

## NATIONAL INDUSTRY BUILDING AS THE BASIS FOR SATISFACTION UKRAINIAN POPULATION'S VITAL INTERESTS

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**Actuality of theme.** In recent decades, the conditions of globalization have opened new opportunities for the development of all spheres of activity and sectors of the national economy, changing approaches to industrial development. In doing so, industry plays an important role in the global value chain process, where competitive pressures are steadily increasing, changes are becoming more dynamic not only across the locality, but across the country, and the number of stakeholders is increasing.

These changes have proved to be quite difficult for Ukrainian enterprises, while the modern design of the European countries' economy has been emerging since 1993, and competitive industry is one of the priorities of European integration [7].

Most Ukrainian enterprises have been subjected to privatization, corporatization, nationalization, restructuring, which should have facilitated their effective operation in the conditions of formation of most market institutions (stock market, banking system, healthcare, judicial system, decentralization of local self-government bodies, etc.). However, today it has become a strong deterrent to the development of most national industrial enterprises.

O.I. Amosha, V.M. Heiets, V.P. Semenzhenko, L.I. Fedulova, A.O. Kasich [3], V.P. Soloviov [10] and others made a significant contribution to the study of the problems of industrial development as a driving force of the national economy. However, most issues have not yet been resolved through lengthy reform processes. Currently, there is insufficient scientific basis for the development of the human economy, the creation of principles of national production, which will allow timely and full satisfaction of vital interests of the population of the country, as well as to ensure its sovereignty in the long run.

**The purpose of the article.** The purpose of the article is to study the theoretical and practical aspects of the process of national economy development as a basis for population's vital interests satisfying and independence of Ukraine.

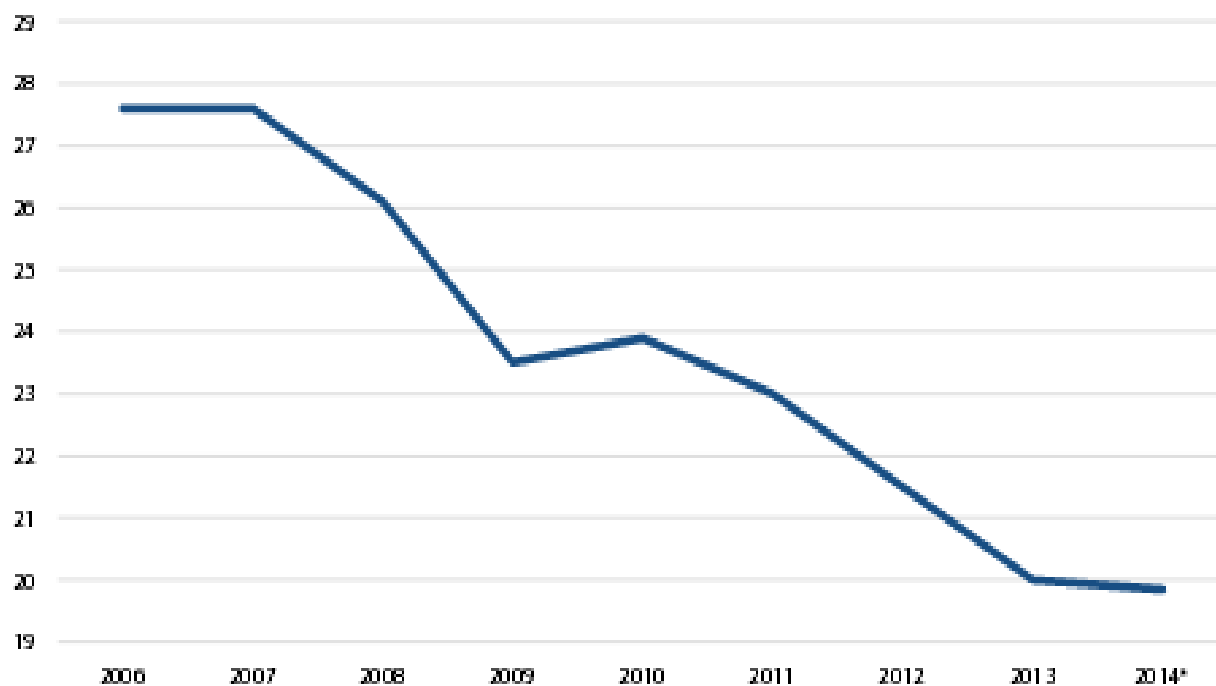
**Presentation of the basic material.** At the present stage of development of economic relations, the industry aims to produce products that meet the needs of consumers, provide comfortable living conditions, create additional value and create preconditions for the sustainable development of the country's economy. This confirms the experience of socio-economic development of the G7 countries (USA, UK, Canada, Germany, France, Italy, Japan), which have united to solve the pressing problems of the countries, and quality of life is one of the indicators of their leadership positions. The industry became the basis for independence, prosperity and effective foreign economic activity.

Thus, the main sources of GDP in the United States are: innovative high-tech products, financial services, production of gasoline, cars, machines, machinery, aerospace and aerospace products, electronics, telecommunications, chemical products, consumer goods, minerals.

Japan, the country without natural fuel resources, ranks second in GDP. However, the high level of development is ensured by the construction of the country's economy on the so-called "three whales" – high

technology, tourism and a developed structure of export and import. Among the main sources of GDP are electronic equipment, transport engineering, automotive and shipbuilding [2].

Analytical studies conducted by the Center for economic strategy in 2015 stated that the percentage of industry to the GDP of Ukraine has gradually decreased over the last 9 years (Fig. 1).



**Fig. 1 – Industry's share in GDP of Ukraine: period of Ukrainian integrity as an independent state**  
 Source: adapted by Hliebova A.O. based on source processing [9].

In 2006, the Ukrainian industry accounted for 28% of gross value added, compared to 20% in 2013-2014. The decline in the share of industry in GDP during 2006-2014 was about 8 positions, while in the EU countries it remained almost unchanged over the last 9 years and remained at 19-20%.

Negative trends in the Ukrainian industry exacerbated the negative dynamics of GDP and the level of growth of public external debt, and its GDP in 2015 was 80% by the crisis year 2007 (Table 1).

**Table 1**  
**Dynamics of the Ukrainian GDP and the level of its public external debt as markers of the country's sovereignty in 2007-2015 year**

Years	Nominal GDP	Nominal GDP per capita			GDP (in USD) per capita			Government external debt % of GDP
	UAH million.	UAH million	(+;-)	%	UAH million	(+;-)	%	
2007	720731	15496,5	+3866,2	+33,2%	3068,6	+765,6	+33,2%	56
2008	948056	20494,9	+4998,4	+32,%	3891	+822,4	+26,8%	56,5
2009	913345	19832,3	-662,5	-3,2%	2545,5	-1345,6	-34,6%	88,6
2010	1082569	23600,4	+3768,1	+19,0%	2974	+428,5	+16,8%	86
2011	1316600	28813,9	+5213,4	+22,1%	3570,8	+596,8	+20,1%	77,4
2012	1408899	30912,5	+2098,6	+7,3%	3856,8	+286,1	+8,0%	76,8
2013	1454931	31988,7	1076,2	+3,5%	4030,3	+173,5	+4,5%	77,5
2014	1566728	35834	+3845,3	+12,0%	3014,6	-1015,7	-25,2%	95,8
2015	1979458	46210,2	+10376,1	+29,0%	2115,4	-899,2	-29,8%	131

Source: adapted by Hliebova A.O. based on source analysis [6].

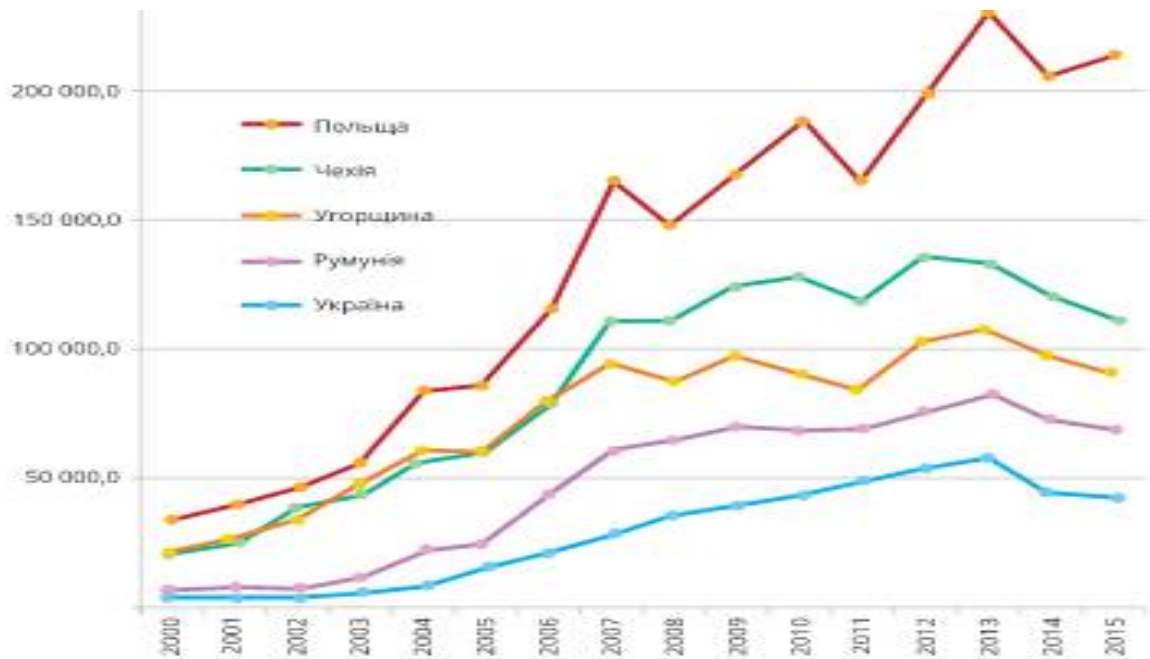


Fig. 2 – Dynamics of foreign direct investment in individual EU countries and Ukraine during 2000-2015 as a possible source of revival of national industry

Source: adapted by Hliebova A.O. based on source elaboration [4].

During this period, the negative effects of the global financial, economic and political crises were exacerbated by high levels of corruption, losses in the elimination of armed conflict in eastern Ukraine, high inflation and energy intensity of Ukraine's GDP, which significantly impeded the national industry development. This is confirmed by the experts of the World Economic Forum (Fig. 3).



Fig. 3 – Ranking of negative impact factors on the Ukrainian economy in 2016

Legend: 0-14 - expert scale of the impact of the factor on growth in Ukraine; 0 - factor has no negative impact; 14 is the biggest negative impact.

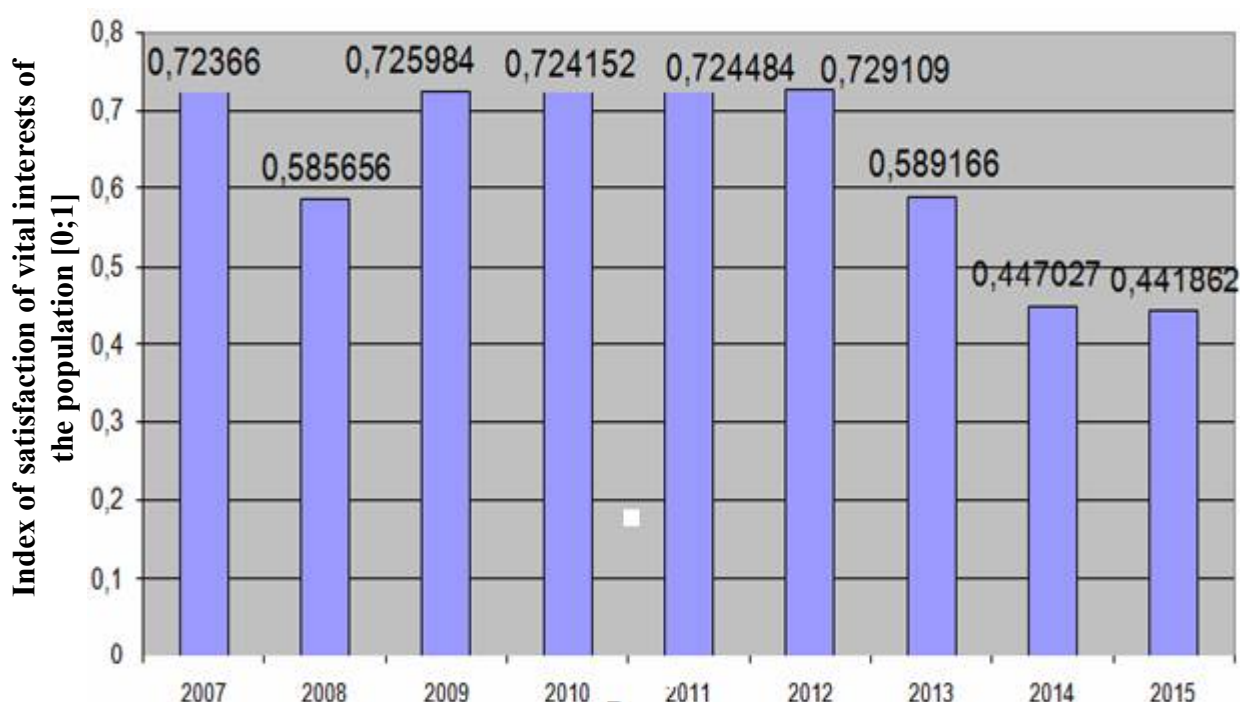
Source: adapted by Hliebova A.O. based on source elaboration [4].

Therefore, the cumulative negative impact of these factors reduces the quality and standard of living of the Ukrainian population.

In order to fully reflect the state of quality and quality of life of the Ukrainian population, we will use the Index of Satisfaction with the Vital Interests of the Population, which covers 12 basic human interests according to UN experts: 1. State of education level (level and quality), %; 2. Quality of medical care, %; 3. The standard of living, %; 4. Ideal work, %; 5. A sense of security, %; 6. Freedom of choice for women and men, %; 7. Perception of the local labor market, %; 8. People's trust (since 2013 – volunteer activity), %; 9. Community (satisfaction with city, village), %; 10. Efforts to combat poverty, % (since 2014 – trust in the judiciary, %); 11. Environmental measures, %; 12. Government confidence, %.

The results of the analysis and generalization of all these interests were carried out using an additional convolution, the principal components method and the sliding matrix, which are presented in table 2.

The integral indicator of satisfaction of vital interests of the population of Ukraine 2007-2015 for the period of its integrity as an independent state tended to decrease from 0.723666 to 0.414162, almost twice (1,63) (Fig. 4).



**Fig. 4 – Dynamics of the Index of Satisfaction with the vital interests of Ukraine population in 2007-2015: the period of country integrity**

*Source: built by Bondar-Pidhurska O.V. based on own calculations using the Microsoft Excel application package.*

The connection between the entropy processes of the country's industry and the reduction of satisfaction of vital interests of the population during the 2007-2015 years of the period of the country's integrity is becoming evident. This index is calculated in the form of additive convolution and taking into account the maximum thresholds of EU countries (Germany, Poland, Lithuania) of vital interests of their population (table 3).

During the analyzed period, the indicators are sensitive to the economic and political changes of the environment and are significantly correlated with the rule of golden section.

Along with this, attention is drawn to the assessment of vital interests of the population by various methods. The results of the author's study are presented in table 4.

Table 2

Results of calculating the index of the Ukrainian population's vital interests' satisfaction: the period of the country's integrity 2007-2015

Indicators	2007	2008	2009	2010	2011	2012	2013	2014	2015	Weighing coefficients
1. Education status (level and quality), %	0,04345482	0,05063935	0,04577241	0,04438186	0,05805564	0,05098699	0,05446338	0,05793976	0,05793976	<b>0,07601697</b>
2. Quality of medical care, %	0,00203	0,00203	0,00203	0,001589	0,001589	0,001589	0,001766	0,001766	0,001942	<b>0,00785694</b>
3. Standard of living, %	0,003883	0,003883	0,003883	0,003883	0,003883	0,003883	0,003883	0,00275	0,00275	<b>0,01456009</b>
4. Ideal work, %	0,159623	0,159623	0,159623	0,159623	0,146282	0,159623	0,126269	0,092915	0,092915	<b>0,21680165</b>
5. Feeling safe, %	0,019357	0,019357	0,019357	0,019357	0,019357	0,018551	0,018148	0,017744	0,014425	<b>0,03185901</b>
6. Freedom of choice for women and men, %	0,016494	0,016494	0,016494	0,016494	0,016494	0,015249	0,014704	0,014704	0,012682	<b>0,02800855</b>
7. Perceptions of the local labor market, %	0,005726	0,005726	0,005726	0,005726	0,005726	0,005726	0,004581	0,003436	0,003436	<b>0,02328606</b>
8. People's trust (since 2013 - volunteer activity), %	0,421064	0,27587	0,421064	0,421064	0,421064	0,421064	0,326688	0,232311	0,232311	<b>0,45010343</b>
9. Community (satisfaction with city, village), %	0,006254	0,006254	0,006254	0,006254	0,006254	0,006657	0,006657	0,006657	0,006657	<b>0,00823408</b>
10. Efforts to combat poverty (since 2014 - trust in the judiciary), %	0,000861	0,000861	0,000861	0,000861	0,000861	0,000861	0,000861	0,00043	0,00043	<b>0,00763935</b>
11. Environmental conservation actions, %	0,003601	0,003601	0,003601	0,003601	0,003601	0,003601	0,003601	0,002601	0,002601	<b>0,01340428</b>
12. Government trust, %	0,041317	0,041317	0,041317	0,041317	0,041317	0,041317	0,027545	0,013772	0,013772	<b>0,1222296</b>
<b>Index of satisfaction of vital interests of the population</b>	<b>0,723666</b>	<b>0,585656</b>	<b>0,725984</b>	<b>0,724152</b>	<b>0,724484</b>	<b>0,729109</b>	<b>0,589166</b>	<b>0,447027</b>	<b>0,441862</b>	<b>x</b>

Source: generalized, calculated and constructed by O.V. Bondar-Pidhurska based on its own calculations using a set of Microsoft Excel programs.

Table 3

Results of formation of maximum thresholds from the list of EU member states (Estonia, Poland, Latvia) in the context of analysis of satisfaction of vital interests of the population of Ukraine in 2007-2015: the period of the country's integrity

Countries	Education status (level and quality), %	Quality of medical care, %	Standard of living, %	Ideal work, %	Feeling safe, %	Freedom of choice for women and men, %	Perceptions of the local labor market, %	People's trust (since 2013 - volunteer activity), %*	Community (satisfaction with city, village), %	Efforts to combat novertv, %	Environmental measures, %	Government trust, %
Germany max	5,6	89	90	91	79	90	61	31	94	71	67	71
Poland max	67	47	68	83	68	75	25	25	90	42	51	27
Lithuania max	59	53	34	73	53	58	16	25	85	38	55	37
K norm	65,6	89	90	91	79	90	61	31	94	71	67	71

Source: generalized, calculated and constructed by Bondar-Pidhurska O.V. (based on its own calculations using a set of Microsoft Excel programs).

Table 4

Matrix of assessment and results of Ukrainian population's vital interests satisfaction 2007-2015 using different methods (UN indicators on welfare perception)

Indicators (indices for different forms of calculation)	2007	2008	2009	2010	2011	2012	2013	2014	2015	Change metric 2015 p./ 2007 p., %	Deviation of the indicator 2015 from 2007, (+,--)
The integral index meeting the vital interests of the population [0; 1] (additive convolution and peer review)	0,3122	0,3184	0,3142	0,3027	0,3145	0,3095	0,2946	0,26725	0,26325	84%	- 0,04895
The integral index meeting the vital interests of the population [0; 1] (multiplicative convolution and peer review)	0,2664	0,2706	0,2669	0,2569	0,2637	0,2576	0,2488	0,2465	0,2048	76%	-0,0616
Index of overall life satisfaction on a 10-point scale, points	5.1	5.1	5.1	5.1	1	5.0	(4.5)	4.0	4,0	78%	-1,1
The integral index satisfaction of vital interests of the population (additive convolution and method of principal components and sliding matrix)	0,723666	0,585656	0,725984	0,724152	0,724484	0,729109	0,589166	0,447027	0,441862	61,06%	- 0,281804

Source: formed by Bondar-Pidhurska O.V. on the basis of own calculations.

The analysis of the integral methods applied allows us to draw the following conclusions. So the integral index of satisfaction of vital interests of the population according to the additive convolution and expert evaluation indicates its decrease by 0.04895 or 16%.

Integral index of the population vital interest's satisfaction according to the multiplicative convolution and expert assessment, it decreases in 2015 against 2007 by 0.0616 or 24%.

The 10-point overall satisfaction index reflects a 1.1 or 22% decrease in the index.

At the same time, the integral index of satisfaction of vital interests of the population by the additive form and the use of the principal components method and the sliding matrix shows its decrease by 0.281804, or 38.94%, which, according to the rule of the golden section, threatens the revolutionary situation.

Thus, we can conclude that the latter method in this situation is the most appropriate, because of a more accurate reflection of real events and relationships in economic and social systems.

This suggests the need to build up the national industry as a major driver of national economy development in order to satisfy the vital interests of the population and stabilize the situation in Ukraine. And it correlates with the tasks defined for Ukraine in the context of global megatrend deployment and balanced development goals: 1) ensuring freedom and security in all their manifestations and levels, together with equal and free opportunities (reducing inequalities, environmental sustainability of cities and towns, access to justice, authorities accountable to everyone); 2) ensuring a decent standard of living, health and well-being for the citizen (poverty eradication, food security, balanced agricultural development, healthy lifestyles and well-being for all); 3) ensuring the educational, scientific and cultural realization of the individual (fair access to quality education and cultural heritage, lifelong learning for all, lifelong learning for all); 4) ensuring an efficient economy (shared access to modern energy sources for all; sustained, inclusive and sustainable economic growth; full and productive employment and profitable work for all; sustainable infrastructure; common and sustainable industrialization and innovation; environmental security) [8]. Therefore, the close correlation between the levels of industrial development and Ukrainian population's vital interests' satisfaction is substantiated. The conclusion is made about the urgent need for the development of national industry as a basis for the future existence of the Ukrainian people, society and state. This should be in line with the format of Ukraine's tasks in the context of the deployment of global megatrends and balanced development goals. The satisfaction of Ukrainian population's vital interests is impossible without the development of its industry, which, realizing its existing potential creates preconditions for the man, society and the state development.

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економічних наук, доцент. Національний університет «Полтавська політехніка імені Юрія Кондратюка». **Розбудова національної промисловості як основа задоволення життєво важливих інтересів населення України.** Досягти гідного рівня задоволення життєво важливих інтересів населення цілком реально за умови належного рівня розвитку національної промисловості. Підтвердженням цього є досвід країн G7 (США, Великобританія, Канада, Німеччина, Франція, Італія, Японія), що демонструють високий рівень і якість життя. Проте відсоток промисловості у ВВП України протягом 2006-2015 років помітно скоротився. З метою ідентифікації гідності життя українського населення використаємо індекс задоволення життєво важливих інтересів, який охоплює 12 найважливіших інтересів людини та ґрунтується на даних статистики ООН: 1) стан освіти (рівень і якість), %; 2) якість медичної допомоги, %; 3) рівень життя, %; 4) ідеальна робота, %; 5) відчуття безпеки, %; 6) свобода вибору жінок і чоловіків, %; 7) сприйняття місцевого ринку праці, %; 8) довіра до людей (з 2013 р. – волонтерська діяльність), %; 9) громада (задоволеність містом, селом), %; 10) зусилля по боротьбі з бідністю, % (з 2014 р. – довіра до судової системи, %); 11) дії щодо збереження навколишнього середовища, %; 12) довіра до уряду, %. Розраховано індекс задоволення життєво важливих інтересів населення різними методами. Установлено, що за всіма альтернативними шляхами результат зазначеного індексу наслідують тенденцію поступового зниження. Обґрунтовано тісну кореляцію рівнів розвитку промисловості та задоволення життєво важливих інтересів населення України. Зроблено висновок про нагальну потребу у розбудові національної промисловості як підґрунтя майбутнього існування української людини, суспільства, держави. Це має органічно імплементуватися у формат завдань України в контексті розгортання глобальних мегатрендів і цілей збалансованого розвитку.

**Ключові слова:** національна економіка, життєво важливі інтереси населення, промисловість, індекс, сталий розвиток.

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**Bondar-Pidhurska Oksana** PhD (Economics), Associate Professor. High Educational Institution Accountable to UCU (Ukrainian Cooperative Union) «Poltava University of Economics and Trade». **Hliebova Alla**, PhD (Economics), Associate Professor. National University «Yuri Kondratyuk Poltava Polytechnic». **National industry building as the basis for satisfaction ukrainian population's vital interests.** It is quite possible to achieve a decent level of satisfaction of the vital interests of the population provided that the national industry develops at the proper level. This is confirmed by the experience of the G7 countries (USA, UK, Canada, Germany, France, Italy, Japan), demonstrating a high level and quality of life. However, the percentage of industry in Ukraine's GDP during the years 2006-2015 markedly decreased. The index of satisfying the vital interests of the population by various methods is calculated. It has been established that for all alternative ways, the result of the indicated index follows a trend of gradual decline. Substantially close correlation of the levels of industrial development and satisfaction of the vital interests of the population of Ukraine. The conclusion is made about the urgent need for the development of national industry as the basis for the future existence of Ukrainian man, society, and the state. This should be organically implemented in the format of the tasks of Ukraine in the context of the deployment of global megatrends and sustainable development goals.

**Key words:** national economy, vital interests of the population, industry, index, sustainable development.

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**Ключевые слова:** национальная экономика, жизненно важные интересы населения, промышленность, индекс, устойчивое развитие.