employment of the population.

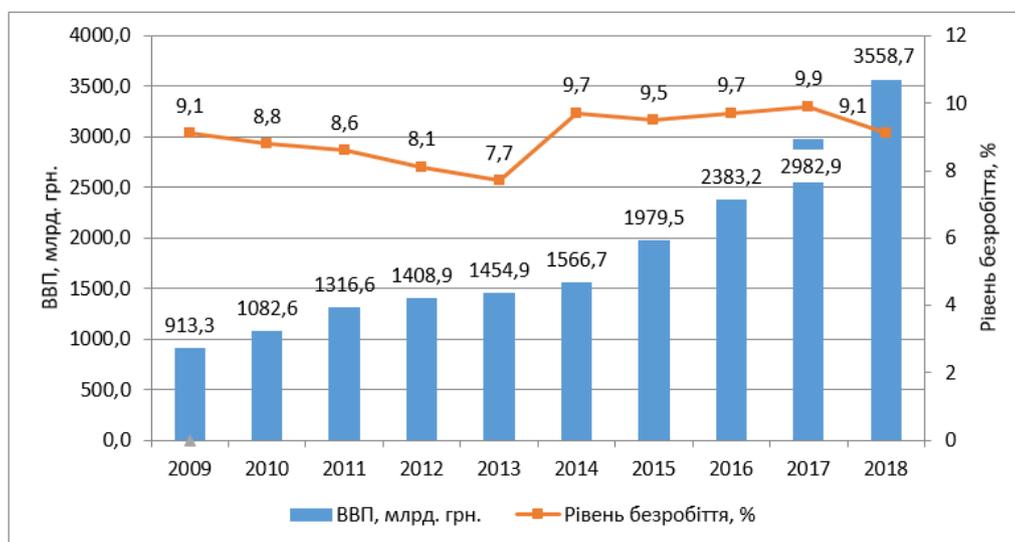


Figure 3: The unemployment rate and GDP in Ukraine, 2009-2018
 Source: it is calculated according to State Statistics Service of Ukraine, 2019

Thus, the load of vacant posts per 1 vacant job averages 16 people (in Zaporizhia and Lviv regions, the load for 1 vacancy was even higher and averaged 39 and 42 people, respectively (STATE STATISTICS SERVICE OF UKRAINE, 2019). The highest demand for labour resources remains for skilled workers (19.8% of the total number of job vacancies), the lowest - for agricultural workers (1.8%) and technical employees (4.4%).

Despite a rather strict policy on the legalization of labour relations, the shadow labour market has significantly intensified in Ukraine over the past 5 years, which, according to estimates (DUBYCH, 2017), covers up to 50% of the able-bodied population. At the beginning of 2019, from 16 million people of working age, only 16.3 million people or 63% were officially employed, about 8 million Ukrainian worked “in the shade”, and the level of shadowing wages was 35% (BALAN; SAVCHENKO, 2018). A significant scale of the spread of informal employment is most characteristic of the regions of Ukraine with a high concentration of rural areas and agricultural specialization.

The spread of self-employment in sectors of the traditional low-income sectors of the economy indicates a strengthening of destructive employment trends and a decrease in the level of social protection of the population, primarily due to the minimum coverage by social standards.

In Ukraine, the number of self-employed is about 2.600.000, persons (15.9% of the total employed population). In the informal sector in rural settlements, the choice of formal employment opportunities is so less, than more 40% of the employed population is concentrated in private peasant farms. Imbalances in the labour market are exacerbated by the prevalence of sources of informal income such as own unregistered businesses (21.1%) and wages that are not reflected in the accounting (28.9%) (BONDARUK; BONDARUK, 2018).

The GDP of Ukraine is calculated in the equivalent of US dollars due to the devaluation of the national currency has been steadily declining by 2016 (Ministry of Finance of Ukraine, 2019) and the growth rate in 2017-2018. DO NOT allow reaching the level of 2013 (\$ 1,308,000,000 in March 2018 versus \$ 183.3 billion in 2013) and indirectly indicate general trends in declining labour productivity in the Ukrainian economy. Consequently, the level of wages in Ukraine, even despite the institutional introduction of the minimum wage, practically does not ensure the growth of purchasing power, which negatively affected the level of Ukrainian quality of life.



The main reason for the systemic shortcomings described above in the social sphere of Ukraine is inflationary processes (Table 3).

Table 3: Consumer price indices in Ukraine for 2011-2018 (Calculated by State Statistics Service of Ukraine, 2019)

Year	Month												In a year
	January	February	March	April	May	June	July	August	September	October	November	December	
2011	101.0	100.9	101.4	101.3	100.8	100.4	98.7	99.6	100.1	100.0	100.1	100.2	104.6
2012	100.2	100.2	100.3	100.0	99.7	99.7	99.8	99.7	100.1	100.0	99.9	100.2	99.8
2013	100.2	99.9	100.0	100.0	100.1	100.0	99.9	99.3	100.0	100.4	100.2	100.5	100.5
2014	100.2	100.6	102.2	103.3	103.8	101.0	100.4	100.8	102.9	102.4	101.9	103.0	124.9
2015	103.1	105.3	110.8	114.0	102.2	100.4	99.0	99.2	102.3	98.7	102.0	100.7	143.3
2016	100.9	99.6	101.0	103.5	100.1	99.8	99.9	99.7	101.8	102.8	101.8	100.9	112.4
2017	101.1	101.0	101.8	100.9	101.3	101.6	100.2	99.9	102.0	101.2	100.9	101.0	113.7
2018	101.5	100.9	101.1	100.8	100.0	100.0	99.3	100.0	101.9	101.7	101.4	100.8	109.8

The trend of monthly growth in consumer prices confirms the non-opportunistic nature of the phenomenon of inflation in Ukraine, which is "washing away" income of citizens.

For example, the repeated increase in tariffs for housing and communal services and the growth of consumer prices almost levelled in 2017-2018. A low level of growth in real incomes of the population (income growth of 9.9% with an inflationary load of 9.8%) (STATE STATISTICS SERVICE OF UKRAINE, 2019) are presented in the article.

The trend in the inflation index in Ukraine in 2006-2018 is shown in Figure 4. This confirms that inflation processes have been characteristic of our state over the past ten years.

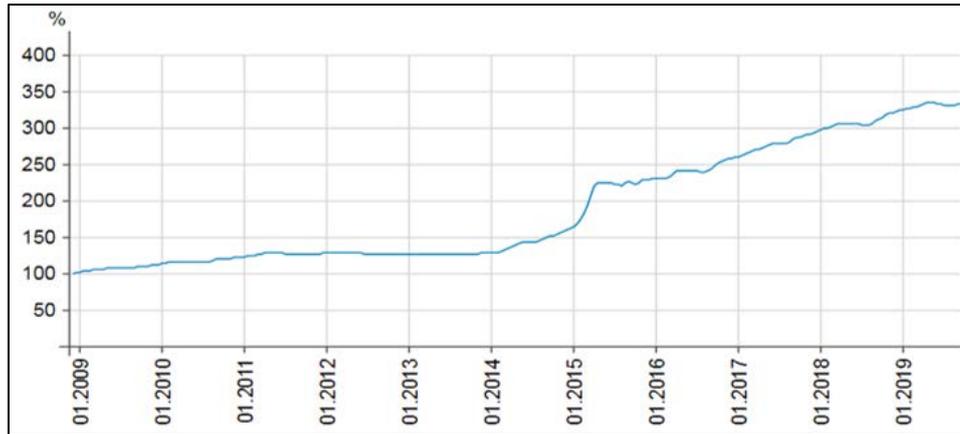


Figure 4: The inflation rate in Ukraine in 2009-2018. (Progressive total), %
 Source: according to State Statistics Service of Ukraine (2019)

One of the obstacles to raising the level of wages in our state is the irrationality of tax policy in the field of taxation of wages and social contributions. So, the share of wages in the structure of operating expenses of Ukrainian business entities is on average 5-6%.

At the same time, this only 43.9% falls on the actual wages of workers, the rest are various taxes and fees on wages. As a result of this institutional gap, stagnation processes of real wage dynamics are observed (Table 4).

Table 4: Summary table of real wage indices in Ukraine, 2014-2019

Months	2014	2015	2016	2017	2018	2019
January	87.0	83.3	80.3	91.7	86.6	86.4
February	100.7	99.6	105.3	102.3	100.6	101.7
March	104.1	95.9	106.2	106.8	105.9	107.6
April	97.3	90.8	96.1	97.7	100.4	99.2
May	96.3	99.0	101.6	101.4	102.9	99.0
June	103.9	105.8	107.2	105.8	104.8	105.8
July	97.7	103.1	100.9	99.5	101.0	102.4
August	92.9	96.6	97.1	97.0	97.9	96.3
September	100.3	101.0	101.2	101.3	98.8	
October	98.5	105.6	97.0	99.2	100.2	
November	98.8	97.3	99.3	100.5	98.0	
December	110.0	115.2	118.6	116.2	114.5	
Per year	86.5	90.1	106.5	118.9	109.7	96.9

Note: index values are given in% of the previous month

Long-term maintenance of a low standard of living increases the risks of an escalation of social deviations and sociopathic manifestations in society, and can lead to a further increase in the level of crime, social tension, and intensification of social and social conflicts and protest moods of the population.

The negative demographic situation with the next decline in the birth rate still threatens systemic shortcomings in the functioning of the social sphere of Ukraine, which threatens to restore the difficult demographic situation at the level of the 2000s Zablodska, Noskova,

Tatarchenko, Zavovskiyh (2019). Moreover, demographic risks have systemic prerequisites in Ukraine, since the main reasons for the decline in the birth rate were insufficient material support for the family and the lack of proper living conditions.

The situation is still tense with an increase in the volume of external labour migration of the Ukrainian population, in particular, an increase in the share of qualified specialists and young people in these processes, an increase in the number of migrants with irregular status and an increase in the tendency for transition of temporary labour or educational migration to its permanent form.

The low efficiency of the state policy of creating a social system in Ukraine did not protect it from the emergence of new problems and the intensification of chronic problems. As a result, low standards of quality of life will objectively lead to an accelerated loss of internal reserves to restore the social and economic development of Ukraine. The reasons for this may be: a decrease in the working-age population and a deterioration in the intellectual and human potential, the loss of qualified professional personnel (RYZHIKH; MOROZOVA, 2018), the decline of social infrastructure, limitation of the sources and possibilities of social investment, and the like.

The described systemic shortcomings are caused by the shortcomings of state regulation of the social sphere in Ukraine. Among the dominant ones, it is advisable to determine:

- lack of normative and methodological support for monitoring and adjusting the levels of social standards and the adequacy of their provision. The norms of most social standards are objectively outdated and do not correspond to the realities of the current time, for example, the amount of tax-free minimum incomes of citizens since the 90s is 17 UAH). In addition, there are no mechanisms for both their timely correction and monitoring of the implementation of existing ones;
- lack of quality reforms in pension systems, education and science, medicine, housing, and communal services, etc.
- groundless provisions, the unproductive and non-stimulating nature of the system of subsidizing the population (a situation in which more than 30% of the population enjoys benefits threatens to collapse payments for services received and does not objectively stimulate energy efficiency, because the costs of the consumed resource are compensated by the state)

- the fiscal burden on the formation of citizens' incomes affects the increase in the "shadow" sector;
- the inefficiency of the policy of supporting job creation, employment regulation, remuneration, financing of social and cultural events;
- the lack of real-life investment programs to support youth building;
- The inefficiency of programs to curb external migration.

Accordingly, in order to correct the situation and gradually form a high-quality system of the social sphere of Ukraine, it is necessary to significantly modernize and increase the efficiency of regulation and implementation of social policy by the state.

Moreover, this is possible with the sequential passage of the following three stages:

- 1) building elements of the system of the Ukrainian social sphere;
- 2) implementation of regulatory compensatory and stabilization mechanisms;
- 3) improving the functional areas of the social system.

The strategic priorities should be the following:

1. The formation and establishment of the composition and structure of the elements of the social sphere system. This is confirmed by the fact that most of the problems in the social sphere of Ukraine are of a systemic nature and, accordingly, it is possible to deal with them only using a systematic approach.

2. Both the system as a whole and its elements and subsystems for effective functioning require the creation of a full-fledged infrastructure. Of course, there are basic elements of such infrastructure in Ukraine, however, these are mainly state and municipal property objects and only in some of the most problematic areas have elements of civilian infrastructure been created and started to function. However, the situation requires the proper implementation of the elements of external and internal, as well as public and private infrastructure (international structures, as well as micro-level entities, including integrated ones) in the internal social environment.

3. The formation of a full-fledged institutional environment for the functioning of the system of the social sphere of Ukraine. We are talking about legislation, regulatory and methodological support, and the mentality of the population. For example, in certain economically developed countries, there is a separate code of laws on the social sphere; there



are appropriate methods according to which the norms and standards of social standards are established and adjusted; state and public monitoring of the functioning of spheres and elements of the social system is carried out. These and other institutional provisions should be adopted as soon as possible in Ukraine.

Actually, the logical completion of improving the institutional basis for the functioning of the social sphere system in Ukraine could be the achievement of such an important strategic priority of state policy as creating conditions for the automatic and full realization of citizens' rights and constitutional obligations of the state for social protection and social security of its population.

Ukraine needs to actively use the experience of countries that have high successes in the social sphere. These are, first of all, the countries of Scandinavia, where collective and contractual regulation mechanisms are widely introduced, and in all spheres of the social system. The mechanism of social dialogue is particularly effective there in the form of a tripartite institution for coordinating the main parameters of economic and social policy, working conditions and the level of its payment.

The next target priority, in our opinion, is to improve revenue policy. This goal can naturally be considered paramount, given the influence of this factor on several of the most acute problems and shortcomings in the functioning of the social sphere of Ukraine. Thus, an increase in income levels will have a positive effect on combating poverty, the availability of essential goods and services for the population, weakening incentives for labour migration, improving the purchasing power of the population and the prerequisites of the demographic situation.

The next strategic priority is to eliminate imbalances and imbalances in the functioning and development of the labour market and employment. The authorities of Ukraine must have sufficient opportunities and authority for this. Particular attention should be paid to the labour market at the regional and local level, where the problems in this area sharper, there is not enough supply of labour.

The next target priority is the regulation of conditions and control of migration, especially labour, processes. We consider this direction an important element of the Ukrainian social sphere, because through external labour migration the country loses highly qualified personnel, the risks of the functioning of the institution of the family are created, and so on. But, the authorities not only do not counteract this, but even do not conduct proper accounting



and monitoring.

The creation of a system of incentives so that a significant part of the intellectual and personnel potential remains in Ukraine should become a very important task and priority for the authorities. For this, a monitoring system for these processes should also be introduced.

As positive foreign experience shows, a significant part of the problematic aspects in the social sphere is solved through a social insurance tool. In Ukraine, this practice has not yet received the necessary distribution. Therefore, the strategic priorities of state policy in this area are naturally related to the increase in the volume and scale of social insurance.

We emphasize that a characteristic aspect of the systematic nature of politics in any sphere is the involvement of a greater number of subjects of relations in the regulatory process.

The social sphere is not an exception, in which not only authorities and the public, but also business entities should join the increase in the efficiency of the implementation of mechanisms of social protection, support, and assistance. In world practice, such measures are called social responsibility of business. It is positive that in Ukraine leading large corporations and enterprises, especially those with foreign capital, are also implementing relevant programs. But socially responsible behaviour has not yet become the norm for most business entities. This state of affairs needs to be corrected, for which the authorities have sufficient resources and instruments of influence.

Particularly important today, the priority of the state policy of forming an effective social system in Ukraine should be the implementation of an active and effective social security policy for vulnerable categories of the population. We are talking here not only about people who, in difficult life circumstances, the consequences of which they cannot overcome on their own, but also about internally displaced people, whose numbers are especially high as a result of hostilities in the Donetsk and Luhansk regions and the occupation of Crimea.

Accordingly, the social support of these categories of the population is more and more relevant today and stands out in its own rather mainstream direction with significant financial and resource support, but also with an especially high level of importance and priority.

5. CONCLUSIONS AND RECOMMENDATIONS

Institutional regulation of the parameters of the development of the social sphere in Ukraine is insufficient and does not provide a solution to the critical problems of the demographic crisis, labour emigration, poverty alleviation, and therefore cannot be considered



such as is capable of ensuring comprehensive and sustainable social and economic growth of the state. High unemployment, increased systemic and structural weaknesses in the labour market and deterioration in the quality of labour resources acquire signs of systemic inevitability and are accompanied by a negative ratio of wages and social benefits, which makes it difficult for citizens to resist the challenges of the social environment.

The strategic priorities of the systemic and structural transformation of the social sphere of Ukraine are the formation and formation of the composition and structure of the elements of the social sphere system, the creation of a full-fledged social infrastructure and the institutional environment for its functioning, which will create conditions for the automatic realization of the constitutional rights of citizens to social protection. Obviously, the implementation of certain strategic priorities of the state policy of creating a social system in Ukraine should be based on a system of implemented strategies and programs of national, state, regional and local significance.

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