

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

UDC 368.9.06

УДК 368.9.06

A. B. Naumov, Doctor of Economic Sciences,
Professor,
M. Ju. Shcherbata, Candidate of Economic
Sciences, Associate Professor,
K. O. Basenko, Candidate of Economic
Sciences

О. Б. Наумов, д. е. н.,
професор,
М. Ю. Щербата, к. е. н.,
доцент,
К. О. Басенко, к. е. н.

**THE STRATEGIC DIRECTIONS OF
IMPROVING THE INSTITUTIONAL
DEVELOPMENT OF THE MARKET FOR
SOCIAL INVESTMENTS**

**СТРАТЕГІЧНІ НАПРЯМИ УДОСКОНАЛЕННЯ
ІНСТИТУЦІЙНОГО РОЗВИТКУ РИНКУ
СОЦІАЛЬНИХ ІНВЕСТИЦІЙ**

Urgency of the research. In modern conditions, the issues of improving the institutional framework for the development of social investment, gain urgency as the social sphere of Ukraine remains the least reformed, and therefore, the present existing financing system of the social investments in Ukraine, shows its imperfection.

Target setting. The urgent importance in improving solving the questions of the institutional dimension of development of social investments in Ukraine belongs to the development of a conceptual model of a unified social investment Fund, with the aim of strengthening and structuring of the processes of investment activities in the social sphere.

Actual scientific researches and issues analysis. Such domestic and foreign scientists as Bremond J., Valeeva R., Hobson J., Gorelov A., Dochynets N. Drucker P., Dudley J., Zheledana A., Kotler F., Kudelia N., Kahal T., Kazakov M., Lipych L. Opryshko V., Pavlova V., Rosenberg L., Hirst J., Shapoval M., Shlyyka A. Yazvinska O. etc. have dedicated their works to the studying of peculiarities of the institutional development of social investments issues.

Uninvestigated parts of general matters defining. The analysis of recent publications shows that today's existing non-state philanthropic marketplaces do not have sufficient resources to implement the integrated national projects.

The research objective. This article aims at systematizing and structuring the strategic directions of the institutional development of social investments in Ukraine.

The statement of basic materials. The article examines theoretical approaches and practical features of the institutional development of the social investment market in Ukraine. The analysis of the current status of social investments in Ukraine, is carried out the basic problems of the development of social investments in Ukraine are revealed. We propose a conceptual model of a single Fund of social investing, which serves as the basis for the development of socially oriented investments by integrating efforts of all its subjects.

Conclusions. It is proved that the a single Fund of social investing should become one of the major infrastructural elements of the market of social investments, which with the help of its functional and resource members will be able to harmonize and coordinate the actions of the subjects in the field of social investing, attracting new resources for the implementation of social projects.

Актуальність теми дослідження. В сучасних умовах актуальності набувають питання удосконалення інституціонального підґрунтя розвитку соціального інвестування, так як соціальна сфера України залишається найменш реформованою, а тому існуюча сьогодні система фінансування соціального середовища в Україні, показує свою недосконалість.

Постановка проблеми. Актуальне значення у вирішенні питань удосконалення інституційної складової розвитку соціального інвестування в Україні належить розробці концептуальної моделі єдиного фонду соціального інвестування, з метою активізації та структуризації процесів інвестиційної діяльності в соціальній сфері.

Аналіз останніх досліджень і публікацій. Вивчення проблем особливостей інституційного розвитку соціального інвестування присвятили свої праці вітчизняні й зарубіжні вчені, зокрема В. Геєць, А. Десять, Н. Корабльова, В. Князева, І. Лукінова, В. Мартиненко, О. Мордвінова, Г. Одінцова, І. Павлова, В. Рижих, І. Розпугенка, С. Салига, О. Чаплигіна та ін.

Виділення недосліджених частин загальної проблеми. Аналіз останніх публікацій свідчить про те що існуючі сьогодні недержавні біржі благодійностей не мають достатніх ресурсів для здійснення комплексних загальнонаціональних проектів.

Постановка завдання. Стаття покликана систематизувати та структурувати стратегічні напрями інституційного розвитку соціального інвестування в Україні.

Виклад основного матеріалу. У статті досліджено теоретичні підходи та практичні особливості інституційного розвитку ринку соціальних інвестицій в Україні. Проведено аналіз сучасного стану соціального інвестування в Україні, виявлено основні проблеми розвитку соціальних інвестицій в Україні. Запропоновано концептуальну модель єдиного фонду соціального інвестування, який слугує основою для розвитку соціально орієнтованих інвестицій шляхом інтеграції зусиль всіх його суб'єктів.

Висновки. Обґрунтовано, що єдиний фонд соціального інвестування має стати одним з основних інфраструктурних елементів ринку соціальних інвестицій, який за допомогою свого функціонального та ресурсного складу зможе узгодити та скоординувати дії суб'єктів у сфері соціального інвестування, залучити

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нові ресурси для реалізації соціальних проектів.

Keywords: *institutional provision; social investments; government policy; the market of social investments; the quality of life.*

Ключові слова: *інституційне забезпечення; соціальні інвестиції; політика держави; ринок соціальних інвестицій; якість життя.*

DOI: 10.25140/2410-9576-2017-1-2(10)-18-23

Urgency of the research. The present day system of financing the social environment in Ukraine, shows its imperfections, including branching inefficiency and the problems of social investment. The lion's share of social resources and investments in Ukraine make up the costs of the state budget, which are redistributed on the basis of the principles of quotas and planning, not taking into account the current market provisions on investment activities and the need to solve the most pressing current problems that exist in the social environment.

Target setting. The investment funds that are invested and enterprises willing to invest, domestic and foreign charitable foundations, organizations, and individuals remaining aloof from the general requirements. Presently existing non-exchange charities do not have sufficient resources for realizing comprehensive national projects and socially responsible enterprises do not have the clear consequent schemes of social development of local communities and the social potential of the enterprise.

Actual scientific researches and issues analysis. Many works of Ukrainian scientists, such as O. Amosov, L. Anichyna, V. Babaev, V. Bakumenko, S. Bila, V. Geyets, A. Dyehtyar, N. Korableva, V. Knyazev and others are devoted to the study of the major problems of the theory and practice of managing the development of social investing.

Uninvestigated parts of general matters defining. In general, the activity of most subjects of social investing in Ukraine is spontaneous and extensive. The existing attempts of the state to streamline and improve the process of social investing have got positive steps, but are characterized by a lack of complexity in implementing these measures.

The research objective. The aim of the article is to study the theoretical principles and practical features of the institutional development of social investing in Ukraine on the basis of building a structural model of a single fund of social investing in Ukraine.

The statement of basic materials. The current financial crisis clearly showed that the system of social security established in Ukraine in previous years is insufficient to provide the necessary set of social services, for population and the currently existing mechanisms of social protection are largely ineffective. They include the elements of the Soviet compensation system and Western social-market model. In these circumstances, the formation of a national model of social investment becomes more important. One of such steps is the creation, of the Ukrainian Fund of Social Investments in 2000. This fund in its form of ownership is a nonprofit organization that was created to support the most socially vulnerable groups of population and full initiatives of local communities and public organizations [1].

The main burden for financing the investment projects offered by the Ukrainian Fund of Social Investments are the funds of foreign donors. The main areas of performing the investments under this fund are: the reforming of the system of social services, creating innovative models of support for vulnerable strata of population, financial renewal of social infrastructure and capacity building of local communities [2].

However, while assessing the effectiveness of this institution, we should note the presence of a certain range of shortcomings in its functioning, including: insufficient coverage of all areas of social investing, the lack of a comprehensive representation of the fund in every region of the country (its offices exist only in Kyiv, Kharkiv, Kirovohrad and Lviv regions); using only the resources of foreign investors when the reserve are still other resources of the market of social investing and the state; the insufficient level of transparency of the activities of the body, because the monitoring committee, which stands at the head of the fund consists only of government officials; the insufficient level of awareness for population as for the availability of such a fund and project opportunities to participate in it; the obscure mechanism of submission to the social project for financing and so on.

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On the part of support of positive government initiatives in the field of the development of the social component of our state and guaranteeing a better quality of life of the population of Ukraine the urgent is the modernization and the improvement of the activity of the fund towards branching the areas of its operation, attracting domestic investors, distributing additional functions and removing it from the range of public exposure. In this regard, it is necessary to create a separate single fund of social investing that would coordinate existing in Ukraine investment processes, distribute the reserves of the implementation of social investing in Ukraine, provide its greater efficiency and availability of all the opportunities for social investment resources all about objects, which required investments. A more detailed conceptual model of a single fund of social investing is shown in Fig. 1.

A general aim of creating a single fund of social investing is to promote structuring and investing activities in the social sphere, which are aimed at the improvement of the quality of life of the population and the stimulation of development of social entrepreneurship and socially responsible business in the country [3].

Based on this aim the main tasks of the creation and functioning of the single fund of social investing in Ukraine are: the coordination and harmonization of the activities of the state, enterprises, national non-profit organizations, foreign charitable foundations, international organizations and individuals in the field of realizing social investments in Ukraine.

The accumulation of investing resources within a single infrastructural element enables to allocate funds more optimally between areas that need the most urgent investments and have the highest level of social effect of their satisfaction.

Furthermore, it gives the opportunity of collecting and compiling information on required fields and areas of social investing that exist in certain regions and social sectors, the creation and constant support of the site of a single fund of social investing, with a view to wider distribution of services among the public and potential investors; the possibility of organizing co-investment of large social projects.

The implementation of activities of a single fund of social investing involves matching its activities to the following principles: independence, openness, innovation, legality, effective distribution. Based on the goals, declared objectives and principles of activities the following functional duties distributed according to the sector structure will be placed on a single fund of.

The sector of social investments of social investing projects involves the organization of activities aimed at the collection and accumulation of social projects directed to investments, their systematization, evaluation and ranking in order to formulate priority areas for realizing investments and identifying the projects with the highest clickthrough and prevalence. In addition, a separate segment of activities of this sector is the organization of feedback from the requestors' social projects.

The sector of intermediation and distribution of social investments, searching for social investors and their involvement in project activities, provides the realization of co-investment conditions, implementation of individual projects, the final decision on financing the implementation of a social investment project, calculating the amounts necessary for the implementation of the projects.

The main role of the sector of assessing the quality and efficiency of social investments, is to assess and control the quality of realization of investment projects to, study the need for additional financing, as well as assessing the level of social and economic efficiency of realization of social projects.

The sector of development of social innovations and assisting social enterprises, operates in the area of making decisions on concessional lending to social enterprises and providing them with the information and legal assistance in the organization and operation of a business in the social sphere as well as the development of socially innovative projects with possibilities of their further investment.

The sector of monitoring social areas and the assessing of the need for realization of social investments, is responsible for the continuous monitoring of the needs of the social environment in realizing social investments, identifying the most pressing problems of our time, requiring financial inter-

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vention conducting the forecasts of the development of various components of social infrastructure and the spheres of development of the society.

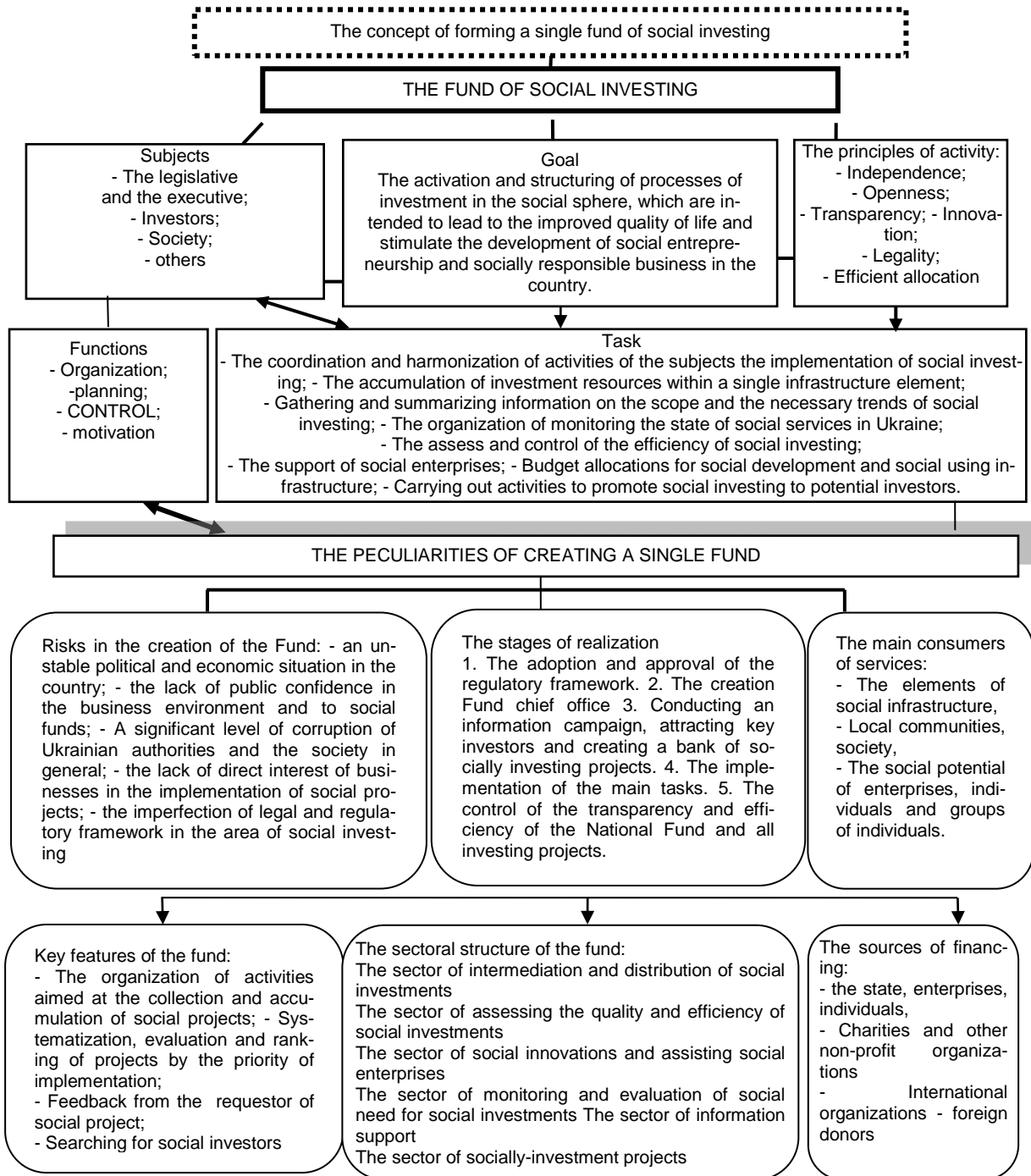


Fig. 1. The conceptual model of a single fund of social investing

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The sector of information promotion, plays the role of public information PR-tank that conducts activities in the area of promotion and popularization of the fund, in coverage in the media of the main results of its operations and key investors who finance the functioning of the institution. In addition, the scope of this sector is the development, systematic filling and promotion of the site of a single fund of social investing [4-5].

The coordinating Council - is a separate independent structural element of the fund, which is comprised of the representatives of public authorities, businesses, charities, the representatives of international organizations in Ukraine, academics and community. Its main functional responsibilities are: systematic evaluation of the general activities of the fund, according to established criteria; preventing corrupt practices in the implementation of social investment projects; monitoring the compliance of the Fund's activities declared objectives and principles; approval of the plans and prospects of the development of the projects activities of the Fund; systematic organization and conducting the audit of the fund; the coordination of activities of regional offices of the Fund in Ukraine.

It is assumed that the main consumers of services of a suggested fund will be: the elements of social infrastructure, local communities, the society, a social potential of enterprises, individuals and groups of individuals, and so on. To implement the consumer demands for investment resources it is expected to attract the following subjects of investing activities of these particular funds especially the means of: the state, enterprises, individuals, charities and other non-profit organizations, international organizations, foreign countries and funds [6].

The suggested model of a single fund of social investing can become a separate infrastructure element of the market of social investing and the following range of rights can be assigned in its activities: the participation in creating the policy of social investment in the country, ensuring cooperation between all market players and building the mechanisms of state regulation in this area; organizing the structural units and the agencies of the fund in each region and major cities with the aim of coordinating activities in the area of social investments and the implementation of opportunities for more objective study of social areas requiring investments; the collection and management of the means of the funds, the choice of the most appropriate projects for funding, determination of priorities for the implementation of social investments; monitoring and evaluation of transparency in the implementation of social investments, especially by charitable foundations; minimizing the occurrence of corruption schemes in this area; organizing and conducting the collection of information on the volume of social investments, the main areas of investments and available economic and social impact of their implementation; entering into contracts and agreements with other organizations, domestic and foreign funds and companies on the implementation of joint investment opportunities for social projects and conducting other forms of cooperation in the social sphere; acting as the key representative of the system of international interaction in the social sphere; establishing temporary research and research groups with the purpose of evaluating the level of the performance of the fund, as well as monitoring the status and the existing problems in the social sphere [7].

The realization of the concept of a single fund of social investing includes the following stages of its implementation:

1. The acceptance and approval of the regulatory framework for the legalization of the Fund's activities and its main units. The organization and establishing a coordination council of the fund, the approval and coordination of the main representatives in its membership.
2. The creation of the the main agency of a single fund of social investing and its regional offices. The organization of functioning of all structural units of the institution.
3. Conducting an information campaign, attracting key investors and creating a bank of socially investing projects. The implementation of the main objectives of activities of a single fund of social investing.
4. The control of the transparency and efficiency of the activities of a single fund and all investment projects in particular.

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Despite the positive character of implementation capacity of the fund, there are certain general economic, political and social risks of its implementation, in particular: the unstable political and economic situation in the country; the insufficient level of public confidence and business environment to social funds; a significant level of corruption of the Ukrainian authorities and the society in general; no direct interest of enterprises in the implementation of social projects in conditions of the economic instability; imperfection of the legal framework in the area of making social investments; the presence of deep standing problems in the social sphere, requiring significant financial investments; the instability of the national banking system; passivity and paternalism of the Ukrainian society.

Conclusions. Based on the conducted research, it should be noted that the proposed conceptual model of a single fund of social investing in Ukraine is one of the main elements of the infrastructure of social investment, which through its functional and resource structure will be able to align and coordinate the actions of all subjects in the field of social investing, to attract new resources for the implementation of social projects, which in its turn could become the first step in achieving a decent standard of living for the population in Ukraine.

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Received for publication 10.03.2017

Бібліографічний опис для цитування :

Naumov, A. B. The strategic directions of improving the institutional development of the market for social investments / A. B. Naumov, M. Ju. Shcherbata, K. O. Basenko // Науковий вісник Полісся. – 2017. - № 2 (10). Ч. 1. – С. 18-23.