Contemporary features of social transformation in Ukrainian regions

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Abstract

Creation of effective support mechanisms for social services sector is a real necessity, which is confirmed by international experience. The purpose of this paper is to analyse the social development in terms of transformational dynamics of Ukrainian society. It will enable us to summarise the social dynamics reasons, identify the prospects of further changes and theoretical and practical measures for social development aimed to achieve sustainable positive post transformation movement. Due to Ukraine’s distinctive peculiarities, relating to not only its historical, but territorial variety as well, the formation of new system is impossible without a thorough study of relations between state and regions, interregional relations and subject economic mechanisms.

INTRODUCTION

The major objective of the state system should be the increase of citizens’ welfare. Many scholars unanimously agreed on the necessity to develop socially oriented or social market economy model - an economy in which no population is put at the service of economic progress of the state and economic processes will improve the social status of society: raising living standards, eradicating absolute poverty, reducing excessive property differentiation, proper functioning of social institutions and so on.

I. THEORIES

It is necessary to accept that during the "period of change", especially in the current financial, economic and political crisis, primarily ordinary people are affected because in modeling and approving different types of industrial relations at the enterprises or organizations, managers are concerned about the increase in efficiency in economic sectors by reducing the cost of manufactured products and services and selling expenses. Human resources do not get enough attention, and often suffer harassment because of low salaries that do not have timely growth in line with the movement of prices, various forms of social insecurity and others.

Creating effective support mechanisms for social sectors with activities, which cannot be determined by market relations when in direct contact with consumers of social goods and services, is quite real, as confirmed by international experience (Mykulskyy, 2002).

On the one hand, market mechanisms, combined with a high degree of entrepreneurship freedom should be actively supported by the state, on the other hand- the state in ensuring the implementation of human potential in business, should not be indifferent to the allocation of resources, production and reproduction of funds. Fully autonomous industrial relations that are distinct from the state can generate significant problems both in relations between producers and in the social sector of society.

II. LITERATURE REVIEW

The problems of regional social development in terms of transformational changes are highlighted in the papers of the following Ukrainian scholars: O.Bakayev, S.Bandur, T.Zayets, M.Herasymchuk, V.Kutsenko, V.Heyets and others. Studies of the social development problems and social policy implementation at the regional level were the subject
Among social issues still unsolved are the impossibility of implementation of citizens’ professional knowledge, finding a job with a decent salary and ability for professional growth, career building; the means of social mobility are not working properly, starting from the educational system, which is strongly felt during the last years, when the majority of young workers graduated from the establishments of higher learning; unacceptably high income differentiation; in conditions of significant decrease of working age population and increase of elderly population the social expenditures efficiency increase is becoming top priority. Insufficient attention is paid to the implementation of social policy at a specific region in transition economies and to comprehensive approach to the problem’s solution. From this perspective, regional aspects of social development require further study.

III. DATA AND OBSERVATIONS

Analysis of social transformation in the dynamics of Ukrainian society and identification of social characteristics of post-Soviet transformation makes it possible to summarize the reasons of social dynamics, identify prospects for further change and theoretical and practical activities of social development aiming to achieve sustainable positive post-movement.

It should been admitted that during the nineties till beginning twenty first century the population decreases as a result of the crisis deformation of economy. Since 1995 the mortality rate started to exceed the birth rate, the population began to decline. The peak mortality rate accounts for 2005 and further, due to some improvement in economic performance and, consequently, welfare, mortality rate gradually decreased, although starting from 2010 this indicator shows the opposite dynamics.

The mortality indicators differ by gender and age groups. For a long time higher mortality rate among men compared with women is observed along with high mortality rate among men of working age employed in basic industries. The mortality rate is closely linked to the crisis peaks, so the conclusion is that "experiments" in the economy have long-term negative consequences. The change in age structure of population is considered the informative indicator of social-economic transformation effectiveness. Share of disabled people in retirement age is growing, while share of young people aged 0 - 15 years declining. "Disruption of the normal course of natural processes causes demographically old structure of population with a high proportion of the population aged 60 years and above (over 20% of the population) and a low proportion of children. Aging rapidly occurs in Polissya, Podillya and the central regions of the country; better prospects for social and demographic development are maintained in areas where the proportion of the population in younger age groups is remaining high "(Bandura, Zayats, Kutsenko, 2006). The main reason for this unfavorable movement is the significant decline in fertility rate during the transformation period. It should be noted that since prolonged GDP decline leads to a long-term decline in fertility rate and periodic crises lead to increased mortality rate and reduction of the economically active population, it certainly will affect GDP amount in the long term impact. This may be helpful to predict strategic adverse effect of the birth rate on GDP amount.

It should be emphasized that the distinctive feature of such influence is that its results are usually noticeable after the significantly larger period time – around 15 years later, when the economy will employ less working age people than the number that will leave due to reaching retirement age or any other reason. It is certain that the longer the economic downturn is, the more damage the labor force shortage will bring, because it may lead to the employees deficit and, as possible consequence, the decrease of their qualifications. It is difficult to not agree that it will affect the quality of manufactured goods, and the competitiveness of domestic enterprises.
Economic slowdown, which began to gain momentum from June 2008, began to produce social problems of wage arrears, premiums reduction, employees' layoffs and unpaid leave. In recent years, the worsening of the territorial and sectorial differentiation of average monthly wage has been observed in the regions. In 1990 the ratio between the maximum average monthly wage (finance, banking and insurance) and minimum (social security and culture) was 2.6: 1, in 2013 this proportion was at the level of 3.9: 1.

The records of income differentiations are particularly of informational help for assessment of social development. It should be noted that income inequality is typical for all types of economies, but the biggest gap was observed in the traditional type of economy. Therefore, in terms of the economy’s transformational changes the population that actively adapts to the new conditions improves, on average, their welfare, increasing the level of their income. However, in 2013 the share of population with monthly income below the subsistence level per capita was at the level of 14.1% (Statistical Yearbook of Ukraine for 2012, 2013).

Ukraine belongs to the countries with large-scale stratification of the population by income - according to expert estimates, Gini coefficient exceeds 45%, when in Eurozone countries it is at the level of 20-25%. The main contribution to total inequality is made by the small groups (5-15%, according to various estimates) of people with high incomes who have a fundamentally different structure of consumption and qualitatively different level of consumption (Libanova, 2012).

Therefore, the transformation of our society becomes more profitable for the richest people today as money incomes are distributed very unevenly. We should emphasize that the real economy development of Ukraine is impossible without the participation of general population; a fair distribution of income will also help to increase the level of employees' motivation and attract human resources in the real economy. Only in this case, the restoration of manufacturing industries, producing goods for final consumption is possible along with the increase of national production competitiveness.

The transformation of socio-economic system is usually accompanied by the decrease in attention paid to activities that produce results in the long run. Particularly, this is the reason why the transformation period has far negative consequences that rise even when the system has relative stability in the long-term development.

Education in the XXI century becomes the main factor in the development of human potential and human capital formation. A. Marshall considers a man not only as a means of production of wealth, but also as the ultimate goal of wealth (Marshall, 1983).

Implementation of the long-term government strategy of economic development is impossible without increase in education level of the population and, as a result, increase of the welfare. Capital investments in education are among the most effective ones, but their durability is rather a serious problem. At a time when the country needs a steady inflow and refund of funds spent, funding of education creates some problems in the short term. However, if for any reason, including financial deficit, the future reduction of level of education is expected, the competitiveness of the country on the international market is questionable.

It should be noted that during the transformation process a lot of commercial educational institutions appeared on the Ukrainian market of educational services: schools, specialized schools and higher educational establishments. On the one hand, this is a positive trend, because in the long run it increases the proportion of people with higher educational level, on the other hand – it increases the proportion of potentially unemployed people or workers who are not engaged in their specialty because of the low quality of the professional knowledge and inability to confirm their diploma specialty to their employers. Let’s notice that the low quality of teaching and resulting knowledge is observed not only in the number of non-state, but also in some state universities. Reduction in the
control over the level of education is another important feature of society in the process of transformational changes.

In our view, the emergence of different forms of learning also requires critical attention. For instance, the traditional - full-time education is compared to the innovative - remote, virtual education, usually carried out on a commercial basis. The diplomas are identical in both cases, but the quality of education obtained by implementation of non-traditional forms of education is little known and will likely result as insufficient. If no necessary measures are taken to resolve this situation, the whole system of education can be discredited to employers and besides that state funds in education will be actually impaired and will require consolidation of investments, based on each learner (student). New economic conditions require Ukrainian higher education institutions to adapt to the market needs, but there is a problem of limited consumers' resources for strengthening of the cooperation with Ukrainian and foreign partners.

Today, government spending on education is increasing, but its growth mostly has extensive character because of growing number of higher education institutions and the number of students. The number of higher education institutions of III - IV accreditation levels in 2011/12 academic year compared to 1995/96 academic year increased by 94 (or 36.9%). Over the period of research, the number of university students has increased for 2.3 times, from 922.8 to 2129.8 thousand persons (including full-time students number increase of 2.0 times) (Statistical Yearbook of Ukraine for 2012, 2013).

"In quantitative terms, the potential of Ukrainian higher education meets the potential of leading European countries' higher education. However, because of not always sufficient quality level of competence obtained and in the absence of an appropriate institutional environment and mutually adjusted lifelong educational system, the indicated potential fails to significantly affect the economic growth of the country on the basis of intellectual resource" (Fedulova, 2010).

An important issue for Ukraine today is reducing quality of higher education, if compared to that of the pre-perestroika period and education in technology leading countries. The main reasons for this are the missing or weak links of the universities with specific economy problems in the globalized environment and the needs of the labor market, non-compliance with the quality standards of higher education, the lack of moral, legal and economic responsibility of professionals providing intellectual services.

Education is closely connected with science. There is no doubt that the initial research activities (the research work of undergraduates and PhD students) in terms of its structure are associated particularly with educational processes and technologies: the results of such work are mainly more important for the subject of scientific activity, than for society. However, the success and social significance of scientific studies in the future is largely dependent on this initial stage. Human resources in scientific sector were always the strength of Ukraine, which for many years defined its place among the leading European countries. Number of highly qualified scientific specialists per capita is 0.54% of the economically active population, including - about 0.41% of researchers. Saturation of researchers corresponds to level of the countries such as Spain, Poland, Czech Republic and others (Heyets, Seminozhenko, Kvasniuk, 2007).

Again, the transformation period of any civilization is followed by an inevitable decrease in the intensity of those actions that do not show fast economic effect. Education and science belong to the area that shows certain economic results over a relatively long period of time. And it comes to fundamental issues of education and science, rather than short-term projects aimed at achieving pragmatic results to meet the needs of any single organization or highly specialized group of organizations.
As observations show, during the period of transformational changes in the socio-economic system the demand for basic education programs and areas of research significantly decreases. At the same time, the emphasis is placed on those programs that provide opportunities to implement the potential gained in educational or research activities under conditions of uncertainty. Thus there is a significant bias in favor of a limited number of areas. This situation could be regarded as normal, if not the expected deficit of specialists of "unpopular" professions today in the distant future. The outcome of limited benefits may be the reduction of the feasibility of effective production programs due to the lack of necessary personnel.

A special role belongs to scientific researches. By paying more attention to short-term applied research projects and cutting fundamental programs, socio-economic system will inevitably feel the lack of innovations required for its intensive development in the future. Due to the significant time lag between the creation of innovation and its development, society will not be able to meet its short term manufacturing needs of new forms and methods of management, which will inevitably slow the development of the country with respect to developed countries. In this case there will be only one way to increase the social and economic indicators to the level of advanced countries - it is determined by the catch up concept of development, which, despite the achievement of possible positive results, will never let to bypass country benchmarks.

**CONCLUSION**

All the above mentioned is very important for our country nowadays. Formation of sustainable Ukrainian civilization, steadily developing and able to draw near to the effectiveness of socio-economic indicators of developed countries is possible mainly due to innovative developments that meet the new concept of development. It cannot be made without fundamental education and research.

Having significant differences in the economy functioning and social sector, the transformation period reveals many problems required to be solved in order to move to more advanced socio-economic system as a whole. However, due to Ukraine’s distinctive peculiarities, relating to not only its historical, but territorial variety as well, the formation of new system is impossible without a thorough study of relations between state and regions, interregional relations and subject economic mechanisms.

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