

**Strategies for sustainable
socio-economic development
and mechanisms their
implementation in the global
dimension**

**Collective monograph edited by
M. Bezpartochnyi**

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The authors of the book have come to the conclusion that it is necessary to effectively use modern approaches to developing and implementation strategies of sustainable socio-economic development in order to increase efficiency and competitiveness of economic entities. Basic research focuses on assessment of effectiveness the investment projects, use of cluster analysis the innovative activity of regions, formation and use of financial resources, competitiveness management and use of modern methods sale of the goods, effectiveness the activities of territorial communities. The research results have been implemented in the different models and strategies of project-oriented resource management, state management of development of territorial communities, implementation of the concept inclusive oriented economic development, efficient functioning and development of electric power enterprises, agricultural production, tourist industry, lifelong learning concepts. The results of the study can be used in decision-making at the level the economic entities in different areas of activity and organizational-legal forms of ownership, ministries and departments that promote of development the economic entities on the basis of models and strategies for sustainable socio-economic development. The results can also be used by students and young scientists in modern concepts and mechanisms for management of sustainable socio-economic development of economic entities in the condition of global economic transformations and challenges.

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INTRODUCTION

Permanent changes in world market conditions, institutional and structural transformations of the national economy of the world countries require the development of strategies for sustainable socio-economic development through appropriate programs, plans and projects to improve, increase the efficiency and development of economic entities, introduce innovations and develop new products and services. Ensuring sustainable socio-economic development of economic entities is impossible without improving the relevant mechanisms of activity and practice of developing a management system.

To ensure sustainable socio-economic development of economic entities in modern conditions of activity the necessary basis is the effective formation and use of resource potential and the intensification of innovative processes. The effectiveness of sustainable socio-economic development of economic entities is determined by the ability of the management system to influence all business processes of the enterprise and coordinate its internal capabilities with environmental challenges in order to ensure competitiveness based on the developed strategies and their realization in the global dimension.

The purpose of writing this collective monograph is to substantiate the theoretical-methodological foundations and formulate strategies for the sustainable socio-economic development of economic entities in the global dimension taking into account transformational changes in the international economic environment.

The object of the author's research was the process of formation and realization of strategies for the sustainable socio-economic development of economic entities under resource constraints, the specifics and trends of the development of economic entities under the influence of global competitiveness factors, the generalization of world experience in implementing the respective development strategies.

The subject of research was the socio-economic and institutional processes of formation and effective implementation of strategies for sustainable development of economic entities; the formation of mechanisms for managing the resource potential of economic entities; the use of modern economic-mathematical models for the development of economic entities; increasing the innovative potential of the development of economic entities; consideration of the practical aspects of development management and introducing the innovation in various sectors of the economy.

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**CONCEPT OF
INCLUSIVE
ORIENTED
ECONOMIC
DEVELOPMENT IN
THE PLANE OF THE
MODERN
EGALITARIAN
PARADIGM**

The modern world is rapidly changing under the influence of economic, political, social, environmental and other factors and is characterized by the close interdependence of the world economies. Such interdependence is driven by the rapid growth in the ability without difficulty to move between countries of goods, services, technology, information, capital, that contributing to global economic, political and cultural integration and to developing unified norms and policies that equally regulate public relations, as at national economic level and at the level of the global economic system.

In conditions where multinational corporations have almost complete control of the world markets, exerting a significant influence on social, economic and political processes more than governmental structures, the main priority of global economic policy should be to focus on effectively confronting global risks and crises. Accordingly, the approach focused on the main priorities of humanity is especially relevant for the development of not only the world economy, but also the economies of individual countries. It can only be secured if inclusive development concepts are included in governments' social and economic programs to formulate socially-adapted growth policies.

Effective interaction of all actors of socio-economic development should focus primarily on models and strategies that will allow for a unified policy aimed at minimizing risks and eliminating such threats as: misuse and resource allocation; increasing the disproportionate distribution of income; critical climate change and environmental security; uncontrolled labor migration; deepening of urbanization processes; increasing poverty and social exclusion; population aging, etc.

The issue of sustainable economic development has not been

repeatedly raised and researched by the world scientific community. Increasing global economic imbalance, political crises and social depressions at the level of individual countries and regions, environmental challenges that threaten humanity, the inefficiency of outdated financial-economic and social policy instruments are forced to search new models of active economic development to solve certain problems. Such models should not only ensure effective growth, but also take into account global trends of progressive development in resource constraints, focus on the interests of mankind and focus on the long term (Vdovichen and Vdovichena, 2018, p. 37).

Given that most modern models are focused on quantitative and financial growth trajectories that are no longer delivering the expected results, it is particularly relevant to develop new innovative approaches that take into account qualitative characteristics by prioritizing the interests and needs of future generations. Inclusive development, as a new model of sustainable and balanced growth over the last decade, has been talked about by most of the leading scientific communities, arguing that it should underpin modern socio-economic concepts, as it aims primarily at preserving the resource potential of maximizing community engagement with all members of the public taking into account the individual characteristics of each for the maximum realization of own potential and creation of equal opportunities of access to resources in the conditions of their limitations. In this regard, deepening research towards inclusive growth and development is particularly relevant not only for national economies at the local level, but also for the world economic system, and defining the basic principles of such development in the system of functioning institutions is a priority for the formation of stable and balanced social-economic system.

Economic development is a multi-purpose, multi-purpose process of functioning and evolution of the economic system in the long term, which is influenced by economic contradictions, needs and requirements and is characterized by changes in investment, innovation, technical, technological, environmental, labor, social, political, demographic, etc. factors of development, the driving force of which is the material and spiritual interests of people. However, it is important to note that overcoming these contradictions is at the heart of a new formation of stable and balanced development that is oriented towards an inclusive economy. It is this orientation that speaks of sustainable development in the long run (Vdovichen and Vdovichena, 2019, p. 64).

Rockefeller Foundation experts that engaged in development on the

theoretical and practical issues of inclusive economics say that inclusive economics is an economy in which there is greater opportunity for broad co-prosperity, especially for those categories that face the greatest barriers to increasing their own well-being while highlighting five characteristics of an inclusive economy such as (Pacetti, 2016):

1. Population participation. In spite of individual differences, people have equal opportunities to fully participate in the economic life of society and influence its future; gain unobstructed access to markets and participate in them as employees, consumers and business owners. This is facilitated by the transparency and equality of rules and regulations, and the diffusion of innovation and the introduction of new technologies will contribute to the enhancement of individual and public well-being.

2. Equality. Ensuring vertical mobility for more member people, especially the poor and socially vulnerable groups population. Ensuring equal access to public goods, services and infrastructure.

3. Growth. Economic growth should include such directions that characterize not only material but also social well-being.

4. Stability. Participants of economics have sufficient confidence in their future and can predict the outcome of their economic decisions, therefore, economic systems become more resilient to potential upheaval.

5. Perseverance. Inclusivity, by opening up the opportunity to realize the potential of all groups of employees, ensuring social well-being that is oriented to the needs of not only modern but also future generations (Pacetti, 2016).

Economic growth (as a basis for economic development) depends on the factors that can be attributed to (The Inclusive Growth and Development Report, 2017): existing rules, incentives and institutional capabilities (which also determine the quality and equal conditions for the formation of human capital); the level of real investment development; the pace of innovation development and the breadth of innovation implementation; efficiency and flexibility of the systems of labor protection, social protection and insurance; quality and accessibility of infrastructure and basic services for all segments of the population; business and political ethics; legal and political protection; bio-economic orientation of economic activity, etc.

Most of these factors provide for “socio-economic inclusion”, so it can be argued that there is close interaction between economic growth and inclusive development.

Inclusive economic development can be defined as shaping balanced,

stable growth with inclusiveness indicators (level of social inclusion in socio-economic processes; access to use of resources; high productive employment; equality of income and opportunity; environmental sustainability, etc.) ensured by realization inclusive, investment, innovative programs. In other words, inclusive development and growth require the ensuring of social protection for vulnerable groups populations, reducing poverty and solving inequality problems in any manifestation of it, which will facilitate rapid growth and transition to a more open integrated economy.

The views of the majority of authors on the basic principles of inclusive development are in some degree the same, the majority is essentially oriented to the proportional (equitable) distribution of income among the population, or the ensuring availability workplaces. At the same time, no proposed definition reveals the essence of the concept to the full. Since the essence of inclusive development is much broader and encompasses a number of factors of different systems and concepts, thereby forming a new paradigm of public development both at the level of the individual state and at the level of global world tendencies, it testifies to its multidimensional nature. That is, we can talk about the multidimensionality of this concept.

In his research, Semenovskikh T.V. considered the person as a key element in inclusive space in the “vertical” and “horizontal” multidimensionality, which represented by a set of basic fundamental aspects of human existence and the world, that expressing themselves and ensuring the integrity and unity of people and society, and therefore inclusive society (Fig. 2.3) (Semenovskikh, 2016, p. 154).

F. Farrington’s multidimensional “vertical” model highlights the five fundamental systems necessary for function an inclusive society, namely: social – family, labor market, religious, professional, and others community; economic – wages, income, financial security, insurance, availability of markets for goods and services; institutional – legislation, legal regulation of rights and freedoms, education, healthcare, political and environmental security; territorial – migration, freedom of movement, territorial integrity, transport and communication; symbolic relationships – identity, tolerance, resilience, stress resistance, self-esteem, motivation, capacity to empathy (Farrington, 2013).

The “horizontal” multidimensionality of inclusion implies an integrated interaction of such components as: belonging to a particular group; participation in social activities; subjective sense of inclusion, belonging, positive self-identification, emotional contact with society.

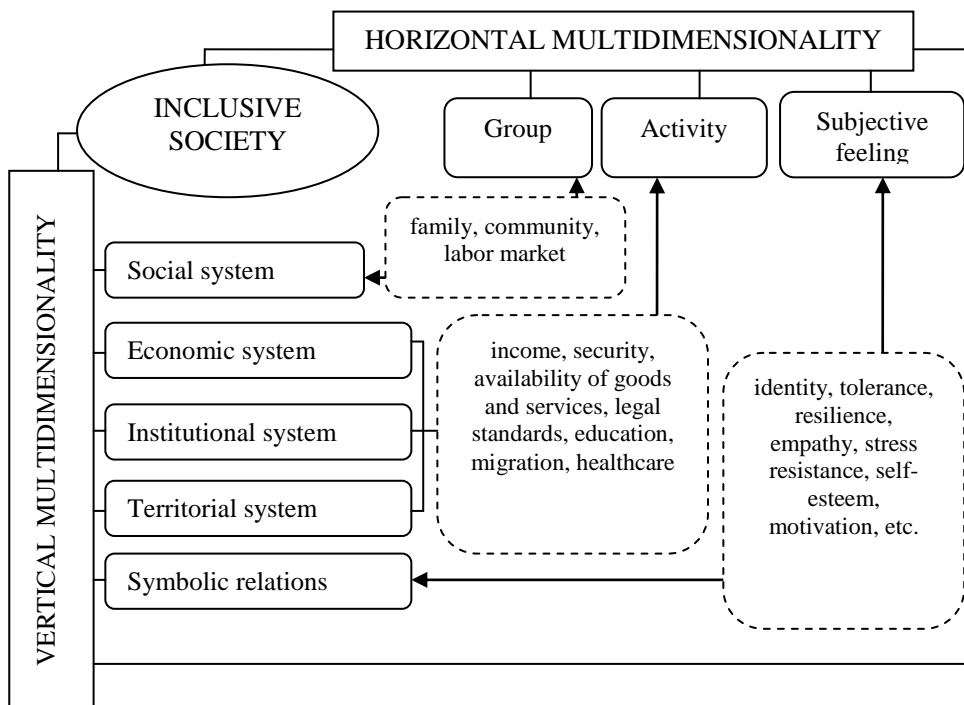


Figure 2.3 Multidimensionality inclusive society model

Source: developed by the author on the basis of (Semenovskikh, 2016, p.154; Farrington, 2013)

Realization of new inclusive vectors in the conditions of “multidimensionality” disclosure is possible only under conditions of synergistic interaction of three systems: the state, society, economic system that forms a holistic integrated environment for stable economic development. The close interaction of these systems should certainly be focused on the long-term prospects and needs of future generations, and thus ensure:

- ✓ optimal use and distribution of scarce resources, environmental technologies;
- ✓ creation of environmentally friendly products, minimization, processing and disposal of waste;
- ✓ preserving the stability of social and cultural systems, including reducing the number of destructive conflicts between people and equitable distribution of goods;
- ✓ integrity of biological and physical natural systems (ecosystems),

on which depend global stability and conservation of self-renewal capabilities.

That is, it is the ecological component that underpins balanced inclusive development that is able to provide not only short-term beneficial effects but also socio-economic stability and security in the long run.

Accordingly, taking into account all the above aspects, it is reasonable to say that *inclusive development* can be considered as development that characterized by multidimensionality within the environment formed by systems (state, society and business) integration and interaction which creates interconnected institutions whose activities are oriented long-term perspective and ensuring a balanced distribution of material and intangible goods among members of the society, taking into account the needs of future generations (Fig. 2.4).

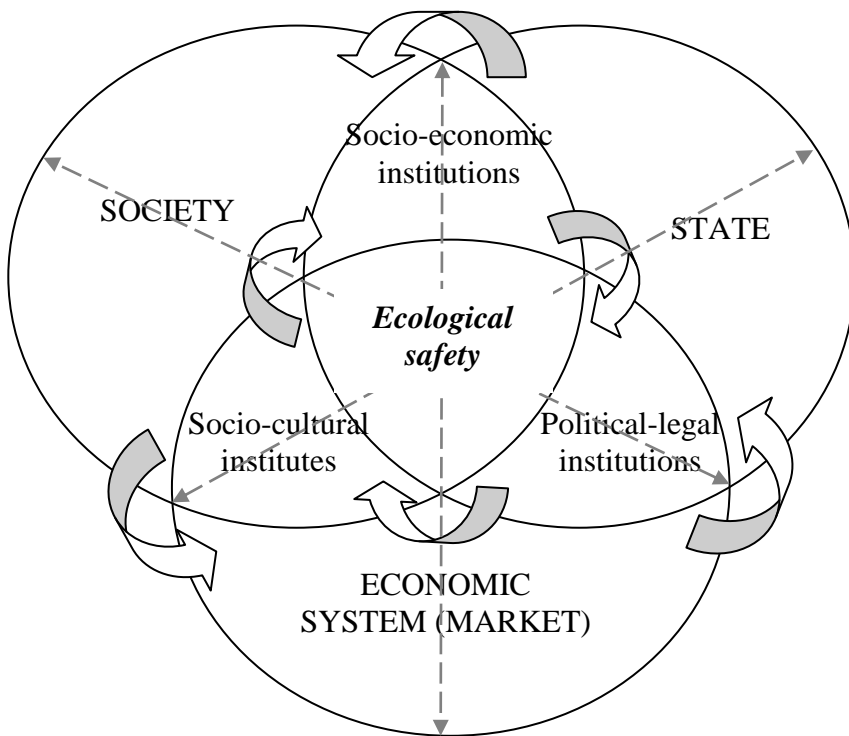


Figure 2.4 Model of formation the institutes system taking into account the multidimensionality inclusive development

Source: developed by the author

In their study A. Leftwich affirm, states influence on inclusive development in two main ways: growth and economic transformation; social welfare. States establish social security regimes, both to promote economic growth and to protect citizens from the gravest consequences of capitalist transformations and major risks to life in an industrial society (Leftwich, 2009).

Markets have an impact on inclusive development by: creating such optimal conditions for the formation of an individually-tailored employment sector that would maximize productivity; introduction of innovations (including inclusive ones) into production and economic activity; creating market segments for goods and services available to the needy; business orientation on environmental vector development.

A stable inclusive society, in turn, will ensure a loyal attitude to both the government (state) and the markets, displaying high public awareness and savings in the rational distribution of public goods and limited resources, putting the needs of future generations as a priority for inclusive development.

In view of the above, the vectors of inclusive development, given their orientation to the multidimensionality and nature of institutions, can also be defined as:

1. Political-legal – creating equal opportunities for the realization of rights, freedoms and interests, as well as a secure political and legal environment. In this context, we can talk about political and legal inclusion.

Political inclusion, that is, a process which involves the involvement in political processes of different groups the population (including different social levels) to ensure the participation of the majority of the population in management in accordance with the constitutional principle of popular sovereignty.

Legal inclusion implies equal adherence and protection of rights and freedoms without any distinction, such as race, skin color, gender, language, religion, sexual orientation, political or other views, national or social origin, property (or lack thereof), birth or other status, the functioning of an impartial justice system.

2. Socio-economic – creation of conditions for overcoming social rejection and creation of material well-being, as well as social involvement in social processes. A number of scholars identify separate social and financial inclusion, as well as inclusive innovations, although they work closely together and form strong synergies between themselves and thus cannot be considered as independent, independent

species. However, in our opinion, it is worth highlighting the individual aspects that will be most characteristic for each species.

Social inclusion – a process of ensuring changes in the political, economic and social spheres, aimed at creating social equality targeted at all population groups (including the socially vulnerable) and involvement in employment and the labor market.

The European Union defines *social inclusion* as a process that provides groups of population at increased risk level of poverty and social exclusion, the opportunities and resources needed to fully participate in economic, social and cultural life, achieve the desired standard of living and well-being, receive quality medical services and healthcare services that meet the norms and standards of the society in which they live.

Financial inclusion can be defined as unhindered access the population to a wide range of financial services (including crediting, insurance, cash and non-cash payments) for the purpose of preservation, multiplication and accumulation of tangible assets, which has a positive effect on financial sustainability, increases financial literacy, decreases financial literacy, in the event of unforeseen circumstances (financial costs) and ultimately has a positive effect on economic growth. The National Bank of Ukraine has defined financial inclusion as a process of creating conditions for engaging all segments of the population and business to use various financial services, which are affordable in terms of infrastructure and price, formally regulated and meet the needs of the population in order to stimulate economic growth of the country and reduce social inequality in society.

Inclusive innovation – innovation that involves the creation and launching to the market of new quality products or services designed for few protected groups of society. Inclusive innovation activity has the following characteristics, namely: acceptable access; sustainable production; goods and services that create a opportunities to get money for invest; focus on the marginal groups the population, especially persons with disabilities (Zatonatska, 2014, p. 103).

3. The socio-cultural vectors of inclusive development partially reflect the principles of social inclusion described above and are complemented by the accessibility to quality educational services and the involvement in the cultural life of the community. That is, in our opinion, it is possible to divide the single notion of social inclusion (while extending it) into two types: social inclusion (inherently more focused on socio-economic interconnections in society) and socio-

cultural inclusion oriented on the subjective feelings of identity, self-identification, development, recognition and belonging to social groups.

In other words, *socio-cultural inclusion* involves equal opportunities for learning and development, creative, intellectual growth; support in decision-making regarding family and life in society; unhindered access to physical and social sharing; recognition of differences in development, beliefs, individual differences as such that do not carry a discriminatory context and do not diminish the social value of the individual.

As a result, each of the systems that interact with each other and participate in the formation of a holistic integrated environment for sustainable and balanced economic development derives its benefits from developing the formulation and implementation of inclusive development priorities (Table 2.6).

Table 2.6

Inclusive development priorities for individual systems in the context of identified institutions

		STATE	SOCIETY	ECONOMIC SYSTEM (MARKET)
1		2	3	4
POLITICAL-LEGAL INSTITUTIONS	Political inclusion	realization of the constitutional principle of popular sovereignty; adherence to the guidelines of the world community development	accessible participation in the political life of society; freedom in forming political convictions; guarantees of political freedoms	formation of an open competitive environment that eliminates lobbying of business interests in government structures
	Legal inclusion	formation and functioning of an impartial legislative, executive and legal system of power; development of public service providing	formation of a secure political-legal environment that creates a sense of stability and security in society; security of property rights	creating a secure political-legal environment that would create additional opportunities for attracting investment capital and innovation; private property guarantee

Table 2.6 (continued)

1		2	3	4
SOCIO-ECONOMIC INSTITUTES	Financial inclusion	de-shadowing of calculations, increasing the level of financial stability of certain categories of the population; optimization of financing of the social sphere	availability of financial, credit, insurance services; use of modern payment instruments; speed and safety of calculations	reduction of transaction costs, use of the latest payment services; sales promotion through access to credit services
	Social inclusion	formation of a responsible and conscious society; de-shadowing of employment and work; support for national inclusive development initiatives by the international community	reducing the risk of social rejection; accessibility of educational, medical and healthcare services; achieving the desired level of well-being; development of transport and public infrastructure	improving labor productivity through the implementation of an adapted employment policy, taking into account the individual characteristics of employees; expansion of commercial activity in the market segment of available goods and services
		formation of ecologically safe bioeconomic environment		
SOCIO-CULTURAL INSTITUTES	Socio-cultural inclusion	development of infrastructure, cultural and other objects through physical and social space sharing projects; forming trust in the state as one that recognizes the social value of the individual	learning, creative, intellectual growth; development of social consciousness; equal access to cultural sites and infrastructure; forming a sense of social unity and security	expanding market development opportunities through the willingness of the population to buy goods and services to meet intangible needs; willingness to invest savings into your own business

Therefore, ignoring the principles of inclusive development can have negative consequences for society. Nobel Prize winner M. Spence emphasized the particular importance of inclusivity for modern economy, noting that non-inclusive growth patterns are always doomed to failure. Such models cannot provide the sustained high levels of growth needed to reduce poverty and meet basic human aspirations: health, safety and the ability to benefit society through work and creativity. They do not sufficiently and inefficiently use valuable human resources, resulting in political and social upheavals, often accompanied by ideological or ethnic polarization that leading to sharp political fluctuations or political paralysis (World Bank, 2009).

At the same time, growth and fairness are the most important determinant factors of an inclusive economy, for which all actors in its formation, including workers, consumers and business owners, representatives of government, political, legal and social structures, which are able to ensure long lasting and sustainable growth while avoiding imbalances and reducing disproportionally. Without a policy of structural change, the imbalance of the economy will be preserved and adversely affect on the opportunities and prospects for economic growth. The global trends of innovative inclusive development are identified by priorities, enshrined in the programming documents of the countries-innovation leaders: demographic change, level of living and healthcare; food security, sustainable agriculture, seabed research, bio-economy; safe, clean and rational energy; energy efficient green transport; opposition of climate change, efficiency use resources and mineral resource; an innovative, reflective society of equal opportunity; a secure society (Vdovichena and Vdovichen, 2018, p. 96).

Focusing on the main aspects of inclusive development, we can say that develop of the model of inclusive-oriented growth should include at least three main components: economic, social, environmental, the basis of which is close interaction and cooperation between government, industry, social and scientific spheres (Fig. 2.5).

The concept of inclusive development is based on the principles of democracy and aims to involve in the management of socio-economic, political and business processes representatives of all categories of society, avoiding discrimination on gender, age, physiological and psychological characteristics, religious and political beliefs, language, national or social origin, etc., which will reduce inequality, expand rights and freedoms, increase material well-being and, in turn, significantly improve the quality of life.

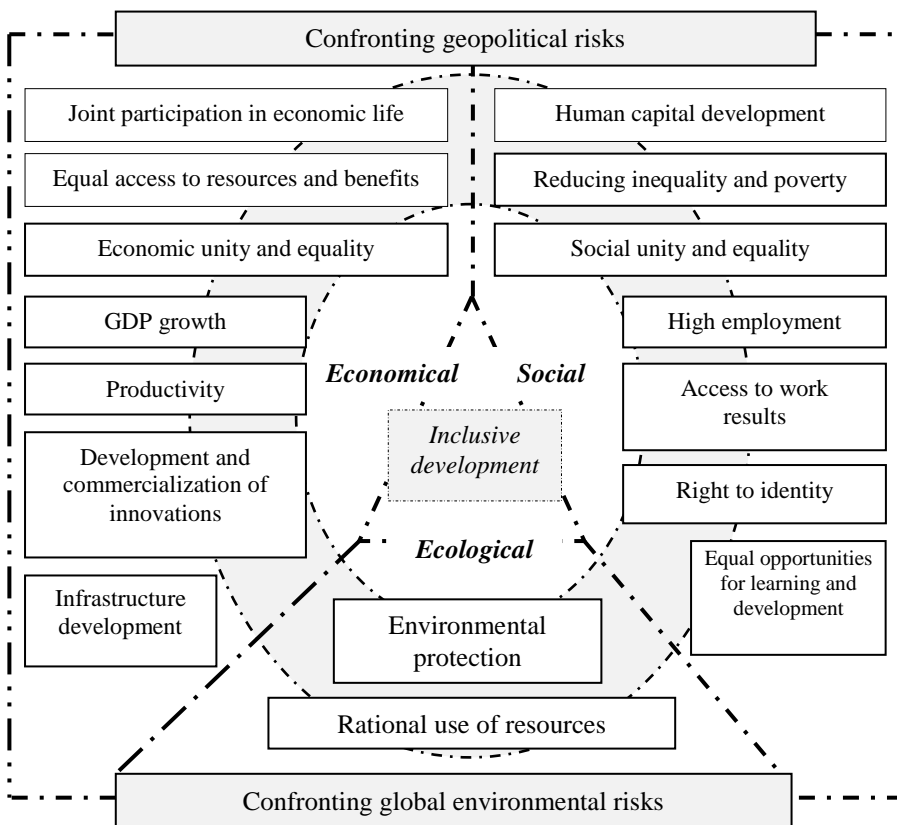


Figure 2.5 Priority components of inclusive development

Source: developed by author based on (Bazyliuk, 2015; Vdovichen, 2017, p. 134; Yermak, 2017)

It is quite natural to determine the parameters of inclusive development effectiveness. One of the most important indicators of development the economy that characterizes the end result of production activities in the sphere of tangible and intangible production remains gross domestic product (GDP). However, the Inclusive Development Index (IDI) is a new instrument for a more comprehensive assessment of the economic development level of countries as opposed to GDP (The Inclusive Growth and Development Report, 2018). At the beginning of 2017, the World Economic Forum in Davos first introduced IDI as an alternative system for assessing the economic development of countries.

The index is based on 12 indicators – indicators united into three groups (Table 2.7).

Table 2.7

Inclusive Development Index: groups and indicators

No	Group	Directions	Indicators
1	Growth & Development	economic growth and development	GDP per capita growth; employment rate (contributes to the expansion of human economic opportunities and ensures the financial stability of the family); labor productivity (including wages and household income); healthy life expectancy (quality of life indicator).
2	Inclusion	social integration	Average household income; level poverty and inequality (Gini indicator, standard international measure of inequality and concentration of wealth).
3	Intergenerational equity & sustainability	direction for future generations	The level of savings (including investment in human capital); demographic burden and aging of nations; state debt; pollution environment and depletion of natural resources (including climate change indicators).

Source: formed by author based on (The Inclusive Growth and Development Report, 2018)

The need to introduce a new index is justified by the fact that economic policy priorities should be reoriented to more effectively counteract the vulnerability and inequalities that accompany technological change and globalization. Sustainable balanced development, scientific-technological progress and innovations will make it possible to significantly stimulate the growth of incomes of the population, expand its economic opportunities, improve the level of security and quality of life. This reorientation involves the use of new instruments to assess the effectiveness of socio-economic policies at country level.

In The Inclusive Growth and Development Report 2018, the countries of the world are divided into two groups: countries with advanced economies and countries with developing economies, and the Inclusive Development Index (IDI) allowed to distribute the countries to be ranked based on an analysis of key indicators development and their combined assessment, and identify five-year trends changes in these indicators (The Inclusive Growth and Development Report, 2018). If IDI absolute rank the country illustrates the level (or accumulated achievement) of inclusive development, then its trend rank provides information on changes in these indicators over the past five years.

Such information will be particularly useful for governments as it allows us to assess the impact of political change in the medium term, i.e. within the typical policy cycle (Table 2.8).

As can be seen from the table, among the countries with economies developing of the first place belongs to Lithuania, which retains this place for two years, both in terms of the Inclusive Development Index (IDI) and GDP per capita (GDP). The top ten also included: Hungary (2nd place in IDI rating), compared to 2017 in 2018 the country increased its rating by one position and kept a small gap between IDI and GDP (4th place over 2 years in GDP per capita); Azerbaijan (3rd place in IDI rating) lost some position compared to 2017, among the top ten countries it has the biggest gap showing high inclusive growth but low GDP (26th and 24th place in 2018 and 2017 respectively); Croatia – the country in the year was ranked 23rd in the ranking of countries in level of inclusive development rise to 7th place, while maintaining a high GDP rating (6th and 7th place in 2018 and 2017 respectively); Poland; Romania; Uruguay; Latvia; Panama; Chile – also showing high rating positions.

Ukraine in 2018 ranked low enough 49th place on the inclusive development index (compared to 2017, the rating down by 2 points) among developing countries, but it is higher than five years ago. The difference between GDP and IDI indices in 2018 increased and equal by 6 points, unlike the previous year when it was only 3 points. This situation by the global community is linked with the unstable political, economic and military situation in the country.

Continuation of hostilities in the east of the country significantly impedes socio-economic development, reduces the level of investment attraction and implementation innovation in the economy, provokes political and social unrest.

Table 2.8

**Comparative characteristic rank of individual developing countries
by the Inclusive Development Index (IDI) and GDP per capita
during 2017-2018**

Country	Place in overall rating by indicators				IDI				Trends change place in rank over the last 5 years			
					Number points		Change of points in the last 5 years (%)					
									IDI		GDP	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Lithuania	1	1	1	1	4,86	4,73	4,90	2,01	8	18	15	12
Hungary	2	3	4	4	4,74	4,57	8,10	3,14	5	12	47	53
Azerbaijan	3	2	26	24	4,69	4,73	- 2,07	- 0,46	57	42	68	63
Latvia	4	7	5	5	4,67	4,57	8,60	3,75	2	11	19	14
Poland	5	4	2	3	4,61	4,57	3,39	1,12	17	27	35	37
Panama	6	8	11	13	4,54	4,52	4,80	0,99	9	31	10	4
Croatia	7	23	6	7	4,48	4,28	2,89	- 5,98	21	69	65	68
Uruguay	8	6	8	6	4,46	4,53	1,65	4,23	37	8	45	32
Chile	9	10	3	2	4,44	4,46	1,76	2,07	35	17	48	40
Romania	10	5	15	16	4,43	4,53	4,21	5,17	12	6	21	39
Bulgaria	11	18	18	20	4,41	4,37	2,91	- 1,11	20	47	37	50
Russian Federation	19	13	9	11	4,20	4,42	0,48	1,24	43	25	70	66
Moldova	31	34	49	50	4,00	4,08	4,69	1,43	10	1,4	23	23
Armenia	45	50	36	40	3,66	3,66	0,62	- 1,86	42	52	28	21
Ukraine	49	47	43	44	3,42	3,76	- 6,80	- 3,16	73	57	75	76

Source: formed by author based on (The Inclusive Growth and Development Report, 2018)

First of all, such negative fluctuations are reflected in the most vulnerable and disadvantaged sections of the population. As a consequence, quickly increasing the disproportionate in regional development, the social and economic inequality of society, the percentage of the population below the poverty line, the level of labor migration (especially among young people), which leads to a disruption of the proportion between the working and incapacitated population (accelerates aging), etc.

Ukraine has a relatively low percentage of dependency (45.8%), but it does not focus sufficiently on forming a stable and secure environment to meet the needs of future generations and has one of the highest welfare inequalities among counties of developing economies.

The report also emphasizes that Ukraine has one of the highest levels of wealth inequality among all developing countries, but a relatively low level of income and poverty inequality. This is confirmed by the Credit Suisse Institute (Global Wealth Report 2018), according to which the Gini Index of income in Ukraine is one of the lowest in the world (25-30%), while the Gini Index of wealth is one of the highest (90.1 %). The reason for this discrepancy may be the high level of shadowing of the economy (Table 2.9).

Table 2.9

Dashboard of National Key Performance Indicators for selected groups

Groups	Indicators	Modern levels		Trend over the last 5 years	
		2018	2017	2018	2017
Growth & Development	GDP (\$) per capita	2906	2824	-1,4	-0,9
	Productivity (\$)	15845	17157	-3,2	0,5
	Quality of life	64,1	64,1	1,9	1,9
	Employment level (%)	53,9	55,0	0,0	1,1
Inclusion	Income GINI (%)	26,3	25,5	-0,6	-3,0
	Poverty level (%)	0,5	0,1	0,3	-0,1
	Wealth GINI (%)	90,1	91,7	0,1	1,4
	Average income (%)	10,2	11,4	-0,5	1,0
Intergenerational equity & sustainability	Savings level (%)	1,0	-0,5	-0,7	-3,6
	GDP in external debt structure (\$)	347,0	347,0	-37,2	-37,2
	External debt (%)	81,2	80,1	43,7	43,2
	Dependence (%)	45,8	43,3	2,6	0,6

Source: formed by author based on (Global Wealth Report, 2018)

In such conditions, the incomes of small and medium-sized businesses are minimized, avoiding tax pressure, and most the incomes of population (including income of workers) are also in the shadows as the corrupt super-profits of the ruling elite. Therefore, the conditional distribution of wealth is uneven across the all population of the country.

The Gini index is a statistical indicator indicating the degree of stratification of society in a country or region with respect to any sings under study. When analyzing social inequality in indicator of income costs), this economic indicator characterizes the differentiation of

monetary income of the population in the form of the degree of deviation of the actual distribution of income from absolutely equal to their distribution among the inhabitants of the country. This statistic was suggested by the Italian statistician and demographer Corrado Gini in 1921 (Gini, 1921).

It is also worthwhile to pay attention to the dynamics of Gini income – an indicator of inequality of distribution that takes values between 0 and 1, where 0 means absolute equality (the value takes only one value) and 1 denotes total inequality (Fig. 2.6).

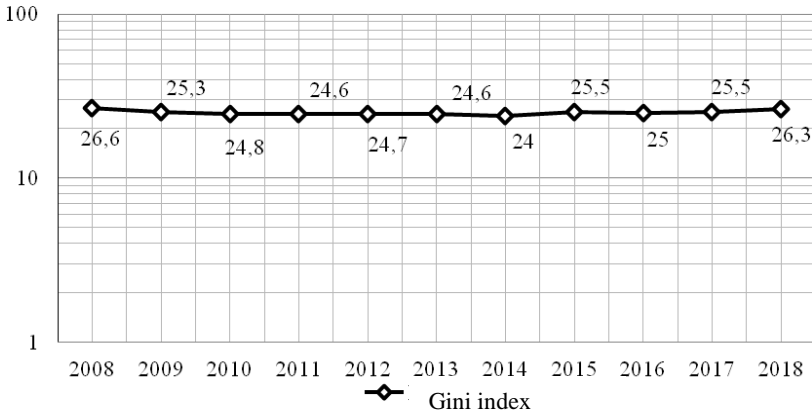


Figure 2.6 Dynamics of the Gini index in Ukraine (%), 2008-2018

Source: developed by author based on (World Bank, 2018)

According to data the World Bank in Ukraine has a fairly low level of wealth-income gap, which puts it on a par with the countries leaders, but oriented on this indicator alone gives a rather misleading picture of the socio-economic development picture as a whole. In addition, the data of the Credit Suisse Group in 2018 Ukraine is among the lowest income middle-income countries in Europe (Fig. 2.7).

The average income per adult in Ukraine is only 1563 dollars USA (in comparison, in Turkey it is 18555 dollars USA and in the UK it is 279048 dollars USA). At that time, the average indicator for Europe was 144903 dollars USA. In fact, these figures suggest that one adult must meet his or her needs, limiting income to about 4.3 dollars USA per day. The UN estimates that absolute poverty occurs when daily expenses of person are less than 5.05 dollars USA. Below this level of income comes social exclusion (the concept completely opposite to inclusion). This means that an individual does not have enough money to lead a lifestyle

that is acceptable to society. In such conditions, we cannot speak of inclusive development, but rather of absolute regression.

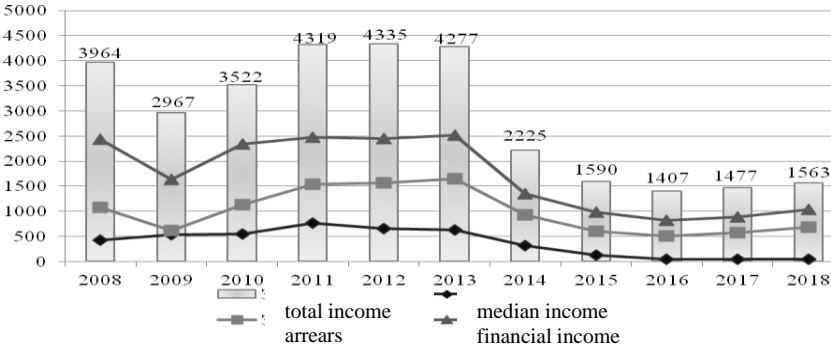


Figure 2.7 Dynamics of the main indicators of well-being in Ukraine during 2008-2018 per one person in dollars USA according to data Credit Suisse Group

Source: developed by author based on (Global Wealth Report, 2018)

However, there are also some positive points. The education system in Ukraine focuses on inclusive vectors, while expanding opportunities for learners and students regardless of their socio-economic level. The middle class remains large enough, the healthcare system and programs aimed at tackling unemployment allowing Ukraine to occupy high places in level of quality of life and social protection (The Inclusive Growth and Development Report, 2018, p. 57).

Our data indicate that low volumes of domestic resources of the national socio-economic sphere require the introduction in Ukraine of progressive global approaches to the formation of new directions of growth. Such directions should certainly orient on internal and external economic potential and take into account the general trend of adherence to the inclusive vector. Therefore, in the context of the concept of inclusive development the priority directions for Ukraine can be identified the following: improvement of professional training of personnel in leading spheres; reduction of administrative and tax burden on creation and operation new business; increasing access to financial and credit services for entrepreneurs; increasing attention to the problem combating of corruption nationwide.

Imbalance and instability in the economy testifies to the depth of the crisis processes, forcing scientists and practitioners to seek new

contemporary models of socio-economic and political development that could not only provide stable and balanced growth but also resist global (political, social, economic and environmental)) challenges, to meet the needs of present and future generations, while reducing socio-economic and political tensions, reducing disparities in development, increasing social welfare. Such development models can be formed on the basis of a multidimensional inclusive orientation of the system of institutions that operating in the socio-economic environment of both individual states and the world economic system.

Adhering to the principles of inclusive development in the world community will not only develop effective growth programs, taking into account the economic, social and environmental components, but also create a new integrated responsible society.

For Ukraine, the develop and realization of inclusive-oriented programs will help stabilize the socio-economic situation in the country and reduce the perceived inequalities of development by forming an open policy that would involve all groups of the population to participate in the distribution of resources and unimpeded access to the labor market, organize a secure business-environment and stimulation of competitiveness, development of education, healthcare and measures for poverty reduction. It should be remembered that determining the level of socio-economic development should not be based solely on the index of inclusive development, as different approaches and statistics indicators make it possible to assess the situation in a complex, especially when considered in synergistic interaction.

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