PROBLEMS OF UKRAINIAN MANAGEMENT AND FUNCTIONING OF SOCIO-ECONOMIC SYSTEM DURING THE TRANSFORMATION PERIOD

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The purpose of the article is to identify and analyze the problems of formation and formation of Ukrainian state management taking into account the historical context and consequences of implemented reforms in the economy, in particular, the analysis of the consequences of its functioning and ascertaining the reasons that led to the creation of a specific Ukrainian nomenclature bureaucracy. The material used for researching and increasing the objectivity and authenticity was selected from data that has been received and published in the official sources. To provide the analysis of trends in tendencies and risks, the authors chose the twenty years dynamics of the effectiveness indicators in the field of public administration in Ukraine according to World Bank reports (Worldwide, 2010). In order to evaluate the «shadow» economy influence, the authors included the data about its dynamics according to “Obozrevatel.ua” – 2017 (Ukraina, 2017), compared with the Transparency International Corruption Perceptions Index (CPI) data for 2012-2017 (Corruption, 2017). The article deals with the genesis of the development of socio-economic relations in Ukraine while building up a market economy in the period of 1990-2016. It also includes the analysis of the domestic management functioning and effectiveness. It is stated that in the absence of experience concerning the functioning of state institutions and society in the market economy, the low efficiency
of the management system Ukraine has failed to form a market economy system in a timely and balanced manner. There is an urgent need in the society for reforming public administration following the example of the client model of public administration, or public managerism as a democratic and open to society management system. For several decades in the absence of the necessary level of knowledge, a market economy, a critical mass of managers of the highest and middle level, a single political will regarding timeliness, direction and scope of reforms, as well as the lack of consistency and legal succession of all branches of power, the existing Ukrainian corrupt bureaucratic apparatus has failed to implement necessary socio-economic changes in Ukrainian society and ensure an appropriate trust in the authorities and support of their actions.

Keywords: market economy; transformational changes; management; Ukrainian bureaucracy; management system; corruption.

Introduction. Urgency of the research. Having proclaimed the right to independently determine the economic status of the state, while ensuring the protection of all forms of property, in accordance with the Declaration of State Sovereignty of Ukraine (Deklaratsiia, 1990) and in an effort to create a democratic society, the Verkhovna Rada of the Ukrainian SSR at a certain time chose the market path for development of its economy.

The adopted resolutions of the Verkhovna Rada of Ukraine (Postanova, 1990; Postanova, 1992) demanded of the Ukrainian economy leaders at all levels, from enterprises and organizations, local and regional authorities to ministries and departments, to take steps towards market transformations. This meant to provide structural reorganisation of the economy, denationalization and privatization, to form market infrastructure, to liberalize prices, to reorient the economy from CIS countries’ markets to the western markets and so on. It is nevertheless obvious that it was not taken into account that most of the above-mentioned management of the state economy and public administration were the experts prepared and formed by the economy, which had nothing to do with the market system.
The inefficiency of reforms and the stagnation of the economy sprang from the lack of a single long-term strategy unrestricted by the need to meet the requirements of national economic security. This, as a result, has exacerbated imbalances in the structure of the economy and led to a profound socio-economic crisis.

**Literature review.** Substantiation of the necessity of an active public influence on the development of the national economy, creation of favourable conditions for economic management and balancing of the state interests have become the subject matter for the scientific works of many well-known foreign and Ukrainian scientists, in particular JM Keynes, M. Friedman, T. Weblen, A. Samuelson, M. Vebera, V. Averyanova, V. Bakumenko, V. Geitse, A. Melnyk, O. Obolensky, I. Yakovenko, A. Rachinsky, H. Khachaturian, J. Zosimova et al.

Uninvestigated parts of general matters defining. At the same time, there is a certain lack of the research focused on the peculiarities of the functioning of socio-economic systems, including the existing national management. This is especially true for those countries that used to be a part of the USSR but have embarked on the development of market economies.

**The purpose of the article.** The purpose of the article is to identify and analyze the problems of formation and formation of Ukrainian state management taking into account the historical context and consequences of implemented reforms in the economy, in particular, the analysis of the consequences of its functioning and ascertaining the reasons that led to the creation of a specific Ukrainian nomenclature bureaucracy.

**Empirical results and discussion.** Since 1991, a targeted work has been carried out in Ukraine in order to form a central executive authorities system, taking into account the chosen course for the economy reforming, as well as the absence of many state institutions characteristic of an independent nation. The priority in these processes was given to the executive branch of power due to its publicity and the necessity to ensure prompt actions in protecting the interests of the state. However, numerous economic and political crises, changes in the government, a number of regular and extraordinary elections to the Verkhovna Rada of Ukraine, and a long process of adoption of the new Constitution of Ukraine (1996).
did not contribute to the prompt formation of the relevant state bodies. Thus, the activities of the ministries and other central executive bodies were regulated by the Presidential Decrees (Ukaz, 1996; Ukaz, 1999), and the Law of Ukraine (Zakon, 1978), which was replaced by a new law only in 2007. New regulations (Ukaz, 2010) and (Zakon, 2011) appeared only in 2010 and 2011, respectively.

Until 1994, the parliamentary majority consisted of communists and conservatives - the so-called «group 239». Between 1994 and 1998, after an early election, a considerable influence of the leftist parties that controlled more than a third of the mandates remained unquestioned. The 1998 election again demonstrated the support of the left parties, which, until 2002, controlled 171 mandates out of 225 elected deputies from political parties and blocs. The leadership of the Verkhovna Rada of Ukraine and, accordingly, the majority of the apparatus of the legislative body in this period consisted of the representatives of the left forces, and the first and the second Presidents of Ukraine were from the highest echelon of the Communist Party of Ukraine.

In the 1990s and 2000s, there was a constant redistribution of power and responsibility between the Verkhovna Rada, the President and the Government of Ukraine. 12 changes of the Government took place. This allows us to conclude that since 1990 immigrants from the party-nomenclature system of the Soviet era had formed almost all the bureaucratic apparatus of the state power, as well as the local self-government, especially its ruling elite. In addition, with the removal of Article 6 on the guiding force of the CPSU from the Constitution of the USSR in 1990, most of the employees of the party apparatus switched to the work in the apparatuses of state bodies and local self-government bodies.

This bureaucratic apparatus of the new independent Ukraine would organize and ensure the development of the independent nation and all changes in arrangement of the system of economy and social development. The society evaluated its effectiveness and determined the level of trust in the Governments of Ukraine from 1994 to 2010 as ranging from 7.3% to 15.9% during the period of major reforms in Ukraine, especially privatization (Palyoha, 2012).
At the heart of the formation of the former nomenclature system of management in the USSR from its outset was a class approach. The selection of personnel for state and economic leadership took place from among the workers and the poorest peasants. These individuals formed new elite, which revolutionized the previous bureaucracy of capitalist Russia. Despite all the positive or negative characteristics of the nomenclature of that period, it should be recognized that the state-bureaucratic apparatus of 1929-1952 perfectly corresponded to its purpose in the system of directive-planning economy. This type of economy relied on state ownership, and most importantly, this governing apparatus had no motives for corruption system due to the fact that an official of any level did not have any objects of long-term purpose in the personal property (apartments, cottages, and cars were only attributes of a nomenclature status and were lost with its change).

Absolute power of the nomenclature bureaucracy of 1953-1991, which had virtually turned into an influential socio-political force, began in fact with the monopolization of the function of the state property disposal in the absence of any liability for it. At the same time, the appropriation of the state property along with the results of another’s work, was mediated through a complex and disguised mechanism. Therefore, the best and most effective solution for the bureaucratic nomenclature was the retention of the leadership in the processes of the economy and the state property reforming in order to retain power. Moreover, taking into account the large industrial and financial groups’ interest in the results of the privatization, a merger of their interests with the interests of those in power took place. Thus, the Ukrainian bureaucracy became virtually uncontrollable and scot-free from the side of the society, and «... due to the processes of its merger with the oligarchic clans, the whole state apparatus has in fact fallen under their control, lobbying the interests of leading corporations and receiving monetary equivalents» (Rachyns’kyj & Pantelejchuk, 2010).

The contemporary apparatus of public administration, in spite of the principles of rationality and expediency, is based on «political affiliation», «quota principle» of the distribution of positions in certain branches or on the outright promotion. That is why it is impossible to
apply the classical characterization to the Ukrainian bureaucracy - the bureaucracy is equally effective in serving any political «master», but does not interfere with it in politics (Hajdenko & Davydov, 1991).

As a prospect to solve these problems may be considered updating and replacing the «old» bureaucracy with new specialists trained to work in new market conditions. More than 50 thousand of civil servants have reached the retirement age and, taking into account their replacement and an increase in the total number in the period from 2005 to 2012, more than 70 thousand of young and educated civil servants have become involved in public administration.

According to the information of the National Agency of Ukraine on Civil Service (Derzhavna sluzhba, 2013) about the quantitative and qualitative composition of civil servants and officials of local self-government bodies in 2005-2012, as of 01.01.2013, the total number of civil servants amounted to 275123 people. Of this number 265067, or 96.34% were the individuals under the age of 54, including 206609 people under the age of 45, or 75.09% of their total number. This means that the vast majority of the apparatus employees - the civil servants at the time of the declaration of Ukraine’s independence were under the age of 28.

New branches and sectors of the economy are managed predominantly by young specialists of new business schools, including foreigners, or those who have received education in the field of management outside of Ukraine.

Consequently, some reforms, renovation of the government apparatus, and social and political events had a positive impact on the overall effectiveness of public administration. However, the archaic methods and standards of public administration and the adoption of the older generation’s management style by the younger generations yet remain an obstacle in the development of the welfare state. The dynamics of the World Bank’s indicators on the efficiency of public administration presented in Table 1 convincingly testifies to the spasmodic nature of the governmental success.
The efficiency of public administration in Ukraine.

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Source: (Worldwide, 2010), (Ukraina, 2017), (Corruption, 2017).

For twenty years (1996-2006), the effectiveness of governance has slightly changed. Its maximum was in 2014, due to the arrival of a new political power to the government and its initial attempt to change the style of public administration in earnest. However, in two years’ time, demonstrative transformations had not yielded any significant results. The quality of regulation had generally improved, however, insignificantly in comparison with 1996. The worst appeared to be the rate of political stability and absence of violence, according to which Ukraine had lost 37 points in rating, or received a decrease in 7.2 times during 20 years.

Some of the main reasons for the absence of any significant breakthroughs in the system of state governance are the corruption of officials and the shadow economy. In 2016, according to the results of a study (Ukraina, 2017), Ukraine ranked among the three «leaders» in the rating of the countries with the largest share of the shadow economy with an estimated shadow economy of 1.95 trillion of unpaid taxes, which constitutes 45.96% of Ukrainian GDP. Corruption in government bodies along with the shadow economy allow the bureaucracy to have an active influence on the political processes and assert their rights.
During the years of independence, the authorities have adopted a large number of normative documents designed to create conditions for a successful fight against corruption. Accordingly, there have been obstacles both during the formation of the state anti-corruption policy and in the work of ordinary managers acting as executives. Here we can trace the tendency according to which corrupt government representatives either distort the principles of any reform, or sabotage their practical implementation. An analysis of the process of overcoming the corruption phenomenon in Ukraine from gaining independence until present situation suggests that the concept has changed from simply «fighting corruption», through «resisting corruption», to «preventing corruption».

Not a single country in the world has been able to overcome corruption by one hundred percent. However, there is a significant number of countries that due to a well-considered anticorruption policy and professional management have effectively reduced the corruption to a minimum level, which does not affect the socio-economic situation. There is also no doubt in the expediency of creating special anti-corruption institutions. The following structures have been created by now: the National Agency for Prevention of Corruption (NAPC), which ensures the formation and implementation of state anti-corruption policy; the National Anti-Corruption Bureau of Ukraine (NABU) – a law enforcement agency, which is responsible for the prevention and disclosure of corruption violations committed by the senior government officials; the Specialized Anti-corruption Prosecutor’s Office (SAP) as a unit of the Prosecutor General’s Office, which is entrusted with the task of overseeing the compliance with anti-corruption legislation.

The formation of such a rather complicated system of anti-corruption bodies took place in a harsh confrontation with the leading political forces. The activity of these structures proved the imperfection of the regulatory framework, which was adopted under the pressure from the society and external observers and was not fully worked out. Cooperation between anti-corruption institutions is also not always productive and is sometimes accompanied by conflicts apparently caused by political struggle. As a result, the public witnessed the opposition of NAPC, NABU and the SAP, during which there were pronounced mutual allegations and made
attempts to pressure and limitation of authority. The issue of the creation of an anti-corruption court, which is supposed to deal with specific cases related to violations of anticorruption legislation, remains relevant. However, the results of these reforms have had an overall positive effect on the general state of the corruption fighting, as evidenced by the growth of the Corruption Perceptions Index (CPI) presented by Transparency International for 2012-2017 (Fig. 1).

Figure 1. The Corruption Perceptions Index (CPI) in Ukraine, 2012-2017 years.
Source: (Worldwide, 2010).

Thus, the Ukrainian management system has to be based on specialists and professionals who do not pursue rent-oriented goals. Managers of government bodies are supposed to stimulate competition between economic agents and to evaluate the results of activity and the efficiency of public structures work by quantitative indicators, but not by the amount of the tapped material or financial resources. They are to prevent problems, rather than engage in the development of measures and programs to eliminate or overcome their consequences, and to promote the integration of the private and public sectors of the economy for the most effective and timely solution of socio-economic issues of the country.
The problem of shortage of highly skilled managers in Ukraine is complex and its solution requires coordinated actions of the authorities, educational system and business. When developing the strategy and tactics of public administration reforming, it must be always taken into account that one of the major shortcomings of the bureaucratic type of governance system is that it does not provide management of the process of change aimed at improving its work. The explanation for this is very simple - the structure of any organization consists of different elements, each performing its own function. Therefore, the development (change) of each element and its functions does not coincide in time and pace with other elements. In addition, individual elements may be more interested in achieving their goals and objectives than the overall goals of the entire organization.

This creates inconsistencies and contradictions, and ultimately impedes the development of the economic system as a whole. The theory of bureaucracy proves that the processes of self-reforming of organizations or bureaucratic management systems contradict the fundamental principles of bureaucracy such as specialization, structuring, competence, strict regulation, limited liability, and impersonality. According to M. Weber, the founder of the theory, «... bureaucracy ensures the establishment of an optimal state system ...» (Weber, 1947) and is regarded as an ideal to which organizations must strive.

One of the most advanced directions for reforming public administration is the development and implementation of an innovative model for the transformation of the public administration system, which has begun to form in the European countries, the United Kingdom and the United States in the 80s of the twentieth century. It is characterized as a new management paradigm in the activities of state authorities: «The paradigm change is regarded as the change in the ways of action and thinking. A government is regarded as a service company, a citizen - as a client, a state - as a market, government actions represent a competition, and a municipality is considered to be a group of affiliated companies...» (Khachaturian, 2009).

This is a fundamentally new model of interaction between state authorities, citizens and civil society structures, which is based on a massive
Problems of Ukrainian Management and Functioning of Socio-Economic System during the Transformation Period

involvement of the market functioning technologies and mechanisms into the system of public management. Unfortunately, until now, Ukraine has no legal mechanism that would ensure an effective consideration of disputes between a citizen and the state, namely the Administrative Procedure Code. The necessity for its adoption was defined by the Concept of the administrative reform in Ukraine (Ukaz, 1998).

Therefore, a new progressive model of public management necessarily requires an understanding and a well-considered implementation, especially the practice of commercialization of state activities, and an introduction of the norms for management efficiency and effectiveness. At the heart of such a management model should be human resources. Therefore, the personal component of public administration - a specialist - is a dominant and decisive one in the present day conditions.

Conclusion. The main reason for the existing specific political, economic and social problems in Ukraine is the following: the contradiction between the goals of the implemented reforms and the absence of public and political institutions as well as a unified political will regarding timeliness, direction and scope of reforms; the lack of a critical mass of the higher and middle level managers, both in public authorities, and in industries; flourishing corruption; the lack of consistency and legal succession in the actions of numerous governments, bodies of legislation and presidents of the state.

Despite the demands of time, the professional level of employees of the administrative apparatus at all levels of power is not increasing but, on the contrary, is deteriorating. For various reasons, including political demands, there is an outflow of highly skilled managers from the civil service to commercial structures. This is also reflected in generalizing indicators of government effectiveness. Therefore, there is a need for change in the legislation of Ukraine concerning the training and attraction of new managers according to the new principles of selection and career progression of civil servants and equated to them officials, as well as the completion of anti-corruption reforms.

In Ukraine, in the face of a permanent corruption threat at all levels of power, the attention should be paid to the development of such a management system, which will provide the apparatus with personnel with
leadership qualities and high moral standards. This is highly important for the senior corps of civil servants, representatives of the legislature, as well as political and public figures who directly influence the management of public affairs. At present, it can be considered as expedient to introduce the implementation of the Anti-Corruption Management System (ISO 37001: 2016) into the functioning of public management.

In accordance with this standard it is binding to: 1) adopt and implement anticorruption policy and to develop an appropriate strategy for its implementation; 2) provide a systematic study of problems for the identification of existing shortcomings; 3) regularly inform on anticorruption policy, existing problems, facts of corruption disclosure, etc.; 4) to promote the growth of anticorruption culture and guarantee the inviolability of persons indicating corruption facts (Lachapelle, Aliu, Bina, & Muqolli, 2016).

The training of such personnel requires a particular and thought-out process and, as the experience of world-known firms shows, it is considered as a strategic task. It is clear that this task can be implemented only in stages and in a certain timeframe, as this process requires finding necessary financial, material and human resources.

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ПРОБЛЕМИ УКРАЇНСЬКОГО МЕНЕДЖМЕНТУ ТА ФУНКЦІОНУВАННЯ СОЦІАЛЬНО-ЕКОНОМІЧНОЇ СИСТЕМИ В ПЕРІОД ТРАНСФОРМАЦІЇ

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Метою статті є визначення та аналіз проблем формування та становлення українського державного менеджменту з урахуванням...
ванням історичного контексту та наслідків здійснених реформ в економіці, зокрема аналіз наслідків її функціонування та з’ясування причин, що призвели до створення специфічної української номенклатурної бюрократії. Матеріал, що використовується для досягнення та підношення об’єктивності та автентичності, був вибраний з даних, які були отримані та опубліковані в офіційних джерелах. Для аналізу тенденцій та ризиків автори обрали дванадцятирічну динаміку показників ефективності у сфері державного управління в Україні згідно з звітами Світового банку (Worldwide, 2010). Для того, щоб оцінити вплив «тіньової» економіки, автори включили дані про її динаміку за даними «Obozrevatel.ua» - 2017 (Україна, 2017), порівняно з даними індексу сприйняття корупції Transparency International (CPI) за 2012-2017 роки (Корупція, 2017). У статті розглянуто генезис розвитку соціально-економічних відносин в Україні на шляху розвитку ринкової економіки в період 1990-2016 років, зроблено аналіз функціонування та ефективності роботи вітчизняного менеджменту. Констатовано, що за відсутності досвіду функціонування державних інституцій і суспільства в ринковій економіці, низької ефективності системи управління, а також за браком послідовних, системних і обґрунтованих реформ Україна не спромоглася своєчасно і виразно сформувати ринкову економічну систему. В суспільстві існує загальна потреба реформування державного управління на зразок клієнтської моделі державного управління – державного менеджеризму як демократичної і відкритої для суспільства системи управління. Протягом кількох десятиліть з відсутності необхідного рівня знань, ринкової економіки, критичної маси керівників вищого та середнього рівня, єдиної політичної волі щодо своєчасності, напряму та масштабів реформ, а також відсутності послідовності та правонаступництва всіх гілок влади, існуючий український корупційний бюрократичний апарат не спромігся здійснити необхідні соціально-економічні зміни в українському суспільстві та забезпечити належну довіру до влади та підтримку їхніх дій.

Ключові слова: ринкова економіка; трансформаційні зміни; управління; Українська бюрократія; система управління; корупція.
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