

ECONOMIC AND MOTIVATIONAL CONSTITUENTS OF LABOR POTENTIAL AS A DETERMINANT OF LIFE QUALITY

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Abstract

The article dwells upon the categories of “life quality” and “labor potential” in the context of integration processes. The role of labor potential in formation and transformation of life quality has been defined. The significance and structure of labor potential in Ukraine was also revealed. The paper highlights the analytical role of economic and motivational constituents of labor potential. The main indices of economic and motivational constituents of labor potential in terms of regions were analyzed. The article provides the ranking of regions based on the index of economic and motivational constituents of labor potential. The main objectives, priorities and tools for the effective utilization and development of labor potential in all the regions of Ukraine as an indicator of life quality.

Key words: economic and motivation constituents of labor potential, integral index of economic and motivation constituents of labor potential, labor potential, priorities and tools for the effective utilization and development of labor potential, quality of life.

Introduction

Topicality. The transition to a new model of social development in Ukraine in the system of international relationships stipulates the impor-

tance and opportuneness of researches that are concerned with securing the steady social and economic development of the country and enhancing its major indicators. As a result, the main determinants of living standards have become in focus of attention. The development of labor potential plays an important role among them. Much attention has been placed on the indices of formation and development of labor potential as well as quality of life, which was defined by the social program of development and retention of labor potential till 2017 (KMU 2011).

The integration into European economic area and country development, the transition to innovative model of economic enhancement are all the strategic priorities of Ukraine. The main requirement for realizing these strategic aims is the accumulation and effective utilization of labor potential i.e. those quality traits of employees that form modern productive abilities and hence transform it into the main productive force of post-industrial economy which is based on knowledge. The experience of developed countries demonstrates that the accumulation of labor potential and securing its effective application is the most important condition of competitiveness and dynamic social-economic progress. Nevertheless, most of Ukrainian employees lack these productive skills that are necessary for the dynamic and effective production development. The problem of staffing has also been aggravated. On the other side, the favorable conditions for the effective utilization and enhancement of employees' productive force have not been created at the production units. It reveals that the conception of the quality of labor potential is not fully perceived at the level of state administration, as well as at the productive and personal levels. It has not yet become a theoretical foundation for the enhancement of social and economic policy and management (BBC 2013; Grynkevych 2012; Kobelya 2011; Lavrynenko 2009).

Currently Ukraine is still characterized by a low life quality and consequently there is an urgent need to overcome the problems of ineffective utilization and development of labor potential.

The aim of the paper is to evaluate economic and motivational constituents of labor potential as an indicator of living standards improvement.

The tasks of the investigation are as follows: to define the impact of labor potential on social and economic development; to determine its effectiveness and practical use; to evaluate its indices of development in Ukraine. This urges a much deeper investigation of labor potential in the abovementioned directions. It serves as an important ground for the improvement of state policy of social and economic development and consequently enhancement of living standards.

1. The integrated meaning of the categories “quality of life” and “labor potential”

The quality of life as a vast, multifaceted and manifold category of social economics has a complex structure. It encompasses all the spheres of society and serves as conditions for vital activity. It determines the possibilities for a thorough development of society (to satisfy material, physiological, cultural, intellectual and spiritual needs; to improve working conditions, leisure etc.) in relation to the standard, which is formed according to the norms, customs, traditions and needs of population and lays the foundation for the next generations (Filipchuk, Budnikevych 2009). Various aspects of the problem of life quality improvement and in particular the investigation of its structural components and indicators have been reflected in the works of Ukrainian and foreign scholars. Having analyzed the approaches to the definition of structural components of life quality, we concluded that almost all the researchers of this problem refer to the integral categories, that are directed connected with labor potential. For example, S. Ayvazyan calls this category a quality of social sphere, N. Gorelov – quality of vital activities, T. Gavrylova – quality of activity, N. Filipchuk – quality of functioning (see table 1).

Table 1. Parametric Structure of Life Quality

Author	Structure of Life Quality	Integral category, concerned with labor potential	Constituents of integral category
S. Ayvazyan	Quality of population Prosperity of population Quality of social sphere Quality of environment Climatic conditions	Quality of social sphere	Working conditions Employment rates Social security Material support (Borodkin, Ayvazyn 2006: 547)
T. Gavrylova	Quality of population Quality of habitat Quality of activity	Quality of activity	Labor activity Recreation activity Household activity Cultural, spiritual, social and political activity (Gavrylova 2005)

N. Gorelov	Quality of vital activities Quality of living conditions Quality of habitat Quality of communicative support	Quality of vital activities	Quality of labor activity Quality of social activity Quality of household activity (Filipchuk 2009: 323)
N. Filipchuk	Quality of population Quality of habitat Quality of functioning Quality of leisure and recreation	Quality of functioning	Quality of labor activity Quality of social activity Quality of household activity decreases; social protection and benefits; logistical support; local deterioration rates; environmental friendliness; psychological climate of labor force (Filipchuk 2009: 323)

[based on Borodkin, Ayvazyan 2006; Gavrylova 2005; Gorelova 2003; Filipchuk 2009]

The interrelation of labor potential and living standards is emphasized by the meaningful unity of structural components of life quality as well as quality of population and constituents of labor potential.

The scientific interpretation of labor potential has been done by many researchers. However, there is still no unanimous agreement concerning the notion “labor potential”. As a result, many scientists approached this problem from various angles (see table 2).

Table 2. The Definition of Labor Potential

Author	Definition
A.B. Borysov	the existing and foreseeable labor opportunities, which are determined by the quantity, age patterns, professionalism, qualification and other characteristics of the staff
I. Kurylo	demo-economic and integral evaluation of population quality, which depicts its labor opportunities, degree and qualitative specificity of realization
N.I. Shatalova	the degree of existing recourses and opportunities, which are continually formed in the process of life and are embodied in labor behavior and which define its actual productiveness
M.I. Dolishniy	the foreseeable integral ability of a group, collective, enterprise, labor force of a country of region to productive, professional activity, which results in new spiritual and material assets

A.Y. Kibanov	the whole set of physical and spiritual traits of a person, which determine the opportunities and limitations of labor activity, ability to achieve certain results and possibilities for self-improvement
O.L. Bevz G.V. Lych	an integral ability and readiness of people to labor irrespective of its sphere, field, sector, social and professional characteristics
A. Kinakh	an independent object of innovation. Its development is one of the ultimate aims of realizing innovative social-oriented model of market economy
E.V. Sarapuka	a generalized labor capacity of a working collective, resource potentiality in the labor field of list-oriented staff on the basis of age, physical abilities, knowledge, professional and qualification skills
L.V. Frolova N.V. Vashenko	a main resource of the enterprise because new and competitive products can be created owing to human intellect
O.S. Fedonin I.M. Repina O.I. Oleksiuk	personified labor force, which is examined in totality of its qualitative characteristics. Labor force evaluates the level of the potential possibilities of a certain employee as well as the staff in general. It is highly necessary for human factor activation and securing the balanced development of personal factors of production process.

[based on Lavrynenko 2009; Regions 2013; Labor 2013]

Labor potential is determined by qualitative and quantitative parameters. Since the aim of this investigation is to evaluate economic and motivational components of labor potential, let us review the qualitative parameters in detail. table 3 represents the essence of labor potential and its qualitative characteristics via the model offered by S.S. Grinkevych (Grynkevyeh 2011: 55-56; Grynkevyeh 2012). We believe that economic and motivation constituents of labor potential are the most significant in the formation of informative source of the status of life quality in Ukraine.

Table 3. Characteristics of Labor Potential Components

Components of Labor Potential	Description
Demographic	Represents demographic characteristics of population: age, gender, marital status, natural and mechanic population increase etc
Medical and Biological	represents health condition
Intellectual	represents intellectual development, which is a result of education improvement, including artificial intelligence

Educational	represents scholarship of education (qualitative aspect), which determines the intellectual component
Economic and Motivational	represents working conditions via general economic state of the country and personified stimuli
Social, cultural and psychological	represents the peculiarities of spiritual development, religion, value systems, social relationships, including the vulnerable segments of the population and their personal traits, which are inherited or obtained in the process of labor
Organizational	represents operational environment of the holders of labor potential in particular the activity of corresponding institutions

[based on Grynkevych 2011: 55-56; Grynkevych 2012]

These components were used to determine the main indicators of formation, usage and development of labor potential. The state and dynamics are represented by possibilities (reserves).

Economical and motivational components are especially noteworthy among the other seven constituents because this component influences the effectiveness of labor recourses and hence the living standards enhancement. For this reason, we introduce an evaluative element into this component. We believe that these are currently the most topical elements: labor force demand and supply; unemployment rate; job placement rate; population income; arrears of wages.

2. Computation algorithm for an integral index of economic and motivation constituent of labor potential

Having analyzed the abovementioned, we suggest the following evaluation of economic and motivational components of labor force (EMCLF).

The first stage is the formation of evaluative methodology of EMCLF.

Previously we have determined that it is appropriate to calculate the integral index of EMCLF by applying the taxonomy principle. The formation of taxonomy index should be preceded by the elements of observation matrix. Here are the following descriptors: $[X_{ijs}]$ – the meaning of i index in each block of evaluation during j stage at s enterprise ($i=1\dots mk$; $j=1\dots L$; $s=1\dots N$; mk – quantity of indices in k component of innovative potential; L – number of periods of investigation (years); N – quantity of enterprises in the investigation). The matrix is formed for each index and has the following shape (Vodyanka, Krysanova 2013: 87-90):

$$[X_{ijs}] = \begin{bmatrix} x_{111} & x_{121} & x_{131} & \dots & x_{1j1} \\ x_{112} & x_{122} & x_{132} & \dots & x_{1j2} \\ x_{113} & x_{123} & x_{133} & \dots & x_{1j3} \\ \dots & \dots & \dots & \dots & \dots \\ x_{11s} & x_{12s} & x_{13s} & \dots & x_{1js} \end{bmatrix} \quad (1)$$

Since the investigation is done for the whole country, it is necessary to calculate the average matrix for each index $[X_{ijcep}]$ in order to determine the place of each region according to the structure of EMCLF. $[X_{ijcep}]$ – meaning of i index for each evaluative block in j period in each region (average).

Such matrix is built for each index of evaluative block. For the first index it has the following form:

$$[X_{ijcep}] = [x_{11cep} \quad x_{12cep} \quad x_{13cep} \quad \dots \quad x_{1jcep}] \quad (2)$$

Table 4. Recommended Indicators of Analysis of Labor Potential in the Country and its Regions in Terms of Components and Phases

Potential Component	Indicators of Analysis of Labor Potential		
	Formation	Usage	Development
Demographic / <i>Index of demographic component</i>	<ul style="list-style-type: none"> – quantity of population; – median age; – average life expectancy 	<ul style="list-style-type: none"> – demographic load on the population of active working age; – the rate of lethal industrial injuries; – total number of people perished by crimes 	<ul style="list-style-type: none"> – natural population increase per 1000 people; – migration population increase per 1000 people (in Ukraine, external migration); – correlation of rural and urban population
Medical and Biological / <i>Index of medical and biological components</i>	<ul style="list-style-type: none"> – rate of disability; – quantity of economically inactive population for health reasons (aged 15-70); – tuberculosis morbidity rate; – quantity of children, who stayed at health camps 	<ul style="list-style-type: none"> – death rate for external reasons, exclusive of self-inflicted injuries (per 100000 people); – suicide rate (per 100000 people); – the rate of industrial injuries; – quantity of clinical outpatient institution visits (per 100000 people) 	<ul style="list-style-type: none"> – provision with doctors (per 100000 people); – provision with nursing staff (per 100000 people); – quantity of people, who stayed at health resort and sanitary institutions

Intellectual / <i>Index of intellectual component</i>	<ul style="list-style-type: none"> – quantity of organizations, which conduct scientific and technical investigations; – quantity of active and innovative enterprises; – introduction of progressive technological processes into production; – mastering of new products in the industries 	<ul style="list-style-type: none"> – quantity of inventors per 10000 of active population; – quantity of specialists, who conduct scientific and technical investigations (per 10000 of active population); – expenditures on innovation; – current implicit expenditures on scientific and technical researches performed by academic organizations 	<ul style="list-style-type: none"> – quantity of specialists of higher qualification employed in the economy of a country (PhDs); – ratio of staff with higher education; – volume of scientific services rendered; – volume of scientific services in information system development; – volume of innovative products
Educational / <i>Index of Educational components</i>	<ul style="list-style-type: none"> – quantity of nursery schools; – quantity of secondary schools; – quantity of students at vocational schools; – quantity of students at universities (III-IV levels of accreditation) 	<ul style="list-style-type: none"> – specialists trained; – specialists trained by higher education institutions; – quantity of PhDs employed in Ukrainian economy 	<ul style="list-style-type: none"> – quantity of employees, who improved their qualification; – quantity of post-graduates; – quantity of doctorates
Economic / Motivational / <i>Index of Economic and Motivational components</i>	<ul style="list-style-type: none"> – economic activity of the population aged 15-70; – poverty rate; – quantity of population with wages lower than subsistence rate; – arrears of wages 	<ul style="list-style-type: none"> – employment rate; – annual average of hired employees; – unemployment rate; – rate of involuntary partial employment; – ratio of employees, who worked under hazardous conditions; – average monthly wages per one employed person; – quantity of bus trips calculated per one person a year 	<ul style="list-style-type: none"> – demand on labor; – quantity of dismissed employees; – average duration of job search; – load of inactive population per one working position; – savings and expenditures; – poverty depth

<p>Cultural / Social / Psychological / Index of social, cultural and psychological components</p>	<p>–new apartments (per 1000 people); –quantity of re- leased juvenile delinquents; –quantity of female crimes</p>	<p>–crime rate (per 1000 people); –quantity of unem- ployed population aged 15-70, who were disappointed; –quantity of unem- ployed population aged 15-70, who are convinced that there is no appro- priate job</p>	<p>–library stock (books per 100 people); –newspapers and journals; –provision of hous- ing (square meters per one person); –quantity of people who suffered from crimes</p>
<p>Organizational / Index of organizational component</p>	<p>–quantity of sub- jects in the list of company registers; –quantity of trade unions; –quantity of small enterprises (per 10000 people); –objects of social infrastructure (nursery schools, schools, hospitals etc.)</p>	<p>–financial results of enterprise activi- ties and taxation; –profitability level of enterprise activities; –volume of export- ing goods</p>	<p>–capital investment per one person; –direct foreign investments in the regions per one person; –quantity of profit- able enterprises</p>

[based on Grynkevych 2011; Grynkevych 2012]

Taking into account all the deficiencies in the evaluative methodology of EMCLF, let us determine the approach, that will be used to build the evaluative system of potentials, which are a part of this methodology.

For this reason, we suggest determining discrepancies or distance between the meaning of i index of s region at j stage and the similar average for each region. The following formula is used:

$$\Delta[X_{ijs}] = [X_{ijs}] - [X_{ijcep}] \quad (3)$$

Such matrix is built for each evaluative block. For the first index it is formed in such a way:

$$\Delta[X_{ijs}] = \begin{bmatrix} x_{111} - x_{11cep} & x_{121} - x_{12cep} & x_{131} - x_{13cep} & \dots & x_{1j1} - x_{1jcep} \\ x_{112} - x_{11cep} & x_{122} - x_{12cep} & x_{132} - x_{13cep} & \dots & x_{1j2} - x_{1jcep} \\ x_{113} - x_{11cep} & x_{123} - x_{12cep} & x_{133} - x_{13cep} & \dots & x_{1j3} - x_{1jcep} \\ \dots & \dots & \dots & \dots & \dots \\ x_{11s} - x_{11cep} & x_{12s} - x_{12cep} & x_{13s} - x_{13cep} & \dots & x_{1js} - x_{1jcep} \end{bmatrix} \quad (4)$$

In the evaluative systems it is necessary to take into account not only the value of dilatation from mean, but also the direction of the dilatation. The direction of the dilatation can be towards increase and decrease. For various indices it determines the improvement or deterioration. As a result a new matrix is formed $\Delta[X_{ijs}]^*$

The following formula is used to determine the potential of each index at j stage of s region:

$$P_{ijs} = \frac{\Delta x_{ijs}^*}{C_{ij} + 2S_{ij}} \quad (5)$$

C_{ij} - the average of i index at j period for all the regions can be calculated by the following formula:

$$C_{ij} = \frac{\sum_{s=1}^N \Delta x_{ijs}^*}{N} \quad (6)$$

N – quantity of regions under analysis.

S_{ij} – standard deviation of i index at j period for all the regions can be calculated by the following formula:

$$S_{ij} = \sqrt{\frac{\sum_{s=1}^N (\Delta x_{ijs}^* - C_{ij})^2}{N - 1}} \quad (7)$$

Integral evaluation of EMCLF at j period in s region (I_{js}) can be figured with the help of this formula:

$$I_{js} = \sum_{k=1}^K a_{ks} \Pi_{kjs} \quad (8)$$

a_{ks} – weight coefficient of k EMCLF at s enterprise; K – number of EMCLF components. The weight coefficients of k component of EMCLF in s region can be calculated with the help of entropy evaluation. Entropy is a measure of the uncertainty in a random variable. In this respect Shannon entropy is used. It quantifies the expected value of the information contained in a message.

As a result of the application of this methodology, we obtain an integral economic and motivational component of labor potential for each region under analysis. This will help to study the dynamics of potential development. Besides, we will obtain the assessment of each component of economic and motivational constituents and their subsystems. This will allow us to analyze the structure of potential and its dynamics.

The second stage of the methodology formation is the choice of parameters, which precisely describe the essence of economic and motivational constituents of labor potential. There are four of them in our investigation:

- 1) demand of an enterprise for employees;
- 2) unemployment rate;
- 3) job placement;
- 4) population income (see table 5).

The third stage is the development of the system of indices for each parameter proceeding from the significance of the determined characteristics and based on the principle of necessity and sufficiency. The constituents of EMCLF, their economic meaning, formulae and sources of information were reviewed above in table 4.

The fourth stage of methodology is the formation of the criteria necessary for the evaluation of indices according to the parameters and study objectives. The range of EMCLF evaluation is within limits 100 and higher. Moreover, its maximum value reflects a high level, which corresponds to the normative model of objective achievement, whereas a minimum – insufficient level, which requires radical changes. The following scale is used for their measurement: 150-250 low, 251-350 average, 351-450 above average, more than 451 high.

Table 5. Main Characteristics of Economic and Motivational Constituents in Ukraine in 2012 (region-wise)

Region/city	demand of an enterprise for employees	unemployment rate	job placement	population income
	thousands of people			UAH
Total	48,6	467,7	764,4	3026
Autonomous Republic of Crimea	3,0	16,7	29,8	2654
Vinnnytsia	0,5	24,4	34,5	2432
Volyn	0,6	12,4	25,0	2339
Dnipropetrovsk	7,2	29,3	51,2	3138
Donetsk	3,4	27,9	43,0	3496
Zhytomir	1,9	21,9	26,4	2369

Zakarpatya	1,0	13,0	20,2	2351
Zaporizhya	0,4	19,5	37,8	2927
Ivano-Frankivsk	0,3	16,4	34,2	2539
Kyiv	1,9	15,1	22,0	3157
Kirovograd	0,6	15,9	25,2	2428
Lugansk	0,8	17,5	32,8	3090
Lviv	2,0	24,7	38,9	2578
Mykolaiv	1,0	16,3	24,6	2822
Odesa	2,3	14,6	26,1	2700
Poltava	2,2	22,5	37,4	2850
Rivne	0,9	17,9	29,2	2575
Sumy	0,8	15,8	22,2	2503
Ternopil	1,2	14,7	23,3	2185
Kharkiv	3,9	27,5	53,0	2753
Kherson	1,3	10,4	18,7	2269
Khmelnyskyi	0,2	15,8	31,8	2425
Charkasy	0,2	22,6	35,2	2508
Chernivtsi	0,8	10,6	8,9	2329
Chernigiv	1,2	15,3	20,1	2308
Kyiv (city)	8,5	7,6	10,8	4607
Sevastopil (city)	0,5	1,4	2,1	2891

[based on Regions 2013; ChDoRS 2013]

The fifth stage is concerned with the methods and tools for data collection, in particular: collection of legal and statistical information; information requests regarding the indices. All the indices in the system of EMCLF evaluation can be subdivided into two groups: the ones that can be calculated quantitatively and the indices that can be evaluated by experts. For the indices, that are figured by formulae or measurement, the statistical data is retrieved from enterprise reports or may be obtained directly from the business institution. For the indices, that are evaluated by experts we should elaborate and expert survey. In order to avoid the subjectivism in the evaluation of EMCLF we have only included those indices that are formed quantitatively.

The sixth methodological stage of EMCLF evaluation is the creation of information database for evaluation in accordance to the established parameters and criteria. Information database serves as a basis for the calculations of labor potential.

The seventh stage of the methodology consists of the elaboration of the most important measures for the formation of lacking elements and enhancement of the existing constituents of labor potential. Besides, the directions for the strategic development were worked out during at stage.

The advantages of the abovementioned methodology are as follows:

- 1) The methodology is based on complex and manifold approach to the evaluation of all the constituents, which determine the structure of economic and motivation components of labor potential;
- 2) The calculations are based on the weight coefficient of the systems of economic and motivation components of labor potential, however they are not figured with the help of expert surveys but on the basis of entropy of certain values of indices. This helps us to avoid the subjectivism in the evaluative system;
- 3) The computation of an integral index of an economic and motivation constituents of labor potential is done on the basis of data from public and statistical reports;
- 4) All the calculations may be software-oriented.

The disadvantage of this methodology is that the factors, which were not presented in the reports have not been taken into account.

3. Objectivization and interpretation of statistical and analytical data

As follows from the analysis we have ranked the regions (oblasts) according to the integral index of economic and motivation constituents of labor potential (see table 6).

A low level of EMCLF is inherent for eight regions of Ukraine in particular in Ternopil, Kherson, Zakarpatya, Zhytomir, Volyn, Vinnytsia, Kirovograd, and Sumy regions. It varies from 203.67 to 246.24.

The regions with an average level of economic and motivation constituents of labor potential are the most frequent, ranging from 251 to 350. These include: Ivano-Frankivsk, Rivne, Autonomous Republic of Crimea, Kharkiv, Lviv, Odesa, Khmelnytskyi, Zaporizhya, Mykolaiv, Poltava, Kyiv, Lugansk and Dnipropetrovsk regions.

Donetsk, Cherkasy and Chernivtsi regions are characterized by the above average level of EMCLF. Their indices 367.01, 393.62 and 428.42 accordingly.

The highest level of economic and motivation constituents of labor potential is in Chernigiv region.

Table 6. The Ranking of Regions in Ukraine according to the Integral Index of Economic and Motivation Constituents of Labor Potential

№	Region (oblast)	Value of an integral index of EMCLF	Level of EMCLF
1	Ternopil	203,6761	Low
2	Kherson	215,6613	
3	Zakarpattia	226,024	
4	Zhytomir	228,7411	
5	Volyn	231,9632	
6	Vynnytsia	243,4557	
7	Kirovograd	243,7557	
8	Sumy	246,2363	
9	Ivano-Frankivsk	254,2971	Average
10	Rivne	265,4445	
11	Autonomous Republic of Crimea	269,8333	
12	Kharkiv	270,5758	
13	Lviv	270,87	
14	Odesa	282,2904	
15	Khmelnytskyi	296,8442	
16	Zaporizhzhya	302,5503	
17	Mykolaiv	302,783	
18	Poltava	305,5294	
19	Kyiv	330,5516	
20	Lugansk	333,0331	Above average
21	Dnipropetrovsk	336,0747	
22	Donetsk	367,011	
23	Charkasy	393,618	
24	Chernivtsi	428,4172	High
25	Chernigiv	543,8137	
26	Sevastopil (city)	1446,55	
27	Kyiv (city)	1695,314	

As a result, the revealed disproportions in the values of the integral index of economic and motivation constituents of labor potential in Ukrainian regions show that there is an urgent need to elaborate effective tools for the enhancement of the constituent under analysis.

Summary. Objectives, Priorities and Tools for Effective Utilization and Development of Labor Potential

Considerable problems of quantitative and qualitative status of labor potential in Ukraine in general and in its regions prevent it from becoming an economically developed and social state. These are the main problems that illustrate the status of labor potential in Ukraine: natural decrease of the population; low level of life expectancy; high unemployment and industrial injuries rates; high tuberculosis and AIDS morbidity rates; mental disorders because of alcohol addiction; high infant mortality rate; mortality for infectious and oncological deceases; low in-service training rate; insufficient level of scientific development and innovation; lack of rationalization activity; tense ecological situation.

We have also singled out a number of problems of economic and motivation constituents of labor potential in particular: low demand and supply for labor force; high unemployment rate; low job placement rate; arrears of wages; nominal but not actual increase of the income.

The abovementioned is a bright example of the lack of positive dynamics in the development of labor potential in Ukraine and hence the indicator of the quality of labor activity and life quality in general.

The problem of deformation of the structure of labor recourses (potential); the aggravation of demographic basis for the recreation of labor potential; the lack of motivation mechanism of realization of intellectual potential, which is adequate for market relations; attraction of investments in the development of labor potential and growth of economic activity in Ukraine. All these problems become more critical due to the continuous economic stagnation in Ukraine and aggravation of social and economic crisis as well as the lack of reasonable regional policy.

This necessitates the vectors and tools for effective utilization and development of labor potential in Ukraine as an indicator of life quality via institutional, functional, resource-oriented and administrative support of motivation and economic constituents of labor potential (KMU 2011; KMU 2009; Kramarenko 2012; Lavrynenko 2009; Regions 2013):

- 1) for the regions with a low index of motivation and economic constituents of labor potential:
 - to secure the formation of progressive structure of employment, elimination of unemployment, liquidation of “underground” employment;
 - to stimulate the policy for activation and stimulation of employment by way of professional training, grant job placement, entrepreneurship facilitation;

- to develop social work i.e. an assistance to groups people and families to realize their social rights and compensate physical, mental, intellectual, social and other defects, that prevent from becoming a fully functional and social-oriented state;
 - to raise wages as a major source of cash flow of population and stimulate labor activity as consistent with GDP growth, to introduce the wages of the countries of European Union.
- 2) for regions with an average integral index of motivation and economic constituents of labor potential:
- to create new and modernize the working positions in the field of economy, to develop small and mid-sized business, to enhance self-employment, to make investments in order to solve unemployment problems;
 - to orient health care institutions towards the improvement of public health, to achieve the highest level of self-preservation of Ukrainians;
 - to step up demands to professional training of specialists, to provide financing, to implement and improve the database of the demands of the regions for specialists with due account for enterprises' orders of various property categories and regional employment centers.
- 3) for regions with an above average integral index of motivation and economic constituents of labor potential:
- to enhance the labor activity of able-bodied population, to ensure the effective utilization of labor potential;
 - to realize the perspective ways of science and technology development, to plan the funds in regional budgets aimed at innovation facilitation;
 - to enhance the income policy – minimum subsistence level, retirement benefits, welfare payments.
- 4) for regions with a high integral index of motivation and economic constituents of labor potential:
- to preserve and multiply academic, scientific and technical potential;
 - to achieve effective interaction of science, education, production, to ensure finance and credit sphere in the field of innovation development;
 - to provide appropriate conditions to introduce the system of life-long learning.

The problems that we have spotted in the course of our investigation show that there is still a need for a further study of labor potential, its determinants and tools that would ensure such positive changes.

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