

The issue of financial provision of education in the sphere of arts and culture is one of the most important problems in economics. The unsatisfactory state of education in the sphere of arts and culture is caused by insufficient funding, inefficient use of educational resources, lack of a well-rounded, research-backed program of financial provision for the sphere, a program that would be based on a strategic vision of the country's development.

In the earlier years of economic hardships the sphere of arts and culture institutions was mostly designed for budget financing. The current state of financing education in the sphere of arts and culture is rather disappointing. The disposition of funds is inefficient and no changes appear in using new sources of this sphere's financing. However, it would be much easier to surmount the crisis of financing education institutions in terms of a favorable legislative atmosphere, which would help the spheres of education, arts and culture to develop rather than to survive.

So, financing education in the sphere of art and culture by means of state budget will be efficient only if the funds which the state provides for education financing are sufficient and have a stable, reliable and well-proportioned basis.

**financial provision, budget financing, diversification, equalization factor**

Одержано 15.01.14

**UDC 314.18**

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## Vector of social development of Ukraine in a context of prospects of creation of innovative economy

The article is devoted to the problems of social and human development in the context of transformation of modern economy into innovative one. Theoretical analysis of the main directions of human development have been carried out. The dynamics of the Human Development Index and the interdependence of its components at the example of Ukrainian regions have been analyzed. The dependence of the Human Development Index mainly on its social component has been revealed by modeling. The necessity to choose the vector of social development according to the priorities of human development in Ukraine at the stage of creation of innovative economy has been proved.

**vector of social development, human capital, span of life, health, education, welfare, social development**

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**Вектор соціального розвитку України в контексті перспектив побудови інноваційної економіки**

Стаття присвячена проблемам соціального розвитку і розвитку людини в контексті перетворення сучасної економіки на інноваційну. Проведено теоретичний аналіз основних напрямків людського розвитку. Динаміка індексу розвитку людського потенціалу і взаємопов'язаність його компонентів були проаналізовані на прикладі регіонів України. Моделлю було показано, що індекс розвитку людського потенціалу в першу чергу залежить від соціальних компонентів. Доведено необхідність вибору вектора соціального розвитку в контексті пріоритетів людського розвитку на етапі становлення інноваційної економіки.

**вектор соціального розвитку, людський капітал, тривалість життя, здоров'я, освіта, добробут, соціальний розвиток**

**Formulation of the problem.** Today many countries have to look for the answer to the occurring changes in the value system of their development, caused by the rising role of knowledge and recognition of the unique ability of human capital to become a source of raising competitiveness through the development and implementation of innovations. It was found that especially those countries faster move towards the formation of innovative economy whose public policy changed towards the favor of the human development quality, where the level of social responsibility for the creation of better conditions for improving health, education and raising living standards has increased. In this context, for Ukraine and other countries that have recently chosen the market path of development, the search of opportunities to provide innovative changes in the economy by improving the quality of human capital through the social re-orientation of public policy becomes extremely urgent.

**Analysis of recent research and publications.** Such world famous scientists as: T. Schultz, H. Becker, A. Lewis, J. Kendrick, A. Sen devoted their papers to the research of the problems to find the priority directions of the human development and provide the quality of human capital.

Among the Ukrainian scientists the theoretical and applied problems of the human development and of the formation, implementation and development of the human capital are explored by Antonjuk V., A. Grishnova, T. Zayats, A. Colot, E. Libanova and others. However, despite of the achievements in the study of this problem, the academic research in this sphere does not lose the relevance for Ukraine.

**The purpose of the research.** The purpose of this research is to put an accent on the necessity to choose exactly social development of Ukraine as a main vector of development in a context of prospects of creation of innovative economy. We aim to prove the necessity to change the priorities of human development in Ukraine and to reorient the public policy in favor of strengthening its social component, formation of the developed human capital as a prerequisite for a successful transformation into the innovative economy.

**The main results of the research.** The theoretical analysis of the scientific literature showed that the priorities of public policy development, the interconnection between economic growth and human development have been discussed by the thinkers of the past and present for a long time. In the second half of the twentieth century views of the researchers were greatly influenced by the theory of human capital, which is connected with the names of T. Schulz and H. Becker [1, 2]. Based on the theory of human capital, the strategic development priorities of countries, companies and corporations should to be based on the providing the system of various social investment in the social development.

Widely acknowledged in the recent decades, but a bit different point of view – is to determinate the development priorities on the base of expanding opportunities of choice. One of the first who has seen the "expanding human choices" as a goal of development was W. Arthur Lewis. He connected this choice especially with increasing income, economic growth, the necessity to take into account the multiplicity of such growth factors (especially psychological and institutional). However the researcher didn't foresee the actions to overcome the differentiation in the income [3].

Famous work "Development as Freedom", published by the Indian scientist Amartya Sen showed further research – in this work, he proposed an original idea – see the goal of development not in the unlimited expansion of production, economic growth and material prosperity, but in the creation opportunities to expand human choice to live in a such way, which they consider worthy. His approach to the development of society A. Sen connected with the expanding human freedoms in order to choose from a large number of variants the most desirable, to be able to save oneself the diseases, that can be avoided, live long, to choose the career, have

access to knowledge and other weal of civilization [4].

Thus ideas the essence of the society development thanks A. Sen got the new definition – as a process in the centre of which is a human. Later, this and other ideas were combined by a group of experts of UNDP and formed the basis of the concept of human development, which was first introduced in the Global Human Development Report for 1990 [5]. The concept comes from the fact that only economic growth does not always guarantee the social progress. This progress takes place only when the economy makes possible for people to realize the three most important and basic features for everyone: to live a long and healthy life, to acquire, expand and update knowledge, have material wealth, which means the access to the livelihood, which provide a worthy living. Therefore, the concept of human development is defined as the growth of human opportunities, which is provided by the realization of human rights and freedoms, attention of the society and the state [6, 7]. Experience of the leading countries has shown that the formation of high quality human capital is possible as a result of changes in the public policy priorities and these changes should be based on the concept of human development [8, 9].

Since the 90s, UNDP annually publishes its global Human Development Report. Summary measure of human development is the Human Development Index (HDI), which measures the average achievements in a country in three basic dimensions of human development: a long and healthy life (health), access to knowledge (education) and worthy living (income). Index HDI Ukraine in 2011 is 0.729, which is below average 0.741 for countries from the high human development group and below the average of 0.751 for countries in Europe and Central Asia (fig. 1). Note that this situation is the result of the long in appreciation of the role of social policy in favor of predominantly economic development paradigm. In Ukraine, despite the fact that the theory of human capital and the concept of human development became popular, there are sharp disparities in the practice of social development which impedes the formation of high-quality human potential. The index of expected span of life in Ukraine is unacceptably low, especially compared with other developed countries (fig. 2).

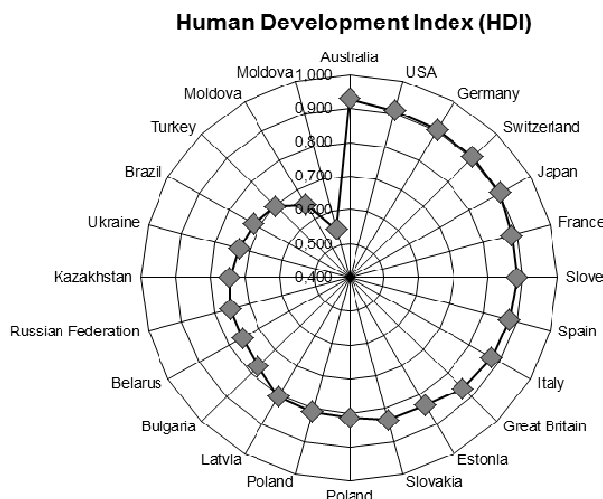


Figure 1 – Ukraine and other countries of the world in estimates of the HDI [10]

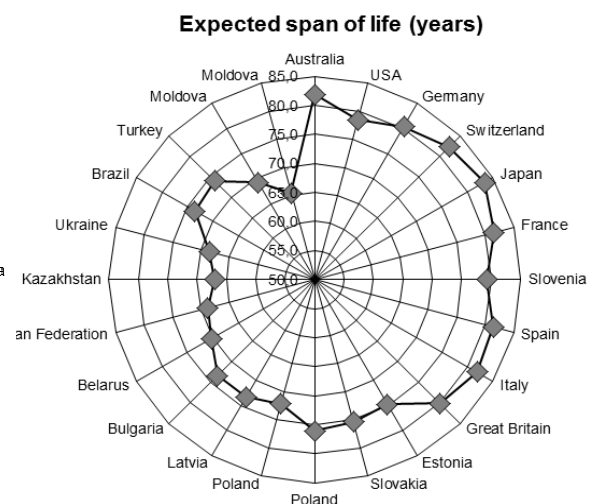


Figure 2 – Ukraine and other countries of the world in estimates of expected span of life [10]

According to the results of above-stated analysis, among all the components of human development in Ukraine, the best position among other countries is characterized just by the index

of education. According to the index of years of schooling Ukraine leaves behind Kazakhstan, Russia, Lithuania, Poland, Britain, France (fig. 3), although in international rankings of education quality Ukraine is backward. Annual GDP per capita is an indicator of welfare. In Ukraine, it doesn't reach 7 thousand dollars, it is 4-6 times lower in comparison with developed European countries. Ukraine is behind Kazakhstan, Russia, Belarus, Latvia, Lithuania, Poland and others. However, Ukraine belongs to the countries with the average level of income (fig.4).

The analysis showed, that the socio-demographic components of human development – providing of health and education – are the greatest problems in Ukraine, which requires the change in the strategic priorities in favor of intensive social development. In the process of our research we have analyzed the dynamics of the Human Development Index (HDI) at the example of Ukrainian regions. Baseline data formed for the 27 regions of Ukraine for the period from year 2000 to 2011. Being a predominantly linear ordering in time  $\tau$  (increasing, decreasing or stable value) from year to year ( $\tau = 0$  – year 2000;  $\tau = 1$  – 2001-th year, etc.) output data for each region are characterized by a dependence:  $hdi = a + b \cdot \tau$ , which detects the trends in changes of regional Human Development Indexes – hdi (Table 1 – hdi - human development index for the current region;  $\tau$  - serial number of the year (year 2000 adopted a zero).

As it can be concluded from the Table 1– only three regions out of twenty-seven show the increase of Human Development Index (Kyiv, Lugansk and Kharkiv regions), the stable HDI dynamics is shown by other three regions – Donetsk, Kherson and Sevastopol, and other regions (predominant majority – 21 regions) show the decrease of HDI. This proves the necessity to intensify the scientific research towards finding the ways to promote human development as a prerogative for the most regions of the country. In the process of analyzing the data of regional HDI components, we have obtained a rather precision (coefficient of determination close to 1) model which describes the correlation between regional HDI in sum (hdi) and its components:

$$hdi = 0,118 * dd + 0,093 * dlm + 0,122 * mw + 0,119 * lcp + 0,120 * el + 0,116 * sh + 0,107 * se + 0,114 * ec + 0,092 * fhd$$

(1)

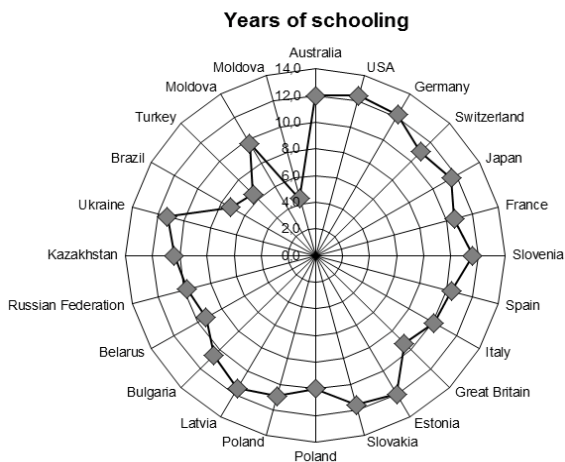


Figure 3 – Ukraine and other countries of the world in estimates of the years of schooling [10]



Figure 4 – Ukraine and other countries of the world in estimates of GDP per capita (USD) [10]

Accordingly to the variables in the Model 1 values of coefficients demonstrate the priority of the index constituents' impact on the regional human development. Taking the biggest

coefficient (for the variable "mw") as one hundred percent we can order the variables' coefficients according to the priority of their impact:

mw (100%) – material welfare; ec (93,1%) – environmental conditions;  
 el (98,6%) – educational level; se (87,7%) – social environment;  
 lcp (97,8%) – living conditions of population; dlm (76,1%) – development of a labor market;  
 dd (97,0%) – demographic development; fhd (75,3%) – funding of human development  
 sh (94,9%) – state of health;

Table 1 – Characteristics of trends of the regional Human Development Indexes changes

Regions of the country	Trend coefficients		Trend	Type of hdi change
	a	b	$hdi = a + b \cdot \tau$	
1	2	3	4	5
Crimea	0,561	-0,007	$hdi = 0,561 - 0,007 \cdot \tau$	decrease
Vinnitsia region	0,538	-0,011	$hdi = 0,538 - 0,011 \cdot \tau$	decreasing
Volyn region	0,488	0,000	$hdi = 0,488 + 0,000 \cdot \tau$	stable
Dnipropetrovsk region	0,489	-0,001	$hdi = 0,489 - 0,001 \cdot \tau$	decreasing
Donetsk region	0,426	-0,002	$hdi = 0,426 - 0,002 \cdot \tau$	decreasing
Zhytomyr region	0,488	-0,004	$hdi = 0,488 - 0,004 \cdot \tau$	decreasing
Transcarpathian region	0,545	-0,005	$hdi = 0,545 - 0,005 \cdot \tau$	decreasing
Zaporozhye region	0,500	-0,003	$hdi = 0,500 - 0,003 \cdot \tau$	decreasing
Ivano-Frankivsk region	0,496	-0,001	$hdi = 0,496 - 0,001 \cdot \tau$	decreasing
Kiev region	0,511	0,002	$hdi = 0,511 + 0,002 \cdot \tau$	increasing
Kirovograd region	0,491	-0,007	$hdi = 0,491 - 0,007 \cdot \tau$	decreasing
Lugansk region	0,401	0,003	$hdi = 0,401 + 0,003 \cdot \tau$	increasing
Lviv region	0,547	-0,006	$hdi = 0,547 - 0,006 \cdot \tau$	decreasing
Mykolaiv region	0,466	0,002	$hdi = 0,466 + 0,002 \cdot \tau$	increasing
Odessa region	0,481	-0,002	$hdi = 0,481 - 0,002 \cdot \tau$	decreasing
Poltava region	0,561	-0,005	$hdi = 0,561 - 0,005 \cdot \tau$	decreasing
Rivne region	0,511	-0,002	$hdi = 0,511 - 0,002 \cdot \tau$	decreasing
Sumy region	0,466	-0,001	$hdi = 0,466 - 0,001 \cdot \tau$	decreasing
Ternopil region	0,521	-0,004	$hdi = 0,521 - 0,004 \cdot \tau$	decreasing
Kharkiv region	0,548	0,001	$hdi = 0,548 + 0,001 \cdot \tau$	increasing
Kherson region	0,467	0,000	$hdi = 0,467 + 0,000 \cdot \tau$	stable
Khmelnysky region	0,523	-0,001	$hdi = 0,523 - 0,001 \cdot \tau$	decreasing
Cherkasy region	0,536	-0,006	$hdi = 0,536 - 0,006 \cdot \tau$	decreasing
Chernivtsi region	0,506	-0,003	$hdi = 0,506 - 0,003 \cdot \tau$	decreasing
Chernigiv region	0,496	-0,003	$hdi = 0,496 - 0,003 \cdot \tau$	decreasing
Kyiv	0,701	-0,001	$hdi = 0,701 - 0,001 \cdot \tau$	decreasing
Sevastopol	0,581	0,000	$hdi = 0,581 + 0,000 \cdot \tau$	stable

The Model 1 proves that we should develop the regional human development programmes taking into account the determined priority HDI components in order to influence positively it's value in all regions of Ukraine. In this case, the expected changes are determined by the Model 1, which shows that a change of any variable by a certain amount leads to a change of the general regional HDI value by the algorithm: changed variable multiplied by the coefficient, changes the general sum of index value.

**Conclusions.** The necessity of change the priorities of human development in Ukraine in favor of the social vector is proved by the results of our theoretical and practical analysis. Moving to the innovative economy requires an intensive social development that will change for the better living conditions, the state of development of education, health care system in Ukraine and will provide an expanding opportunities of population of self-realization in career and self-supporting. Prospects of further scientific studies should be connected with the determination of the social innovations' role in the formation of country human capital.

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### **Вектор социального развития Украины в контексте перспектив построения инновационной экономики**

Статья посвящена проблемам социального развития и развития человека в контексте преобразования современной экономики в инновационную. Проведен теоретический анализ основных направлений человеческого развития. Динамика индекса развития человеческого потенциала и взаимосвязанность его компонентов были проанализированы на примере регионов Украины. Моделью было показано, что индекс развития человеческого потенциала в первую очередь зависит от социальных компонентов. Доказано необходимость выбора вектора социального развития в контексте приоритетов человеческого развития на этапе становления инновационной экономики.

**вектор социального развития, человеческий капитал, длительность жизни, здоровье, образование, благосостояние, социальное развитие**

Одержано 25.04.14