

ДЕМОГРАФІЯ, ЕКОНОМІКА ПРАЦІ, СОЦІАЛЬНА ЕКОНОМІКА І ПОЛІТИКА

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A. L. Balanda

MARKET MECHANISMS OF SOCIAL SERVICES: PROBLEMS AND PROSPECTS

Анотація. Стаття присвячена обґрунтуванню напрямків та форм впливу держави на розвиток ринкових засад надання соціальних послуг в Україні. Зазначається, що скорочення можливостей держави щодо фінансування галузей соціальної інфраструктури призвело як до зниження обсягів і якості надання послуг, так і до значного їх заміщення платними формами надання послуг. На основі проведеного аналізу відзначається обмеженість моделі простої лінійної регресії. Побудовано модель залучення на ринок соціальних послуг підприємств приватного сектору через упровадження механізмів державного стимулювання підприємницької активності.

Ключові слова: сфера послуг, соціальні послуги, підприємства, бюджетне фінансування, державне регулювання.

Summary. The paper is devoted to substantiation of directions and forms of state influence on the development of market principles of social services in Ukraine. It is noted that the reduction in opportunities of the State to finance the social infrastructure sectors has led to reduction in the volume and quality of services, and a significant substitution of paid forms of service provision. Based on the analysis, the limitation of simple linear regression model has been noted. The model of attracting private sector to the market social services via introduction of mechanisms of stimulation of entrepreneurial activity has been constructed.

Key words: service sector, social services, enterprises, financing, government regulation.

Introduction. At the present stage of economic development the state cannot guarantee a free provision of required list and quality of social services. The system of social services must promptly and adequately respond to demands and changes of people's needs to be able to ensure the overcoming of social risks. It requires new approaches, diversification of resources and expansion of the range of service providers.

The purpose of creation of the managed market of social services in Ukraine is to improve the quality of social services and provide a range of services according to the needs of consumers. The private sector plays a special role in this process. Its development will expand the regional network of social service organizations, improve their facilities and increase the provision of population by social services in conditions of rational use of local budgets. Functioning of non-governmental organizations will increase the possibility of implementation of the constitutional rights of citizens to benefit from social welfare services as freely as, for example, health care and educational services, regardless of their residence.

Topical issues. Nowadays it is quite obvious that the risks and threats that arise from the social destabilization cannot be mitigated without increasing the values of the social development. At the same time the solution of the social problems cannot be separated from economic functioning of the social infrastructure sectors. From the perspective of improvement of the economic mechanism it is necessary to clearly define the priorities, goals and objectives for different functional levels of social infrastructure considering the specific socio-economic conditions, internal and external factors affecting their activities. The complex of imperatives

should be systemic in nature that defines and provides an effective interaction between some constituents.

The increasing role of private sector, a wide practice of receiving payments for social services in public sector make the problem of market research of socially important services and the peculiarities of its operation actual.

Objective of the article is to study the ways and forms of state influence on the development of infrastructure of the social services in Ukraine.

Reviewing the literature.

The problem of ensuring the social service standards and their role in the reproduction of human capital is considered by A. Grishnova, A. Kolota, E. Libanova, O. Makarova, V. Novikov, V. Sarioglo, L. Cherenko [1–4].

Analyzing the recent publications on various aspects of solving the problem of social services we can identify the following points.

O. Makarova rightly considers, that an excessive centralization and tendency to institutionalization; closed system and the lack of information; monopolism are the characteristic features of the existing system of social services. In addition most types of assistance are provided, based on the formal characteristics rather than real misery without a clear orientation on eliminating the causes of problems that have arisen; inconsistent forms of social support provided by various departments. The author believes that the basic principles of social services should be: the conformity of services to real misery and orientation on the way out of a difficult situation. In this regard, it is necessary to solve a number of methodological problems: definition of objectives of service (depending on the initial

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state and the characteristics of the client); formation of individual programs of work with the client; evaluation of the effectiveness of services; ensuring the whole process of the formation and implementation with qualitative and reliable information [5, p. 11].

I. Bereznyak, based on the analysis of foreign experience of becoming social entrepreneurship notes that the current social enterprises in Ukraine are very different from their foreign counterparts because their activity is much more nuanced. Almost each of them has a fund or some grants, because to start a business you need a start-up capital. A social enterprise must be profitable and competitive. However, it does not mean that the social enterprise should operate in the market in equal conditions with commercial enterprises. The social enterprise should be provided by the state support, which will ensure the system preconditions for the development of the social enterprise sector in Ukraine [6, p. 35].

In the research process of the nature and importance of public pricing policy O. Pokatayeva shows its social orientation and positive impact on improvements in the domestic market. Successfully developed pricing policy is the key to reducing inflation and further market growth. The critical state of the socio-economic development of Ukraine and its regions requires timely and objective price information for socially-oriented products and services. The author also notes that in current conditions successful pricing is impossible without state regulation and control over the prices observance [7, p. 101].

Topical issues. Updating the problems of social services is due to the significant aging of the population of Ukraine, especially women. Only for the last fifteen years, the proportion of women aged over 65 years has increased from 17,5 % to 18,9 %, men — from 10,1 % to 10,9 %. This led to increased demand for social services to meet the needs of older people.

During this time there was a growing number of disabled people (over 200 thousand people), which was also accompanied by an increasing demand for the appropriate services. Providing social services almost always involves redistribution between households. These programs are funded either through tax revenue or from social contributions, which leads to redistribution of resources among different population groups.

To perform its functions the state uses all available resources, including financial and economic. Making redistribution of gross domestic product through the budget, on the one hand, the government seeks to implement its social policy by ensuring an adequate level and access to services, on the other hand — to ensure sustainable economic growth.

The main legislative act that regulates the functioning of the system of social services is the Law of Ukraine «On Social Services» [8]. The social services mean a set of measures to assist persons, the certain social groups who are in difficult life circumstances and are not able to overcome them, to solve their life

problems. The main forms of social services are financial assistance (provided in the form of cash or in-kind assistance) and social services. There are different types of social services: social and living; psychological; social and educational; social and health; socio-economic; legal; employment services; information and other social services.

Social services have their own peculiarity, which consists in considerable differentiation and exceptional customer orientation. The market of social services is characterized by a wide variation in prices for the same product lines, as well as a significant diversity of its agents in case of absolute domination of state institutions. Based on the foundations of institutional theory we can say that the prevalence of mandatory rules; dynamics; the ratio of income and expenses as a result of a particular transaction; compliance with long-term interests of participants; transparency of the agents' actions are important criteria to assess the effectiveness of functional relationships of this specific market. Reducing possibilities of the state concerning financing of the social infrastructure sectors during the market reforms resulted firstly in decline in the volume and quality of service and secondly in replacement of financial deficit of budget institutions by paid forms of service provision. Due to changes in the political and economic situation in the social infrastructure a noticeable sector of private institutions has been formed. The services of these institutions are determined by market prices. In general, the non-government sector organizations play an increasingly important role in modern society, acting as agents which provide the basic social services at the level of public sector institutions. Moreover, promoting competition in this market, they contribute to productivity and the quality of the appropriate services, the introduction of new, innovative approaches to their provision. The non-government sector organizations are actively included in the distribution of social resources by providing services in the areas of education, health, culture, sports, recreation, environmental protection and so on. Redistributive role of the sector is also implemented providing free or virtually free services for vulnerable groups. The field of social services can no longer be a state monopoly, developing extensive way. Like other social sectors, it should ensure compliance with market realities in view of the fact that Ukraine is moving towards economic liberalization. Currently, there is an urgent problem of transition from maintenance of social institutions which provide state guarantees for the citizens to obtain free services to payment for actual services provided, which will be determined by the demand for a particular kind of service.

Research of elasticity of demand, including services, depending on the development and state of the economy is quite popular in Western Europe [9]. In our country, such studies are almost not carried out. In particular, we can only highlight the results of the

analysis conducted by the scientists from the Institute of Demography and Social Studies of Ukraine [10]. The main task was to predict the average growth rate of volume of realization of paid services for education and health care. The volume of realization of services was estimated by simple linear regression model:

$$y_t = b_0 + b_1 t + e_t. \quad (1)$$

To find the average growth rate of volume of realization of services, the relationship between realization volume in t and in the base year is used:

$$y_t = b_0 + b_1 + e_t, \quad (2)$$

$$y_t = y_0 \exp(gt), \quad (3)$$

where y_0 — the volume of realization of services in the base year;

y_t — realization of services in t year;

g — growth rate of realization of services.

After logarithm we get:

$$\ln y_t = \ln y_0 + gt. \quad (4)$$

Using substitution of variables

$$a_0 = \ln y_0; a_1 = g.$$

We get the log-linear model of demand for services:

$$\ln y_t = a_0 + a_1 t + e_t^1. \quad (5)$$

This predictive model shows that demand for paid services will surpass budget for social services. The above gives grounds to believe that the system of paid services to the population in budget areas of the social infrastructure, which is formed in Ukraine, is an objective phenomenon and requires the researchers and practitioners to focus on the problems of regulation of these processes to make the necessary changes in the management structure not only in social sectors, but also in some health care, educational and other institutions.

This model has a limited area not only because of the use of simple linear regression, but based on the monopolization of social service system by state structures. Change of situation is possible on condition the market attracts social services of non-state sector via the introduction of mechanisms of state stimulation of entrepreneurial activity. The basis of the appropriate model can be based on the method of constructing exchange mechanisms for solving stimulation problems in case of incomplete center awareness on the parameters of the organizational system [11].

In this model the center of social services is the state (d), the object of management is an enterprise (p), the volume of services performed is (v). Utility function of the state of the exchange is:

$$f_d(x_p, x_v) = r^d x_v - x_p; \quad (6)$$

thus the enterprise utility function can be represented the following way:

$$f_p(x_p, x_v) = x_p - \frac{x_v^v}{2r}. \quad (7)$$

The enterprise resource transfer is the payment from the government for providing enterprise services, and transfer of state resources — the volume of these services.

The task of the state is to produce a kind of exchange mechanism that can maximize the expected utility of exchange, i. e.:

$$Ef_d(\pi(s)) \rightarrow \max_{\pi(s)}, \quad (8)$$

provided that the type of the enterprise is unknown for the state, and it is only known that it is uniformly distributed on the set $Z^p = \left(r_{\min}^p, r_{\max}^p \right)$.

The state offers enterprise an exchange mechanism of remuneration for the results of the work, where the number of services provided and fees depend on the enterprise's report (s) assessment of its type. The exchange mechanism proposed by the state is an open control mechanism (it must use the procedure of planning which maximizes objective function of each enterprise).

As a result, for this model it is necessary and sufficient the exchange mechanism to meet the following requirements:

$$\frac{\partial x_p}{\partial r}(r) - \frac{x_v(r) \partial x_v}{r \partial r}(r) = 0, \quad (9)$$

$$-\frac{x_v(r) \partial x_v}{r^2 \partial r}(r) \leq 0, \quad (10)$$

$$\forall_s \in Z^p, \quad \frac{\partial x_p}{\partial s}(s) \geq 0, \quad \frac{\partial x_v}{\partial s}(s) \geq 0. \quad (11)$$

The latter condition determines the fundamental property of the exchange mechanism — the better recommendations the enterprise has the greater amount of services it will be given for a larger payment.

If the exchange mechanism satisfies the conditions (8)–(11), the profit from the exchange (utility function) $v_1 p(r) = f_1 p(x_1 p(r), x_1 v(r), r)$ can be expressed the following way:

$$v_1 l(r) = \int_{\downarrow} (r_{\downarrow} \min^{\uparrow} p)^{\uparrow} r \equiv \left[(x_{\downarrow} v[(\tau)]^{\uparrow} 2) / (2\tau^{\uparrow} 2) \right] d\tau. \quad (12)$$

Having analyzed the last expression, we concluded that to build an exchange mechanism which will maximize the expected profit of the state, it is necessary to solve the following problem:

$$\begin{aligned} Ef_d(\pi(s)) &= \int_{\downarrow} (r_{\downarrow} \min^{\uparrow} p)^{\uparrow} (r_{\downarrow} \max^{\uparrow} p) \equiv \\ &\left[(r^{\uparrow} dx_{\downarrow} v(r)) \right] - (x_{\downarrow} v(r)^{\uparrow} 2) / 2r - \int_{\downarrow} (r_{\downarrow} \min^{\uparrow} p)^{\uparrow} r \equiv \\ &\left[(x_{\downarrow} v[(r)]^{\uparrow} 2) / (2r^{\uparrow} 2) \partial \tau \right] \partial \tau \rightarrow \max \left. \right], \\ &0 \leq x_v(r) \leq Y_v, \quad 0 \leq x_p(r) \leq Y_p, \end{aligned}$$

Y_v — budgetary constraints of the state; Y_p — the maximum amount of services that can be fulfilled by the enterprise (or the maximum amount of service that is required by the state).

As follows from the analysis of the constructed model, if recommendation characteristics of the enter-

prise are improved, the specific price of provided services is decreased. This means that the most effective means of regulation of social services can be the social order, which should be implemented by engaging entities on a contractual basis. The main characteristics of the social order are: the provision of the certain social services according to the task developed by the public institution; selection of executors on a competitive basis; determining the value of services based on the results of the competition; control over the fulfillment of technical specifications; monitoring and assessment of the social order. In this case, the state order will be one of the mechanisms for allocation of budget funds (in addition to budget financing of budget institutions) for implementation of targeted programs. At the same time there are circumstances that complicate the formation of the social services market. Gaps in the regulatory framework and quantitative methods of calculation standards in social services do not allow an adequate control over the private organizations and businesses involved in the provision of social services. Thus, the State Statistics Service of Ukraine collects and publishes data only for the certain categories of recipients and the types of institutions. Therefore an official information database allows us to analyze only the main categories of people who can receive social services and basic types of public facilities where these services are provided. But it is impossible to estimate the cost of the certain services and the relevant trends in this area and therefore — the total cost of social services in Ukraine.

The practice of social security implementation shows that they are designed to meet the minimum requirements and maintenance of physical existence. This is the essence of social security, as provision of social security — is not a complete but minimum satisfaction of basic needs, i. e. the lower limit, after which implementation of basic functions and individual existence is impossible. E. Libanova rightly considers that two different approaches concerning social security can be introduced. The first approach is to develop a social standard that has no relation to the minimum. This social standard would determine the levels of its support and phasing to achieve it. This is practically what we have today for a living wage and basic minimum state guarantees, minimum pensions, minimum wage and so on. The second approach is to determine the system of the social standards for different groups. Thus the social standard should have accessibility. There should be not only the result but also the opportunity to get the service [12].

Since the Ukrainian public consciousness, especially the older generation still has a quite strong attraction to the paternalistic state, the one of the most effective types of response to this social request is to organize the provision of social services to non-state institutions and stimulation of their social responsibility.

Conclusions. The system of social services should be based on effective economic, organizational and

functional mechanisms, which are based on public-private interaction. For the development of entrepreneurship in social services, it is advisable to take a number of measures that should include: changing the system of payment for social services (including implementation mechanisms of state stimulation of enterprises which provide them); introduction of contract principle in the processes of social support. Creation of effective social services market in Ukraine will significantly improve the quality of social services and provide a wide range of services that meet the needs of the most vulnerable people.

For practice of budget funding for social services it is necessary to extend conceptual apparatus and on this basis to improve the practical function of the institutional financial mechanisms of social infrastructure. The definition of the essence of the notion public service is of great importance for the formation of budget tasks. Funded services should be funded within the state order on the basis of agreements between the customer and the enterprise or organization that provides these services. Under the contract the employer must pay the educational, medical, social and cultural services. Under the municipal contract the customer and the consumer services should be separated. Customer should be the manager of budgetary funds, which serves as the subject of budget planning and consumer is the person to whom services are provided.

The main priorities of the measures of national policy in this area are: change of the principle of social services funding, that is the transition from financing institutions to financing of particular social services; the marketing needs for social services; organization of effective control of social services; implementation of mechanism of social order, as the local budgets in Ukraine, as a rule, are financially constrained, so it can be an effective and efficient way of funding of social services; implementation of quality standards of social services, which should include the minimum technical and procedural requirements for the provision of social services; inclusion of enterprises and organizations of private sector into the system of social services.

Based on the fact that demographic changes have had a significant influence on the formation of needs for social services and other measures of social support, it is necessary to develop the methods for determining their value, without which it is impossible to efficiently redirect financial flows within budget and extra-budgetary funds.

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