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PECULIARITIES OF THE FORMATION OF THE MECHANISM OF WAGES AND HUMAN POTENTIAL MODERNIZATION OF THE REGION

The peculiarities of the formation of effective economic mechanism that can ensure the progressive transformations in the wages sphere and reproduction of the human potential of the region were researched. It has been established that institutional, taxing and social points are the main instruments the mechanism of the modernization of wages of the region's population.

Problem setting. The orientation of our country for integration into the European community demands new approaches to the use of economic and especially human potential for achieving a qualitatively new level of efficiency, competitiveness of the economy and living standards.

The importance of providing proper living conditions of the population at the regional level, the activation of involvement of its investment potential causes the necessity of forming an effective economic mechanism. This mechanism can provide modernizing changes in the wages sphere and reproduction of human potential in order to stimulate social and economic development of the country.

Analysis of recent research and publications. Various aspects of this important scientific problem in the context of the tasks of the state regional policy and determining the prospects of social and economic development of Ukrainian regions are investigated both by native and foreign scientists. First of all these are treatises of Ukrainian scientists such as O. I. Amosha, V. P. Antoniuk, V. V. Blyzniuk, M. P. Butko, V. M. Geiets, A. M. Kolot, E. M. Libanova, O. V. Makarova, L. K. Semiv and others.

The aim of the article. The aim of this publication is to explore the peculiarities of the introduction economic mechanism of wages formation, which will provide its growth above the level that was established by state social standards based on the system modernization of the regional economy.

Key research findings. In the transformation period, wages becomes the main component in reproduction of the human potential and the social function of earnings, as well as motivation starts to play the equal role. The employee's income must provide him expenditures not only on foodstuffs but also on social and cultural development, in other words, on proper quality of life which depending on employee's qualification and how difficult his work is.

According to the "The Strategy for Sustainable Development of Chernihiv region by 2020" activities of democratic, civilized, European authority should be focused on the human, rising of the human potential, improving the quality of life of every member of society.

However, Chernihiv region continues to be on the one of the lowest positions among the regions by the level of wages, even lower than in regions with the typical structure of the economy (such as the Zhytomyr and Cherkasy regions), namely the 25th place in 2009 (76.9 % of the wages in Ukraine) and the 22nd in 2014 (77.4%) [1, p. 78, 23].

The current level of wages, as the main source of household income, for the biggest part of employees in Chernihiv region does not provide even the simple reproduction of labor power [2, p. 117].

The problem of unreasonably poor wages that is inadequate to high liability and intensity of labor activity leads to the falling of the prestige of labor, to the destruction of the interest of workers' organizations and institutions in the effective labor activity and professional growth, and leads to migration that has reached large size nowadays. In this way, the human potential, which was formed in our country, is not working for the benefit of the national economy, but is working on foreign employers.

The need for the formation of effective economic mechanism that can ensure progressive transformations in the sphere of payment and

reproduction of human potential arises in order to stimulate social and economic development of the country.

The process of realization of this mechanism should be based on increasing of investment capability of wages, which has the strategic importance in the regulation of regional economic development and reproduction of human potential.

The main instruments that will provide the realization of wages modernization of wages of the region are:

- institutional (raising the effectiveness and improving the legislative base in the area the formation of wages, implementing effective social and economic programs, regional agreements, strengthening the institution of property);
- taxing (elimination of the shadow economy, improving the taxation assessment base, reducing the taxation burden, introducing motivational levers for elimination of the shadow economic activity);
- social (introducing progressive social standards and norms for regarding wages) (Figure. 1).

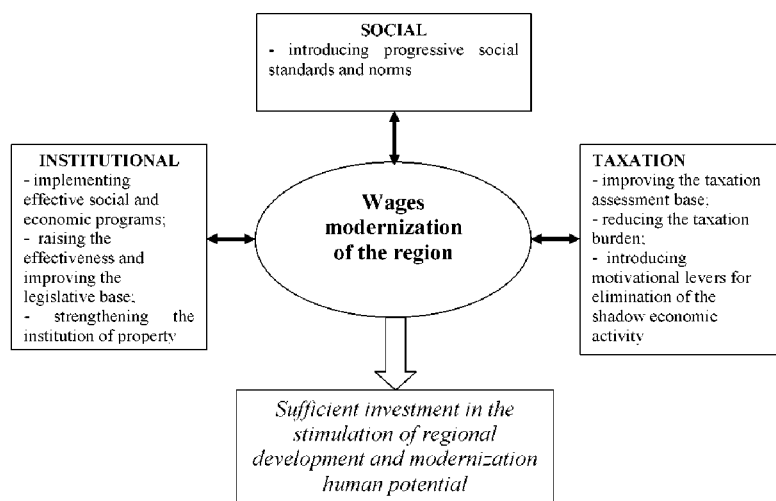


Fig. 1. The instruments of the mechanism of wages and human potential modernization of the region

The classification of instruments that can be used for wages modernization of the region is wide enough. The instruments usage depends

on the orientation of social and economic policy. It also depends on the level of consumption pattern and other circumstances.

Conclusions. The priority tasks of executive authorities of the region and local government authorities in the area of modernization of the human potential of the region are:

- to increase the minimum wage to the level of the simple reproduction of human potential;
- to introduce the progressive taxation system of population's incomes as a method to reduce the social inequality;
- to reform the wages by system modernization of the economy, because the possibilities to increasing the population's wages of the regions only by reforming of the wages system were largely exhausted;
- to implement the new level of quality of modernization of the human potential as a determinant factor in investment and innovative development of the state and the regions.

Consequently, Ukraine's integration into the European space requires accelerated development of human potential as a determining factor in innovation and investment development of the state and its regions.

The assurance of positive impact of high living standards on the modernization processes in the country can be provided by increasing investment in human potential through the substantial raising of the wages.

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