

INVESTMENT RESOURCES OF HOUSEHOLDS AS A FACTOR OF ECONOMY MODERNIZATION OF UKRAINE

*L. V. Shynkaruk, D.E., Professor, lidia_shyn@ukr.net,
I. V. Baranovska, Ph. D (Econ.), irina.baranovsky@gmail.com,
L. M. Milman, applicant, leonidmilman@gmail.com,
National University of Life and Environmental Sciences of Ukraine*

The issues of forming investment potential of households and its role in ensuring the economy modernization of Ukraine are discussed. The features of households functioning in the context of the importance of their economic decisions for economy development are determined. The theoretical and practical bases of forming and use of investment resources of households for providing modernization transformations in the Ukrainian economy are substantiated. The role of the state in creation of conditions for transformation of household savings into the investment resource of economic development is determined.

Keywords: households, household savings, investments, investment resources of households, economy modernization, economic development.

Statement of problem. Savings and household investment play an important role in the modernization processes in economy and country's economic growth, as they are potentially able to accumulate significant domestic resources to achieve this growth. However, the lack of appropriate mechanisms of transforming household savings into an investment resource for further financing of state programs for economy modernization, innovation projects, etc. requires significant external borrowing and an increase of state and corporate external debt. The shortage of investment resources that occurs from the decrease in the volume of foreign investment and the directing of internal resources abroad, the lack of measures to improve the domestic investment climate in Ukraine for households and other investors, leads to technological lagging production processes, low competitiveness of domestic enterprises and narrowing of segments on the domestic and external markets, complications of import substitution implementation and expansion of the domestic market, etc.

Analysis of recent papers. The scientific works of Ukrainian researchers consider various aspects of this important scientific problem, in particular: O. Drahan [3] defined the role of household investments in the country's economic development, identified the problems of transforming household savings into investment resources and proposed ways of its decision;

N. Vasylyha [2] substantiated directions of use of state policy instruments of application household savings for the economic development of country; V. Zaiats [4] considered the limitations and prospects of the forming of households investment potential of Ukraine in conditions of socioeconomic instability; A. Ramskyi [11] revealed the features of forming and use of households investment potential in ensuring sustainable economic development. In general, the current state of development of this scientific problem is characterized by contradictory approaches to understanding the economic essence of households investment potential, the preconditions of its forming and implementation. At the same time, the importance of household resources as an investment factor for national economy modernization remains beyond the attention of scientists who consider the aspects of the forming and use of these resources.

Aim of the paper. The objective of the article is to substantiate the theoretical and practical bases of the forming and implementation of households investment resources in order to provide modernization transformations in the Ukrainian economy.

Materials and methods. The economy develops only if the coordinated mechanism of investment processes functions. Important role in investing internal sources of money resources should play, in particular, population

savings. Therefore, ensuring of growth incomes in any country is one of the main directions of the state policy, which requires the attraction of all possible reserves. Exactly households investment potential of the country is determinative factor of economy modernization and the transition to a new trajectory of socio-economic development. The main prerequisite for improving the investment capacity of households is increasing of nominal and real incomes and creation of appropriate financial mechanisms to ensure transformation of incomes into an investment resource. In developed countries, the population is an active investor who is interested in activating economic activity and increasing profitability.

The priority of state policy of developed countries regarding households is stimulation of the investment orientation of spending revenues, that is, transformation into organized forms of savings. The propensity for saving depends on the level of real household incomes. Low-income groups do not have savings opportunities at all. Households decide on the proportion of consumption and savings, both on the basis of current gross income in kind and in cash, and on the basis of expected future in-

come, due to the presence of disproportions in income generation in different periods of functioning. The size of the potential savings of households of organized and unorganized form is compared with government and corporate investments in the real sector, and according to some estimates, with the volumes of the gross domestic product. Thus, in Japan, the accumulation of the population is about 245% of GDP, in the United States – 300%, in France – 135% [13, p.12].

The main factors of savings forming are the volume of received income, consumption costs, objective and subjective factors that influence the propensity of saving, as well as the interest rates of commercial banks, the level of taxes, the level of trust in financial market institutions, etc.

The dynamics and structure of incomes determine the nature of the forming of household savings. The main sources of income generation are: wages, profits and mixed income, property income, social benefits and other current transfers received.

The results of the analysis of the dynamics incomes of Ukraine population indicate constant increase during 2005–2016 (Fig. 1).

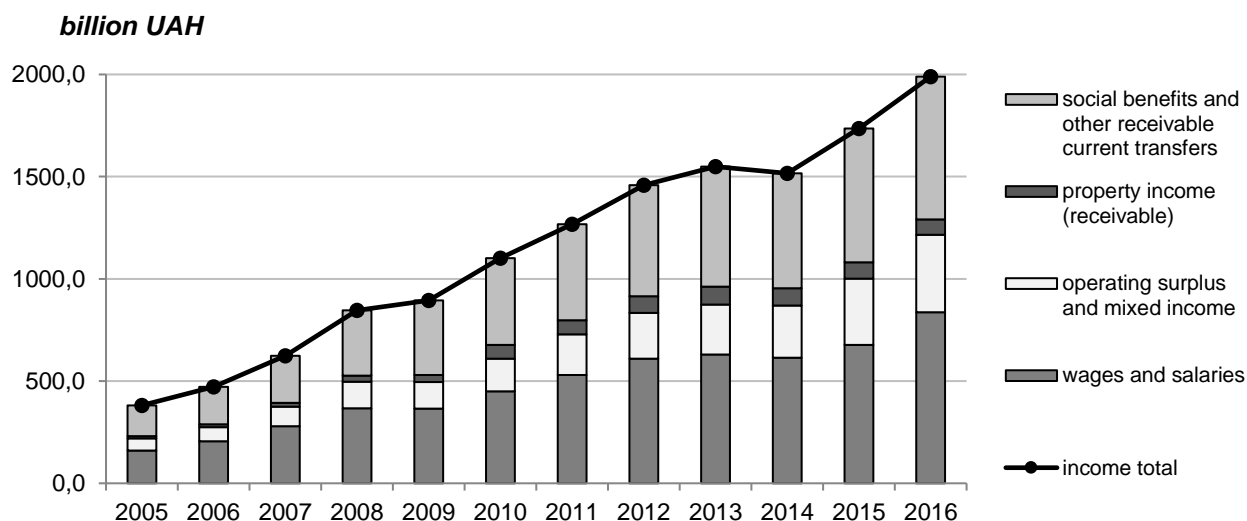


Fig. 1. Household income of Ukraine, 2005–2016

Source: developed by the author based on [9].

However, during this period, the structure of incomes has changed, in particular, the share of operating surplus and mixed income and the share of property income has increased with the

reduction of the share of social benefits and other receivable current transfers from 40 to 35% (Fig. 2). The share of wages and salaries in the income remained unchanged.

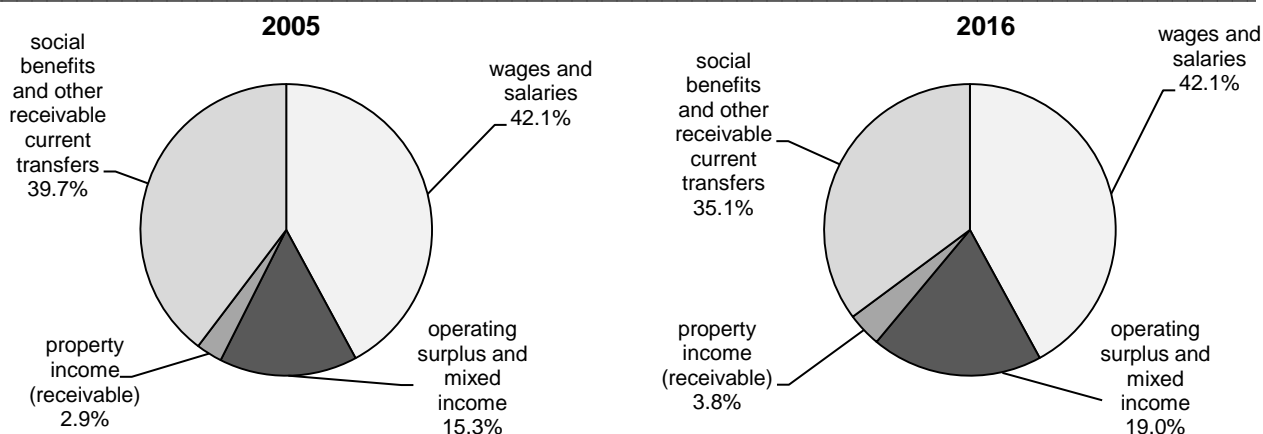


Fig. 2. Structure of household income of Ukraine, 2005 and 2016

Source: developed by the author based on [9].

The disposable income per capita has grown from 6.3 thousand UAH in 2005 to 35.8 thousand UAH in 2016. At the same time, the increase of disposable income was the largest in 2008 compared with the previous one, it in-

creased by 30%, and the slightest increase was observed in 2009 – only 5% (Fig. 3). The real disposable income of the population has lost a post-crisis growth tendency due to inflationary processes and deterioration of economy state.

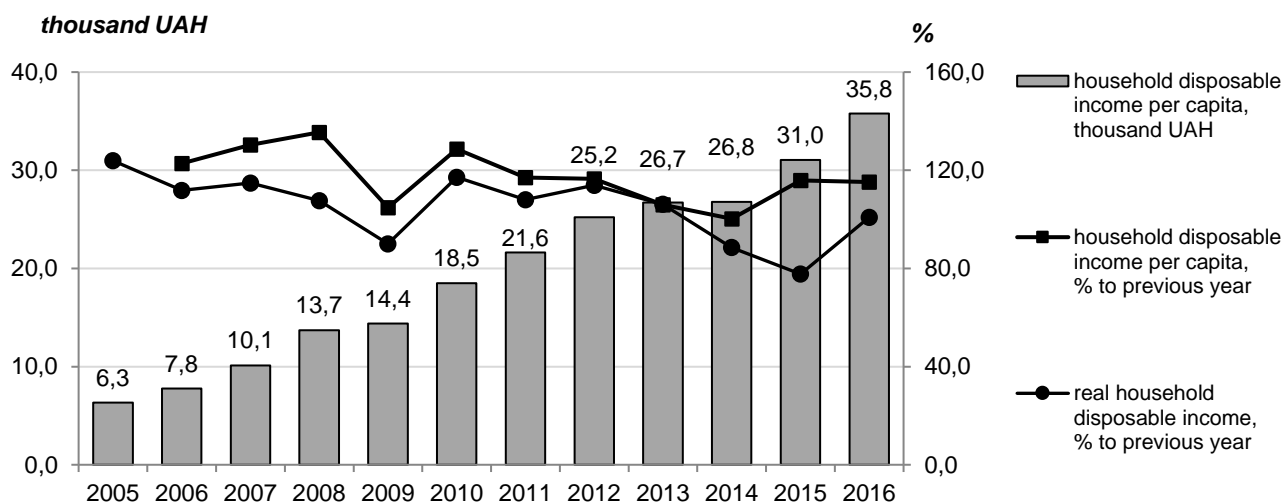


Fig. 3. Changes of household disposable income and real household disposable income of Ukrainian, 2005–2016

Source: developed by the author based on [9].

The results of the analysis dynamics of savings in 2005–2016 indicate that in 2010 a significant increase in revenues began (Fig. 4). However, already in 2014 savings of Ukrainians decreased by almost 4 times compared with the previous year. This negative trend continued in subsequent years, against the backdrop of an increase of costs by 1.4 times in 2016

compared to 2013.

Above all, the formation of non-financial assets had negative trend. In 2011, the increase of financial assets decreased by 18% compared to 2010 (Fig. 5). Since 2013, also a negative trend towards a reduction of savings population has been in Ukraine. This is due to the difficult economic and political situation in the country.

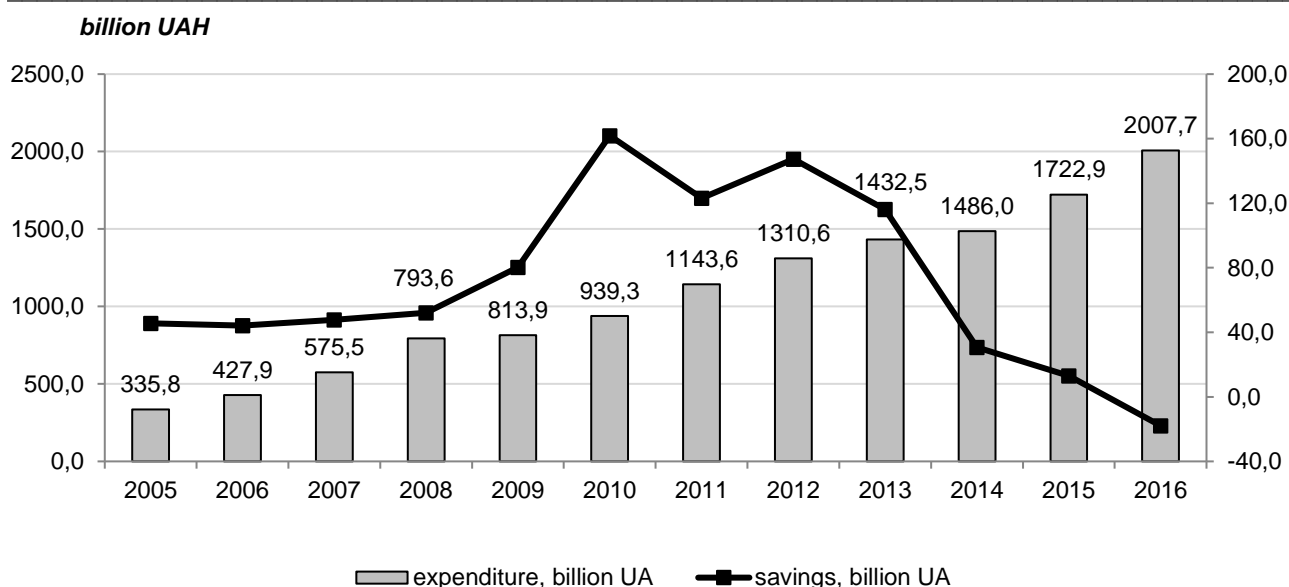


Fig. 4. Household expenditure and savings of Ukraine, 2005–2016

Source: developed by the author based on [9].

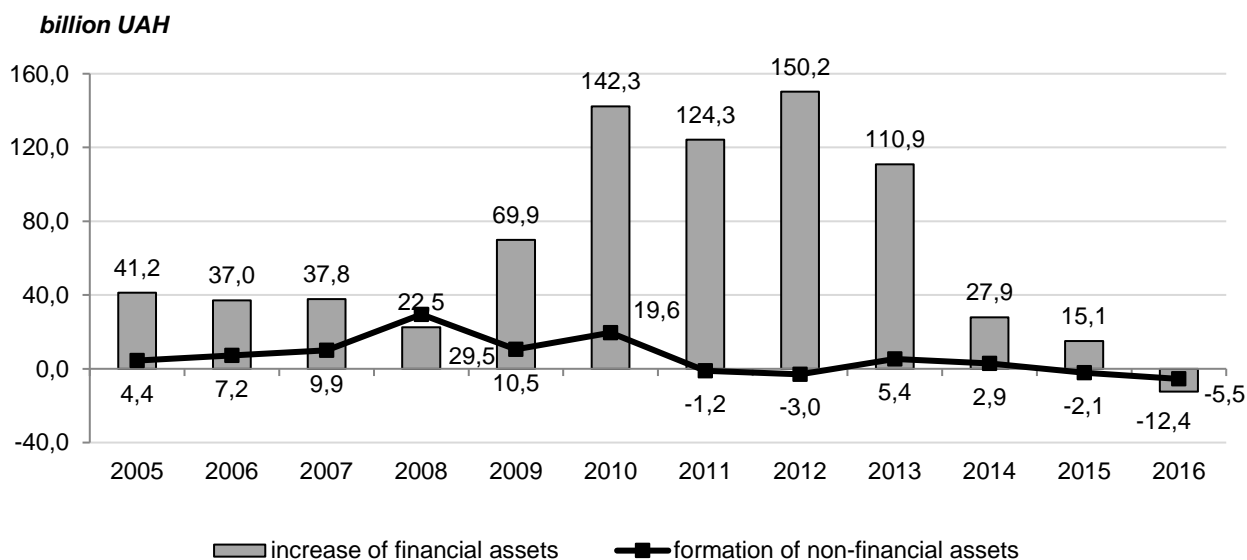


Fig. 5. Household savings of Ukraine, 2005–2016

Source: developed by the author based on [9].

The worsening of the political and economic situation in Ukraine during 2014 negatively affected the welfare of households. It is probable that in the near future there will be a significant reduction in the net savings in disposable income of households in Ukraine (as evidenced by the indicators for 2014–2015) as a result of lower incomes, increase consumption for restoration of lost property, forced resettlement, treatment and rehabilitation of injuries, material assistance to other households, etc., as well as the transfer of assets by same households to foreign countries. Only the end of the

military conflict and the implementation of economic reforms can slow down the economic downturn, restore economic growth and increase the volume of financial resources of households as a powerful internal source for increasing national investment potential.

According to the calculations carried out on the basis of the data of State Statistics Service of Ukraine [9], the marginal propensity to save in Ukraine is not high. In 2006–2012 the share of savings in households income ranged from 8.2 to 12.2%. 2010 was exception. This is the first year of recovery after the crisis of

2008–2009, when the share of savings reached almost 17%, which was explained by the need to return bank loans) [7].

Attention to the forming of incomes and expenditures of households in Ukraine is increasing, because its role in the economic system of the country is gradually increasing. An important significance of the income and expenditure of households is that they reflect of households participation in the distribution and re-distribution of gross domestic product and national income, provide a basis for reproduction, form the living standards of the population, create the preconditions for the development of human capital, contribute to the forming of a steady demand for goods and services, are a source of investment resources in the national economy of the state. Transformation of the population's savings in investment is one of the most urgent issues, since the attraction of financial resources for the forming of savings by Ukrainian households is not used in full. According to various studies, more than 50% of Ukrainians believe that it is better to save their savings at home, about 10% trust bank deposits, and less than 0.5% of Ukrainians earn money using stock market instruments [1].

This indicates the existence of problematic aspects in this area. According to the survey data, domestic households do not have the financial ability to make savings at all – 76% of respondents, a significant part of respondents (14%) was attributed the lack of trust in financial institutions to the main obstacle in the forming of savings [1, p.28]. The consequences of the 2008 crisis negatively affected the return of public confidence in various financial institutions. At the World Economic Forum in Davos in the Global Competitiveness Report, the reliability of Ukrainian banks in 2015 is recognized as the most striking in the world. It was rated at the lowest level – 140 out of 140 [15].

In market conditions, household savings are the object of management that requires the possession of a minimum knowledge of the functioning of the financial market and the possible ways of forming and investing savings. Therefore, a significant factor is the so-called «financial illiteracy» of the population [1, p.18].

The population almost does not use the services of investment funds. Households do

not have the investment interest to these institutions. However, these institutions could greatly simplify the process of managing savings of the population. The main reasons of this situation are: people's low income; a large share of the population with incomes below the subsistence minimum; significant sectoral and regional differentiation of incomes; high level of shadow economy; concealment of business incomes; corruption.

In addition, insufficient level of financial market development (limited financial products and lack of necessary rules, rules, protection of property rights, openness and reliability of information, etc.) due to lack of trust in financial institutions and low investment activity of households.

Researchers determine the reasons of such state. In particular, there are: the absence of a civilized investment market, a proper state policy of forming of investment potential and the differentiation of risk guarantee of investment; incompleteness of qualitative transformations based on market relations in this sphere; the absence of an appropriate system of economic management [10, p.59].

During past twenty years, the negative practice of investing in households has reduced motivation and leads to the implementation of investment potential outside Ukraine due to the unethical behavior of financial intermediaries.

The attraction of savings in the investment process involves the existence of tools, forms and methods that ensure the capitalization of part household incomes and contribute to their preservation and growth, that is, a special mechanism of transforming household savings into investment [6, p.163].

Household savings through the mechanism of financial market will help satisfy the needs of economic entities in borrowed funds and the forming of equity capital, and will allow the state to finance capital and current expenditures, to cover the deficit of state and local budgets [8, p. 73–74].

Mechanism transformation of household savings into investment resources has its own specifics in different countries. This mechanism includes: operations on the stock market (purchase of securities); mediation (through financial and credit institutions that accumulate free financial resources of households). In Ukraine, the

state is influencing the forming of savings and their transformation into investments by monetary policy of the National Bank. If the interest rate increases, there is an increase of stimulation of savings and placing its in banks accounts.

The challenge is determination of investment form to generate revenue and save the principal amount of the investment. The most widespread directions of investment of Ukrainian households are: placement of funds in deposits in banks, changes of funds in foreign currencies (euros and dollars). Also, the population invests in real estate by buying it in the primary or secondary market, take part in construction financing funds [12, p.47].

First of all, the transformation savings into investment depends on creation a supportive environment. Then, raising of the level of national savings can be transformed into an increase of the rate economic growth as a consequence of modernization transformations in economy. But, in order to have a significant impact on the economy development, such savings should make a significant share of gross domestic income (not less than 12–14% of GDP). An example can be the countries that in the 60's and 80's of the XX century reached impressive growth rates: Japan – with a savings level of 20%; Germany – 11%; France – 12% [14].

Countries that invest a significant part of their income and consume less, reach the high rates of national economy growth and labor productivity. Conversely, those countries that consume a higher part of their income and invest less, develop more slowly. Population savings in poor countries have a much greater impact on economic growth than in developed countries. Due to Ukraine is not yet a developed country, savings are of strategic importance for economy modernization and ensuring economic growth.

At the same time, growth of savings, in particular in transition economies, has a significant social and political significance, as it contributes to raising the living standard of the population and its social security, strengthening the middle class and enhancing its financial independence. First of all, the population of developed countries has long realized the necessity and importance of making savings in order to secure oneself from economic disad-

vantages in the future. Effective forming of savings has become an integral part of the financial culture of most nations of the world [5, p.172].

Investment environment of Ukraine remains unattractive for foreign investors as a result of aggravation of political problems, constant changes of tax and budget law. The real sectors of the economy cannot provide a quick return of investment. Investors prefer investment in working capital, largely unnoticed the need of upgrading of fixed assets of industrial and agricultural enterprises, which require these investments for modernization of production capacities.

Assessing the prospects of forming investment potential of households in Ukraine, it should be noted their high uncertainty and dependence on the directions and rates of development of the national economy. For the expansion of investment opportunities, they are important to address such issues as: increasing demand for labor services in the material production; accelerating of modernization jobs and providing state support of the unemployed in the opening of their own business. Due to the fact, that the need for the real sector of the economy in labor services and the chances of employment of unemployed persons with official income has significantly decreased, it is necessary to proceed to the forming and implementation of national projects that would involve the employment of temporarily unemployed people in productive labor.

Unrealized investment resource reduces potentially possible future growth and derives cash from financial flows and sales. This negatively affects economic growth and creates risks of underfunding of other institutional sectors of the economy. Thus, the effect of the lost opportunities of the economy (or the paradox of savings in the application of a mixed model of economic development) is created [11, p.28].

Existing restrictions do not allow to increase the volume of investment resources. At the same time, net savings of households in Ukraine were formed at a rather high level compared to the available income until 2013. This is evidenced by a comparative analysis of the share of net savings of households in the volume of disposable income of different countries (Tab. 1).

Table 1

Household savings, 2005–2016, % of household disposable income

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-0.27	0.13	1.90	8.27	6.14	7.43	8.06	6.84	7.26	7.47	5.64	4.62
Austria	11.14	11.62	12.41	12.35	11.40	9.59	7.88	8.86	7.11	6.82	6.87	7.92
Belgium	8.52	9.16	9.43	10.01	11.31	8.11	6.54	5.69	5.14	4.93	4.37	3.70
Canada	1.47	2.60	2.15	3.35	4.66	4.39	4.27	4.82	5.26	3.57	4.46	3.28
China	31.51	34.35	35.80	37.32	37.84	38.99	37.84	38.11	38.46	37.99	37.07	--
Estonia	-8.57	-10.89	-6.91	1.86	7.19	4.17	4.82	5.06	4.39	6.29	7.43	7.25
France	9.41	9.38	9.77	9.46	10.82	10.35	10.04	9.46	8.74	9.05	8.52	8.16
Germany	10.10	10.08	10.24	10.48	9.95	9.97	9.56	9.29	8.95	9.47	9.62	9.69
Hungary	5.59	6.19	2.07	1.31	3.39	3.35	4.14	2.58	4.34	5.70	4.33	--
Italy	9.09	8.52	8.09	7.83	7.05	4.20	3.71	1.98	3.61	3.86	3.14	3.19
Japan	3.45	2.51	2.54	2.52	4.00	3.71	3.97	2.71	0.30	-0.35	0.82	2.56
Korea	6.72	5.47	3.55	3.76	4.83	4.66	3.86	3.90	5.60	7.18	--	--
Poland	2.17	2.03	2.05	0.30	2.82	2.38	-1.09	-1.11	-0.07	-0.36	-0.44	1.67
Slovenia	9.10	10.81	9.16	9.51	7.48	5.81	5.14	2.13	4.79	4.54	4.63	4.94
Spain	3.23	1.38	-0.96	1.57	7.29	3.69	4.65	2.35	3.84	3.49	2.77	1.75
Sweden	5.43	7.16	9.48	11.79	11.06	11.82	12.56	14.40	15.02	16.53	15.14	16.54
EU	5.88	5.39	5.16	5.36	7.27	6.21	5.38	5.04	5.11	4.84	4.80	4.66
Ukraine	15.28	12.14	10.13	8.18	12.11	19.03	12.41	12.51	9.33	2.61	0.95	-1.14

Source: [9; 16].

In particular, since 2010 in Ukraine, the value of this indicator is higher than Australia, Canada, Italy and other countries. Lack of appropriate investment climate encourages households to place assets and buy property in other countries. High competition of attracting investment resources of households on world markets can lead to increasing of capital outflows from Ukraine. This will negatively affect the financial flows of the domestic institutional sectors of economy. Such forecasts are based on the conclusions about the low level of net saving in EU households' income, the deterioration of the macroeconomic situation in many countries of the world, the lack of cost-effective financial resources, and the interest of the Ukrainian people to make purchases via the Internet and other means. Despite the reduction in the share of net savings in households' disposable in 2013–2016, capital outflows are shrinking from the shadow savings of the Ukrainian population.

Therefore, it is important to pay attention to the active implementation of best practices of foreign countries in this direction. However, this should come about not in simple copying of the policy, but in the development of its own vector of the forming and use of investment

resources of households for economy modernization.

Conclusion. The lack of appropriate state mechanisms of transforming household savings into investment potential creates significant risks of loss of revenue from domestic financial resources generated by households. Household savings processes, based on their economic essence and purpose, are to ensure the forming of gross disposable income, which is potentially able to increase the formation and investment in new means of production, other products of the investment market. Unrealized investment resource reduces potentially possible GDP growth in the future and generates cash from financial flows and turnover, which negatively affects economic growth. In the conditions of socioeconomic instability motivation households to investment in the real sector of the economy are deformed. As a result, the probability of spreading non-financial norms of economic behavior of households and shadowing their incomes increases. Low investment activity of the population is result of loss of confidence in Ukrainian securities, inability to invest in foreign securities, weakness of financial instruments, underdevelopment of stock markets, and financial illiteracy of the population.

To improve the situation, it is necessary to develop and support small and family business; activate of the secondary market of securities; develop joint investment institutions; create the securities market infrastructure for the direct investment of the population in securities; develop state protection system of individual investors interests; inform the population about the possibilities and benefits of financial instruments, as well as the possibility of use personal financial managers and financial advisers. This will allow households effectively manage their own financial resources.

Literature

1. Бонд Р. Фінансова грамотність та обізнаність в Україні: Факти та висновки / Бонд Р., Куценко О., Лозицька Н. ; Проект розвитку фінансового сектору (FINREP). – К. : USAID, 2010. – 36 с.
2. Васи́лига Н. А. Зарубіжний досвід підтримки домогосподарств: державно-управлінський аспект / Н. А. Васи́лига // Держава та регіони. Серія: Державне управління. – 2017. – № 2. – С. 32–37.
3. Драган О. О. Заощадження домогосподарств як джерело інвестицій у національну економіку / О. О. Драган // Науковий вісник Херсонського державного університету. – 2015. – Вип. 10. – Ч. 2. – С. 132–135.
4. Заяць В. С. Інвестиційні можливості домогосподарств України: обмеження і перспективи / В. С. Заяць // Інвестиції: практика і досвід. – 2012. – № 5. – С. 4–6.
5. Кізіма Т. Заощадження домогосподарств: світовий досвід і вітчизняні реалії / Т. Кізіма // Інноваційна економіка. – 2013. – № 7. – С. 171–176.
6. Ключник Л. В. Заощадження домогосподарств, як джерело інвестиційних ресурсів в Україні / Л. В. Ключник // Економічні науки. Сер.: Облік і фінанси. – 2012. – Вип. 9(4). – С. 159–166.
7. Кравчук К. Трудова міграція як фактор економічного зростання в Україні. Аналітична записка МЗ/2014 ; Інститут економічних досліджень та політичних консультацій. – К., 2014. – 15 с.
8. Носова Є. Заощадження домогосподарств як джерело інвестиційних ресурсів в Україні / Є. Носова // Вісник Київського національного університету імені Тараса Шевченка. Економіка. – 2015. – Вип. 2. – С. 73–80.
9. Офіційний сайт Державної служби статистики України [Електронний ресурс]. – Режим доступу: <http://ukrstat.gov.ua/>.
10. Рамський А. Ю. Інвестиційний потенціал домогосподарств : [монографія] / А. Ю. Рамський. – К. : КНУТД, 2014. – 352 с.
11. Рамський А. Ю. Сутність заощаджувальних процесів домогосподарств та їхній вплив на розширене відтворення ВВП / А. Ю. Рамський // Бізнес-Інформ. – 2013. – № 3. – С. 21–29.
12. Степанова А. Заощадження домогосподарств як важливий інвестиційний ресурс країни / А. Степанова, Є. Удод // Вісник Київського національного університету імені Тараса Шевченка. Сер. Економіка. – 2012. – Вип. 136. – С. 45–50.
13. Тарасюк М. Роль та особливості функціонування фінансів домогосподарств у ринковій економіці / М. Тарасюк // Інноваційна економіка. – 2013. – № 9. – С. 11–16.
14. Allianz Group Annual Report 2014 [Електронний ресурс]. – Режим доступу: https://www.allianz.com/v_1426595532000/media/investor_relations/en/results_reports/annual_report/ar2014/ar2014_group.pdf.
15. Global Competitiveness Report 2015-2016. World Economic Forum [Електронний ресурс]. – Режим доступу: <http://www.slideshare.net/andrewwilliamsjr/global-competitiveness-report-20152016-world-economic-forum>.
16. OECD Data [Електронний ресурс]. – Режим доступу: <https://data.oecd.org/hha/household-savings.htm#indicator-chart>.

ІНВЕСТИЦІЙНІ РЕСУРСИ ДОМОГОСПОДАРСТВ ЯК ЧИННИК МОДЕРНІЗАЦІЇ ЕКОНОМІКИ УКРАЇНИ

Л. В. Шинкарук, д. е. н., професор,

І. В. Барановська, к. е. н., Л. М. Мільман, здобувач,

Національний університет біоресурсів і природокористування України

У статті розглядаються питання формування інвестиційного потенціалу домогосподарств та його роль у забезпеченні модернізації економіки України. Визначено особливості функціонування домогосподарств у контексті значення їхніх економічних рішень для розвитку економіки. Обґрунтовано теоретичні та практичні основи формування та використання інвестиційних ресурсів домогосподарств для забезпечення модернізаційних трансформацій в економіці України. Визначено роль держави у створенні умов для перетворення заощаджень домогосподарств у інвестиційний ресурс розвитку економіки.

Ключові слова: домогосподарства, заощадження домогосподарств, інвестиції, інвестиційні ресурси домогосподарств, модернізація економіки, економічний розвиток.

ИНВЕСТИЦИОННЫЕ РЕСУРСЫ ДОМОХОЗЯЙСТВ КАК ФАКТОР
МОДЕРНИЗАЦИИ ЭКОНОМИКИ УКРАИНЫ

Л. В. Шинкарук, д. э. н., профессор,

И. В. Барановская, к. э. н., Л. М. Мильман, соискатель,

Национальный университет биоресурсов и природопользования Украины

В статье рассматриваются вопросы формирования инвестиционного потенциала домохозяйств и его роль в обеспечении модернизации экономики Украины. Определены особенности функционирования домохозяйств в контексте значения их экономических решений для развития экономики. Обоснованы теоретические и практические основы формирования и использования инвестиционных ресурсов домохозяйств для обеспечения модернизационных преобразований в экономике Украины. Определена роль государства в создании условий для превращения сбережений домохозяйств в инвестиционный ресурс развития экономики.

Ключевые слова: домохозяйства, сбережения домохозяйств, инвестиции, инвестиционные ресурсы домохозяйств, модернизация экономики, экономическое развитие.

Рекомендовано до друку д. е. н., проф. Прушківською Е. В. Надійшла до редакції 10.01.2018.