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**ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ**

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**DETERMINANTS OF THE STANDARD OF LIVING IN REGIONS OF UKRAINE**

**Abstract.** The article is devoted to the socio-economic essence of "standard of living". The author analyzes the structure of money incomes of households in Ukraine as a catalyst of the high standard of living. The basic factors that influence on the formation of living standards in regions of Ukraine in transformational changes and entry of Ukraine into the international (European) educational and scientific spaces are examined. It was found that to solve social and economic problems of society and to improve of living standards is necessary to develop social entrepreneurship.

**Keywords:** standard of living; social entrepreneurship; money income; wealth, culture of consumption.

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**ДЕТЕРМІНАНТИ ФОРМУВАННЯ РІВНЯ ЖИТТЯ НАСЕЛЕННЯ РЕГІОНІВ УКРАЇНИ**

**Анотація.** Досліджено соціально-економічну сутність поняття «рівень життя». Проаналізовано структуру грошових доходів домогосподарств України як каталізатора високого рівня життя. Розглянуто основні фактори, які впливають на формування рівня життя населення регіонів України в умовах трансформаційних змін та входження України в міжнародний (європейський) освітній та науковий простори. Встановлено, що для вирішення соціально-економічних проблем суспільства та підвищення рівня життя необхідно розвивати соціальне підприємництво.

**Ключові слова:** рівень життя; соціальне підприємництво; грошові доходи; достаток; культура споживання.

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**ДЕТЕРМИНАНТЫ ФОРМИРОВАНИЯ УРОВНЯ ЖИЗНИ НАСЕЛЕНИЯ РЕГИОНОВ УКРАИНЫ**

**Аннотация.** Исследована социально-экономическая сущность понятия «уровень жизни». Проанализирована структура денежных доходов домохозяйств Украины как катализатор высокого уровня жизни. Рассмотрены основные факторы, которые влияют на формирование уровня жизни населения регионов Украины в условиях трансформационных изменений и вхождение Украины в международное (европейское) образовательное и научное пространство. Установлено, что для решения социально-экономических проблем общества и повышения уровня жизни необходимо развивать социальное предпринимательство.

**Ключевые слова:** уровень жизни; социальное предпринимательство; денежные доходы; достаток; культура потребления.

**Urgency of the research.** The standard of living is the material basis which not only provides quality, human development, but also allows one to choose the direction of their development. It describes the economic capacity of the population to satisfy their physical, cultural and social needs through the acquisition of goods and services. The problem of researching the level of life in Ukraine is very actual.

**Actual scientific researches and issues analysis.** In the last period a substantial number of scientists are studying this problem in Ukraine, such as A. Bogucki, V. Mandybura, E. Libanova, I. Hnybidenko, A. Kolot and other.

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**Uninvestigated parts of general matters defining.** Despite the significant amount of scientific researches on the problem of living standards, it has not lost its relevance in scientific terms and requires the development of effective practical recommendations to provide a real improvement of living standards in Ukraine. There is a need for an objective research into the processes of formation of living standards of the population in regions of Ukraine, because it provides opportunities for people to satisfy their material (food, clothing, housing, etc.), cultural (theaters, cinemas, clubs, buying books, computers, art etc.) and social (health care, education, etc.) needs for by acquiring the of goods and services.

**The research objective.** Aim of the article is to research the main factors that determine the formation of the modern living standards in conditions of transformational changes and entry of Ukraine into the international (European) educational and scientific space.

**The statement of basic materials.** The standard of living of the population - a generalized complex concept, which is characterized by multifaceted component structures. Among the modern Ukrainian researchers, the view of the standard of living dominates in the narrow and broad sense.

Thus, A. Bogucki proposes to distinguish category in the narrow sense - to display only personal needs of people; in wide - actual level of consumption of material, spiritual and social goods and services as satisfaction of rational needs. Personal needs are one of the starting categories in the analysis the standard of living that distinguish the personality from others in the physical, intellectual and social plans. The source of satisfaction is income of population [1, c. 43].

V. Mandybura considers that standard of living in wide sense is the totality of relations and conditions that affect the lives, work, life and the intellectual and cultural development of the people. Standard of living describes the degree of satisfaction of various needs of society (not only physical but also social, intellectual, spiritual) which they have achieved for a certain period of time. Moreover, it determines and evaluates real economic sources, social and legal guarantees of ensuring the livelihoods of the population [2, c. 18].

The needs constantly change because of their boundlessness and ability for expansion. Conditions and resources that form the opportunities of their satisfaction can act as a limiter based on the situation, which consists on the market of goods and services, income of the population [3, c. 83].

In our opinion, quality of life can be defined as a complex social and economic category, which includes a whole range of social and economic relations that showing the development of needs, the degree of their satisfaction by ensuring a certain level of income, the consumption of material and immaterial benefits and services in particular taken territory and creating conditions for expanded reproduction of human potential.

Resolution of problems of social and economic growth as the country as a whole and its regions, is located directly dependent on the income policy and the corresponding dynamics of wages as the main source of investment in human development.

Incomes of population are a catalyst for enviable standard of living. Wages is always dominant in the structure of incomes of the population. Wages of the population forms the solvency of the domestic market, quality structure of the trade balance, support domestic production.

Wages is the main source of money income into the households; it has the largest share in the structure of cash income and had an unstable trend in the period of 2010-2015 (table 1).

The second largest source of income is the system of social transfers (pensions, scholarships, public assistances, benefits, grants and compensatory payments provided in cash) which were decreasing during the analyzed period. For households this indicator has decreased from 38.4% in 2010 to 37.8% in 2015. A significant part in the structure of revenues is occupied by pensions; it is connected with the fact that in Ukraine in 2010 nine pensioners accounted for ten working citizens.

Low incomes for most families with children is a determining factor in their exclusion from many areas of life. Thus, even though services in Ukraine secondary educational institutions and health services in public institutions de jure are provided free of charge, providing training or treatment processes necessary goods (notebooks, pens, medicines, medical equipment), payment of laboratory research, procedures etc. fall on the shoulders of consumers of these services and de facto are limited to material ability.

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Table 1

**The structure of money income to the Ukrainian households in 2010-2015  
(in average for one household per month, %)**

	Households without children		Households with children		Urban household		Rural household	
	2010	2015	2010	2015	2010	2015	2010	2015
Remuneration of labour	46,6	44,9	60,8	61,9	58,0	58,0	38,9	41,0
Income from entrepreneurial activity and selfemployment	4,4	4,4	9,8	8,1	7,2	6,5	5,7	5,3
Income from agricultural products sale	3,7	4,0	3,9	3,6	0,5	0,5	13,2	11,5
Property income (dividends from safety stocks and other securities, interests on deposits, income from renting out real estate, etc.)	0,8	1,7	0,5	0,7	1,0	0,3	1,9	3,4
Pensions	36,9	36,2	11,6	9,7	23,6	22,8	30,0	26,4
Scholarships	0,9	0,8	0,5	0,5	0,8	0,8	0,5	0,5
Public assistances, benefits, grants and compensatory payments provided in cash	0,6	0,8	5,3	7,0	2,3	3,3	4,2	4,5
Monetary support from relatives and other persons	4,7	5,7	5,6	6,6	5,4	6,4	4,5	5,4
Alimony	0,0	0,1	0,6	0,6	0,4	0,3	0,1	0,2
Other money income	1,0	1,4	0,7	1,3	0,8	1,1	1,0	1,8
<b>Money income</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

Source: compiled from [4, c. 192, 196; 5, c. 201, 205, 213]

If we compare the structure of money income from rural and urban households, we'll see a substantial excess of the part of employment incomes from the ultimate in 2015 - by 17.0 %. The share of pensions and social payments prevails in rural households thereafter by 3.6 % and 1.2 %.

In conditions of slower economic growth, the share of income from wages is approaching to social transfers. However, it should be noted that the obligatory payments (taxes and fees to government insurance funds) makes from wages by an average of 20% of gross income. It is obvious that in the budgets of household income source is not mainly wages, but income from pensions, scholarships and social assistance. Under conditions of economic depression this ratio will likely has played positive role in preserving the overall dynamics of income, and consequently consumer demand. But in strategic terms, it actually discourages human development and perpetuate social consumerism.

The standard of living depends on various factors, from the territory where the population are living, the geographical factors, and ending with the general social-economic and environmental situation as well as political relations in the country. All the most important factors I. Kolinchenko combines in the following groups [6]: political factors; economic factors; social factors; scientific and technological progress; environmental factors.

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I. Pronina identifies factors of influence on the standard of living more widely. She allocates institutional (state), non-economic (climatic, national, ethnic, historical) and significant group of economic factors [7, с. 6].

Among all the factors, economic factors have the strongest impact on standard of living. These include the availability of the economic potential of the country, the possibilities for its realization, the value of national income etc. Growth of national income is a source of improving living standards. It is a part of the total social product after deductions incurred in the production process the means of labor and material costs, i.e. newly created value.

Institutional factors cover forms of ownership and organization of social life, the legal framework and public administration system. Its direct the impact on standard of living because its determine character of distribution of the national income which was created, socio-economic rights and guarantees of human forms of social support and protection.

Political factors are the most significant factors that can dramatically influence on the change of living standards. These include the nature of public (state) structure, stability of institute of the law, human rights etc. Political authority, which promotes development of economy and entrepreneurship, creates the necessary start conditions for increasing standard of living in the country.

Today, in our opinion, to develop social entrepreneurship is necessary for solving social and economic problems of society and the improvement of living standards of the population. Social entrepreneurship helps to solve the problems of unemployment, social insecurity, civil activity, reduces the burden on local budgets in solving social problems and is an important source of economic development. The main mission of social entrepreneurship - be useful to community by solving social problems and improves quality of life.

Socio-demographic factors carry out influence on standards of living: level of education and professional training; economic activity of population; number of household members, including the number of employees and dependents; health condition etc.

Under the conditions of transformational changes and entry of Ukraine into the international (European) educational and scientific space modern standard of living largely determine factors such as education, science and research activities. Ukraine chooses innovative model of development. It assumes that scientific achievements and their technological applications will be played a major role as sources of long-term economic growth. The ability of the country to creation of knowledge, dissemination and effective their use is becoming a major growth factors the economy of knowledge, along with traditional sources - investments and human resources.

Can be argued that if we build the economy of knowledge in Ukraine in the middle-term and long-term it will exert a significant impact on standard of living of Ukrainian population. Applying the paradigm of European integration, Ukraine should create all conditions for overcoming of existing economic and technological gap with the countries - EU members. Providing real impact of science and innovation on economic growth assumes continuous technology improvement, lifelong learning of developers, development of entrepreneurship, innovators and users of new technologies, involving education in the process of updating knowledge.

Cultural factors also influence on standards of living and largely determine the needs, standards and structure of consumption.

Scientists of the Institute of Demography and Social Studies of M. Ptukha NAS of Ukraine claim that standard of living have a significant impact on modernization processes in economy.

However, among the problems impeding the implementation of positive impacts the standard of living on modernization processes, there are two major fundamentally important points. On the one hand, the transformation of consumption patterns that does not come close to signs of modernized society today. On the other hand, low investment potential of the population hinders economic processes. The main problem is how to influence not only on the financial aspects of life of households, but also on their psychological guidance. Because they form a view of consumption patterns, a tendency to thrift, understanding the balance between the needs of the present and confidence in the future.

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The modern model of consumption that consisted in society during last two decades, looks distorted both in terms of usefulness for consumers and from the standpoint of impact on the effective functioning of national economic system [8, c. 440]. The basic reason is the low solvency of the population and the forced choice of a model of consumption that might satisfy basic needs with limited resources.

Indicators of income and expenses occupy one of the central places in the system estimation of material welfare of the population. The level of expenditures of the population has irrational structure and demonstrates the low solvency of citizens. On average, one household directs more than 50% of total expenditures on food. Instead, non-consumer total expenditure, which is the main source of investment in human development is only about a tenth of the total expenditures.

In consequence of the low income of majority of the population and low consumer of culture of the society in general the structure of consumption is distorted in the direction nutrition by minimizing the non-food component, especially socio-cultural such as:

- Too high expenditures of food commodities (relative and sometimes absolute).
- Limited in the consumption of non-food products and services.
- Practically complete rejection of the goods and services social and cultural sphere, while active spending of available funds on entertainment in cafes and restaurants.
- Limiting investment in the development independent of the level of welfare.
- Slight savings and significant lending commitments on durable goods [9, c. 202].

The solvency of the population as an economic category characterizes the level and quality of life and represents the ability of the population to pay for needed goods and services according to size of available financial resources.

The low solvency of the population due to factors such as low level of wages caused by its untimely payment, the need for expenditures of the population on priority services (municipal, domestic and transport), as well as health care and education.

The low level of purchasing capacity of the population leads to unsatisfactory expenditures of the population structure that slows reforms in the social sphere. A significant part of household expenditures in the regions of Ukraine spent on food (in 2000 - 67.9%; 2005 - 61%; 2010 - 56.7%; 2015 - 54.0%), indicating a low level solvency population. It negatively affects on the standard of living because it leads to excessive growth of employment, falling productivity and real wages. Let's compare, the United States direct 10% of family budgets on the foodstuffs, EU countries - 15%, the UK - 11.5%, Greece - 21.1%, Poland - 30%. However, the dynamics of expenditure on food in total household of expenditures in Ukraine during recent years has positive character to decrease. As rightly pointed out scientists, for the formation of productive employment is necessary that family spent on food 18-25% of revenue.

Therefore, population of European countries spend only the third part of their money income for providing worthy set of food commodities. Another part (excluding the so-called mandatory payments) they are able to spend on entertainment, recreation, health and education.

**Conclusions.** For any country it is important to maintain a high standard of living for its people because it is not only the result of economic development, but also a factor of social and economic progress, namely:

- 1) provides conditions for reproduction and comprehensive human development, formation of human potential and its capitalization;
- 2) is the base of consumer demand and the most important factor of the formation of the internal market, which is essential for the development of national economy;
- 3) promotes the formation of the middle class, reduce the share of the poor, providing social stability and reduces the possibility of various social risks.

Consequently, standards of living, on the one hand - it qualimetric indicator of real satisfaction of human needs that accumulates information about the status and living conditions of individuals, families, social groups and classes of the population, on the other hand - the target standard of developing social country.

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