

PRIORITY IMPROVEMENT DIRECTIONS OF INSTITUTIONAL ENVIRONMENT OF HUMAN POTENTIAL DEVELOPMENT IN UKRAINE

Robert F. PUSTOVIYT

Doctor of Economic Sciences, Professor of Cherkasy Banking Institute of the University of Banking of the NBU (Kyiv)

Inna Y. KOCHUMA

Candidate of Economic Sciences, Associate Professor of Cherkasy Banking Institute of the University of Banking of the NBU (Kyiv)

Summary. The problems in the institutional framework of human development in Ukraine are analysed. The institutional functioning of education, health, social security and social partnership is examined, and institutional priority measures for their improvement are proposed in the article.

Key words: *human development, institutions, institutional factors, institutional environment.*

Statement of the problem. The implementation of one of the strategic priorities of Ukraine – the integration into the European Union – cannot be done without the perception of European values and criteria of economic and social progress. That's why there is a need for developing a new approach to defining objectives and factors of economic development, which primarily consists of reevaluation of the place and role of a person in economic and social processes, transfer to «person-centered» dimension of social life, displacement of the individual at the center of socio-economic system.

There is a coherent understanding that the socio-economic progress in today's global community is determined not so much by the material and technical basis of production but by the qualitative and structural changes that directly and immediately are determined by the human factor.

As a result, the concept of human development which comes from the fact that the dynamic economic growth must be facilitated by such factors of human development, as scaling up knowledge and skills of economic subjects while expanding the capacity of the effectiveness of human capital, which, in turn, is directly determined by the quality of the institutional environment is prevalent in the civilized world. In other words, development of human capabilities is only possible in a favorable institutional environment. Unfortunately, existing living conditions in Ukraine today do not meet global standards in areas such as welfare, democracy and environmental safety.

The aim of the article is to identify the key issues in the institutional support of the development of human potential in Ukraine in transition and post-

transition periods and to make recommendations for the creation of an enabling institutional environment in this area.

Justification of scientific results. The institutional environment can be defined as formal and informal rules of behavior and interaction of economic and social processes at the macro-and micro-level, aimed at creating conditions for the fullest satisfaction of material and non-material needs of a person and improving the capacity of living a long and healthy life and getting a sufficient level of education, and having facilities for a decent existence. In other words – these are the fundamental political, social and legal rules under which the processes of reproduction and realization of human potential occur.

Traditional attitude towards human needs, based on the perception of priorities and goals of socio-economic development that prevails in a given society belongs to informal rules. The formal aspect of the institutional environment of human development is its legislative basis, which includes the constitution, various codes, laws, regulations, decrees and regulations at all levels, as well as sanctions for their non-compliance. However, institutions that ensure human development systems are: education, health and social security. Their status and effectiveness is determined by quantitative and qualitative parameters of formal and informal components of the institutional environment of socio-economic development.

The peculiarity of the institutional environment of human development in Ukraine is a contradiction and inconsistency between formal institutions and their disparity to informal institutions that have been established in the state.

Despite the fact that the social oriented national economy is enshrined in the Constitution of Ukraine, and the person is declared the highest value, the functions and activities of the social state still remain entirely unclear. The model (type) of a social state, to which Ukraine is striving (liberal, social democratic or conservative) has not been defined at the national level yet. This causes inconsistency and inefficiency of government measures aimed at building appropriate institutional environment.

It should be noted that in the first years of independence, under the influence of catastrophic economic crisis and moral deficit in the society a rapid shift towards liberal model of economic development happened in Ukraine. The concept of reforms proposed at that transition period determined the need to improve the functioning of the economic system through the transition to a market economy under the «shock therapy». The social sphere of the society was not seen as a priority. Purely economic indicators were chosen as the performance criteria for the new system. This government policy led to tragic consequences in the Ukrainian society, especially with the absence of new social institutions that were able to replace the previous ones. As a result, in terms of Human Development Ukraine was rejected far back, and the social cost of reforms was too high. Ultimately, it is the social consequences of market reforms that were the main obstacle to further economic and political transformations of the institutional environment of the country.

Despite the declarative statements of those in power there is a traditional attitude to the needs and interests of people as something secondary in Ukraine, which is satisfied by the residual. Thus, the state interests are recognized as primary, and the dominant outstripping growth of material production is the general trend and universal feature of the national economic development.

Socio-economic crisis of the 1990s worsened the situation in the field of human development in Ukraine. Transformation of the economic structure of our society from a command to a market economy had and still has a very serious flaw in the sense of underestimating the social and human dimension.

The progressive changes in the attitude towards people and creating the conditions for their development have not occurred in the national institutional environment for over 22 years of independence.

It should be noted that in Ukraine, after obtaining independence, a number of standardly legal acts which were directed on institutional formalization of the subsoil of social priorities, in particular, re-

garding guarantees in spheres of provision of pensions, social guarantees, protection of maternity and children, wages, etc. was accepted.

Moreover, a comparative analysis of the European Code of Social Security and the current legislation of Ukraine shows that social guarantees in terms of their constitutional definition considerably extended, and on some indicators even outstripped the European reference points. We note a significant number of legal documents regulating various aspects of the social sphere.

Human development of society is estimated not only on indicators of the income of the population, but also behind such factors as: expected life expectancy, percent of the literate population and level of availability of education. Institutions which provide achievement of these purposes are, first of all, education and health protection branches.

Despite of numerical declarations and imitations of the reforms, some transformations which happened in our society, less all were displayed on these institutes of human development. Having changed externally a form, they store, as before, the essence, methodology and work methods.

Thus, even taking into account that the number of administratively supervising structures in branches of education and health care prevails the paternalistic period, these spheres continue to be in a condition of permanent crisis and don't promote such ensuring development of national human capacity which is available in the vanguard countries. Thus, if education problems in a certain measure are legislatively settled, reforms of health protection remain in legal limbo, especially it concerns the introduction of medical insurance.

Also, a significant barrier for the development of the health care industry is the principle of free medicine, inherited from socialism and declared by the Constitution of Ukraine, and which actually means exclusively budgetary financing of this sphere. This principle does not correspond to the realities of market economy and as a result predetermines a scanty condition of financing of health care system of Ukraine and shadowing of income in this area.

It is well known that the provision of services in the medical institutions in our country is not free (under the exceptions, as a rule, get officials). As the budget of the healthcare industry is filled with the state not always in accordance with the needs, the heads of medical institutions are forced to seek extra-budgetary funds.

The legislative regulation of this problem is possible only under condition of amending the Constitu-

tion of Ukraine and the creation of new normative-legal base for the functioning of the medical sphere, which would answer the institutional changes that have already occurred, as well as EU standards, as the legal service of the national medicine does not meet international requirements. Equally important is the creation of the independent institution on the issues of medical ethics, the functions of which should be an expert analysis of the problems arising in genetic engineering, reproductive medicine, transplantation, investigation of cases of abuse and bribery in sphere of medical services. As an example, following France, which first established the national Committee on issues of medical ethics, similar committees have been created in Italy and Denmark, and in the future – almost in all countries of Western Europe and North America.

The system of pension and preferential providing appears an extremely important element in institutional and demographic structure of the Ukrainian society. More than a third of the population of the country has a right on privileges, benefits, guarantees and compensation. This right is determined by more than 50 legislative acts, Presidential decrees and orders of the Cabinet of Ministers of Ukraine and the Verkhovna Rada of Ukraine. Over the past years of independence more than ten laws by which numerous social privileges to citizens are established were adopted (only in the sphere of payment for electricity consumption 25 categories of citizens-beneficiaries were defined in 2013). However during this time it wasn't accepted any standardly legal act which would define the only order of granting privileges.

The liberal model of social policy, on which the European Union countries are oriented, is based on expediency of providing the state social help to only those citizens who due to objective circumstances or limited working capacity can not provide satisfying even a minimum level of vital needs. Full public dependents can be: orphan children, disabled people of the first group, and also lonely people who live in houses for people of advanced years of the state submission.

But ensuring the human development standard in civilized countries is impossible without active attempts of efficient members of society who have to earn by productive work or service, to have sufficient level of the income that allows to hold own households and to accumulate acceptable contributions to future retirement age. State function in this case consists only in creation of opportunities for work and earnings.

Strategic factor in this sphere is the transition from a comprehensive state paternalism to establishment of the relations of equal social partnership between employers, the state and economically active population, on the basis of system of legal, economic and organizational guarantees, and also accurate differentiation of the rights and duties of social layers of society. In particular, the Law «On Collective Contracts and Agreements» has to provide participation of the Cabinet and the ministries in general and industry agreements. The need for legal presence of the government at implementation of social partnership is especially actual in the conditions of traditional Ukrainian political instability and irresponsibility of the power before citizens of the country.

Therefore, the creation of regulations which resolve only separate local problems without necessary system generalization, leads to inconsistent tendencies of development of the domestic institutional environment. Therefore, Ukraine is facing an urgent task of improvement of standardly legal base of institutes of human development – first of all in spheres of health care, social protection of the population, education, its institutionalization in compliance with the international standards.

Conclusions. Thus, in the course of reforming of the institutional environment regarding human development, the state has to provide, on the one hand, its market orientation for the purpose of realization of creative potential of citizens, and on the other – in full to carry out the function of granting the necessary help standard in the civilized world from another to vulnerable layers of the population which problems are especially pointed during economic crises and recessions.