



# INFLUENCE OF BUDGETARY PROBLEMS ON THE RATES OF GROWTH OF THE PRODUCTIVITY OF LABOUR

## ВПЛИВ БЮДЖЕТНИХ ПРОБЛЕМ НА ТЕМПИ РОСТУ ПРОДУКТИВНОСТІ ПРАЦІ

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For years of independence in Ukraine considerable changes took a place in economic relations. However, in new economic realities the achievements in a socio-economic sphere are insignificant.

Reduction of rates of production, growth of level of unemployment, decline of the real incomes of citizens are the main attributes of not quite successful economic policy of reforms.

Sorry, today, the Ukrainian economy carries considerable losses through the low level of the productivity of labour and worsening of financial discipline. By the real threat of stability of the financial system, except for influencing of world finance-economic crisis there are budgetary violations, in particular the unhaving a special purpose and ineffective use of financial resources.

Reason of these confusions is financial activity of country which, in violation of requirements of the Budgetary code (art. 7), not always based on principles of efficiency and effectiveness at the use of budgetary facilities with the purpose of achievement of maximal result in economic and social spheres. At the same time, only economic development can improve welfare of citizens and is an instrument in stability of the financial system of the state, to fix its power.

Overwhelming part of state finances which are the basis of development of country is concentrated in the budgets of different levels. At the same time, the problems of budget touch everybody. In fact the state, distributing and redistributing, directly influences on the level of profits of population, structure of production of economy, assists to the development of productive forces, regulates the rates of growth of the productivity of labour.

The purpose of this research is to analyse the problems of functioning of the budgetary system in present socio-economic terms, to probe influence of budgetary problems on the level of the productivity of labour, development of economy, production.

For today deceleration of level of the productivity of labour is dictated the row of reasons, including, through the inefficient use of budgetary resources of facilities. To such conclusion we reached after the detailed analysis of budgetary violations and their influence on the rates of the economy growing.

Yes, as a result of audit of efficiency of the use of facilities of the state budget it is set on preparation of shots of worker, that Department of education and science, in contempt of legislation in the field of government businesses, sent in 2008-2010 years the profeducation-performers of government order 9,3 milliards of hryvnas (UA) on preparation of skilled workers without the conclusion of state contracts which must determine the economic and legal obligations of sides, and consequently it is not well-to-do responsibility of leaders of establishments for achievement of the planned results.

As a result, annual charges of budgetary facilities in a sum over 3 milliards UA on functioning of profeducation did not liquidate the disbalance of demand and supplies of shots of worker on the domestic market of labour. Next to the dissatisfied requirement of enterprises in the workers of certain professions remain unclaimed a production graduating students, prepared after other professions on social adaptation of which the state is forced to outlay additional resources [1, p. 37].

For example, on socio-economic development of the Kyiv, Cherkassy and Chernigov areas from the state budget 280 million hryvnas were directed in 2010 year. However utilizing over 49 million UA of facilities of transfers on 11 starting objects of social sphere, regional state administrations did not provide introduction of them to exploitation. Yes,

5 starting objects are not entered in the Chernigov area: quarterly gas boiler room, preschool and three establishments of health protection, on financing of which it is utilized budgetary facilities in a sum 4,4 million hryvnas (UA).

Found out the conducted audit the fact of acquisition of medical equipment for the district hospitals of the Kyiv-Svyatoshin and Brovary districts by a cost 23,3 million and 3,2 million UA accordingly without the account of possibilities of his setting in the apartments of hospitals. In the total utilizing a medical technique is impossible, and for the reconstruction of apartments and editing of the noted equipment considerable additional financial resources are needed [8].

As a result of audit of efficiency of the use in 2009-2011 years of facilities of the state budget on the scientific applied researches and developments and providing of their introduction establishments of the National academy of sciences of Ukraine in the Donetsk area, it is established, that between scientific and technical potential of region in which concentrated there are 12 scientific institutes of National academy of

sciences of Ukraine, and the dynamics of economic development of area is a substantial break. The applied developments of scientists are not instrumental in growth of economic indicators, does not work on an innovative prospect. Selected in 2009-2011 years scientific establishments of area 35,5 million UA of budgetary facilities on the applied scientific developments was not realized in accordance with the necessities of economy of region. In an economic appeal it is not incultured results completed in 2009-2010 years 22 the applied advanced studies which 9,8 million UA of budgetary facilities is spent on [9].

Thus, the professional level of shots is not properly prepared for the necessities of domestic economy, research, research-constructor developments which do not interest a production or their pre-production models are conducted, technologies do not answer modern requirements, similarly however exploited a purchased medical equipment which by years stands under the opened sky is and through the moral or physical tearing down in course of time can grow into a scrap-metal. And, not introduction to exploitation of the completed objects will require in the prospect of additional budgetary assignments and distract facilities from the foreground budgetary programs. All of these examples are the result of unsuccessful administrative decisions in a budgetary sphere, which not only are not instrumental in growth of the productivity of labour and growth of economy, and vice versa brake this process. And such facts of the ineffective and inefficient use of budgetary facilities it is possible to point much enough.

Yes, from data of the Account chamber, the volumes of found out the facts of the ineffective use of facilities of the state budget annually grow only. Among reasons of numerous violations is:

- absence of the grounded prognostication and planning;
- conducting of additional or repeated works;
- the losses of budget are related to placing and performing the government order;
- payment of the not given or unhigh-quality services and all that.

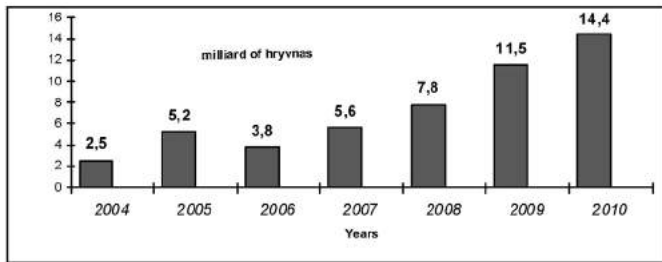
It should be noted that in 2004 years of facts of the ineffective use of facilities it was discovered to the amount of 2,5 milliard UA, in 2005 year this index grew in two times and made – 5,2 milliard UA. Only in 2006 year the volumes of found out the facts of the ineffective use of facilities as compared to 2005 year went down on 1,4 milliard

*In the article problems are probed related to the uneffective and inefficient use of budgetary facilities. Influence of these problems is analysed on the level of the productivity of labour and providing of the economy growing. Concrete facts and volumes of budgetary violations are resulted from specificity and actuality of this question on the system. Some directions of improvement of position are drawn.*

*У статті досліджуються проблеми, пов'язані з неефективним та нераціональним використанням бюджетних коштів. Проаналізовано вплив цих проблем на рівень продуктивності праці та забезпечення економічного зростання. Наведені конкретні факти та обсяги бюджетних порушень вказують на системність та актуальність даного питання. Накреслено деякі напрями поліпшення становища.*

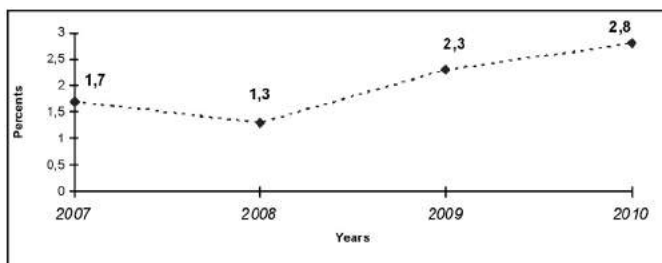
**Fig. 1. Dynamics of found out the facts of the ineffective use of budgetary facilities**

It is built from data of reports of the Accounting chamber of Ukraine for 2004-2010. Київ 2005-2011. 128p.; 151p.; 136p.; 144p.; 157p.; 192.p; 207p. (page 43; 42; 44; 45; 49; 61; 60).



**Fig. 2. Particles of the set budgetary violations are to the produced Gross domestic (internal) product**

It is expected from data of reports of the Accounting chamber of Ukraine for 2007-2010 and information of State of statistics of Ukraine [Elektr. resource] www.ukrstat.gov.ua.



UA or on 27,0 percent of points. However, in next years this dynamics rose only on ascending. If to analyse all of the probed period will see that the volumes of found out the facts of the ineffective use of facilities in 2010 year as compared to 2004 years grew in 5,8 times or on 85,6 percents of points. This dynamics, specifies on the considerable problems of functioning of the budgetary system, its low efficiency and effectiveness.

If to the problem of the ineffective use of budgetary facilities to add yet illegal, including the unhaving a special purpose use will see that the scales of the together taken budgetary violations are considerable enough. For example, in 2009 year for by it it is discovered two budgetary violations facts to the amount of a 21 milliard of 535,9 million UA. From this sum illegal, including unhaving a special purpose, the use of facilities made 10 milliards of 81,6 million UA, ineffective – 11 milliards of 454,3 million UA [4, 25]. In 2010 year it was discovered such facts on 30 milliards of 516,8 million UA, including unhaving a special purpose and illegal made 16 milliards of 118,5 million UA, ineffective – 14 milliards of 398,3 million UA [5, 24].

Research conducted by us showed that the Gross domestic product which is the key index of economic development of country and result of its economic activity has a not proof tendency of growth and for example in 2009 year as compared to 2008 year went down on 3,5 percent of points, at the same time, budgetary violations vice versa annually grow only. Such state of affairs testifies that to provide the gradual economy growing difficultly enough.

At the same time, exactly due to a division and redistribution of the accrued cost the state utilizes a budget, as a basic instrument of influence on development of economy and growth of the productivity of labour, forms the certain system of economic interests simultaneously. The ineffective, unhaving a special purpose use of state facilities restrains a positive dynamics and is burdensome for the budget of the state, as a purpose of the budgetary program on which facilities are selected not arrived at.

Analysing the numerous facts of budgetary violations come to the conclusion, that it has the negative phenomenon proof tendency to growth, only in 2008 year as compared to 2007 year the volumes of found out facts went down on 0,4 percent of points, however beginning from 2008 year there is swift growth of found out facts of budgetary violations. For example, in 2009 year – 2,3 perc., and in 2010 – 2,8 perc. the made in Ukraine of the Gross domestic (internal) product is utilized ineffective and illegally, including not on the having a special purpose setting. This process guards, as his consequences negatively influence on the productivity of labour, economy growing and welfare of population.

Between efficiency of the state on the whole is determined exactly efficiency of functioning of the financially budgetary system, how the state disposes of financial and financial resources on a way to a primary purpose – satisfaction of necessities of its citizens [7, p. 54].

In the conditions of finance-economic crisis cases of the inefficient use of budgetary resources are not possible, especially in such largenesses. For example, in the European countries with the purpose of stabilizing of the system of state finances and shutting out of serious shocks, international financial institution recommend the governments of these countries economy and effectively to utilize facilities in those or other sizes. In Ukraine the system of the ineffective use of budgetary facilities brakes growth of the productivity of labour, increase of business activity and instead carries a large threat, creating additional difficulties for an economy, as presently so in a prospect.

Researches are conducted by us prove that in Ukraine, reason of most cases of the unhaving a special purpose and ineffective use of budgetary facilities are subjective, unskilled, irresponsible administrative decisions of public servants.

Except for ineffective administrative decisions, the cases of conscious actions of power of which result in the unhaving a special purpose and ineffective use of budgetary facilities happen sometimes. This factor, we bind to development a corruption in a country and its influence on socio-economic relations.

Without growth of the productivity of labour and economic flight nowhere to go, although this process and results in negative consequences, for example worsening of the ecological state of environment, growth of the disaste loading. However, growth of necessities of man, necessity of construction new modernization of existent infrastructure, growth of profits of population, social defence force to grow the rates of production.

It should be noted that the productivity of labour represents all of not prosperity of society, but only measures de bene esse produced one human-hours of products.

In economic literature marked, that a level and rates of growth of the productivity of labour is determined the amount of the produced products, or size of the accrued cost (national income), for unit of time or by a reverse index – expenses of working hours on unit of products, executed work [6, p. 119].

On the productivity of labour and economy growing influence political and social stability, attitude of society toward businessmen, scientists, inventors, rationalizers and others like that.

Thus, to promote the productivity of labour not so simply. It is arrived at due to technical progress, growth of found of armed, improvement of quality of labour force, moving of labour resources from low productivity to highly productive industries, and also due to a number of other factors. And nowise it is not needed to perceive growth of the productivity of labour and real product and profit as to natural process. It not so.

Scientific and technical development enables to get new knowledges, on new combine resources with the purpose of increase of eventual issue of products. In practice scientific and technical progress and capital investment (investments) mutually linked closely, as technical progress often results in investments in new machines, equipments and equipments.

By the source of new knowledges and information which stimulates innovative activity there are books. But, as an audit showed to efficiency of the use of budgetary facilities on library business in 2010-2011 years, facilities which the state sends to the library sphere are mainly outlaid on the pay-envelope of its workers (80%), charges on addition to the library funds in the state budget never not planned a separate line. As a result overwhelming part of funds is physically threadbare and oldest, their renewal for the last four years had diminished in 1,6 time comparatively with writing. It resulted in reduction of funds on 13,2 million copies and deepened an informative deficit [3].

A volume of the fixed assets on one worker is an important factor which determines a dynamics and rates of growth of the productivity of labour. For concrete period of time it is possible to increase the combined volume of capital, but if the quantity of population and accordingly labour force will grow quick, the productivity of labour will fall, as found of armed of every worker will be abbreviated.

Deceleration of growth of the productivity of labour is largely explained the insufficient level of capital investments in development of infrastructure. In fact, an infrastructure plays a key role in the attractiveness of investors or other region.

Through the system of mechanisms and instruments of fiscal policy in creation of modern objects of social infrastructure takes part and the state. It, distributing the considerable particle of financial resources through the budgetary system and in particular the state budget, takes part in financing of the programs of socio-economic development of cities, settlements, regions.

Investments in infrastructural objects (*roads, bridges, transport upshots, tunnels*) accelerate transporting of commodities from producers to the users and diminish charges on delivery. That, the developed infrastructure promotes the productivity of labour and competitiveness of products.

It would be desirable to mark in this connection, that alteration of the Ukrainian roads within the framework of preparation to championship of Europe from football of EURO-

2012, if not to take quality of works, terms of handing over into account, recoupment of the built objects is sure a positive step in the increase of the productivity of labour.

The factors of growth of the productivity of labour is an economy conditioned the scales of production, as more effective methods of production which conduces labours to growth of the productivity allow to inculcate the size of enterprise and expansion of markets of sale.

On growth of the productivity of labour the improvement of division of resources influences also. Experience of West-European countries testifies that the best redistribution of human capitals is moving of rural population where the productivity of labour is relatively low to the urban population busy in processing, finishing industry, making of furnitures, motor industry, that in sectors from relatively high performance of labour. This flow influences on the middle level of index of the productivity of labour of worker in a country.

For example, in Ukraine folded so historically, that in western areas there always was a disbalance between basic productive force – landed and labour resources. However, economy of the former USSR where the system of full employment functioned enabled to smooth out these disproportions, avoid possible social shocks and created workplaces in superfluous workers regions. Position cardinaly changed after reorganization of collective economies and transformation of them in private enterprises. As a result, rural workers were disengaged outside an agrarian sphere, filling up the quantity of unemployed persons thus.

In the searches of earnings and the best fate rural inhabitants mass left to Spain, Portugal, Italy, Poland, to Russia where were or and until now are in status of illegal migrants, and where they found for itself the second motherland.

Other part of rural population moved in cities, as exactly a city is able fully to satisfy the scalene necessities of citizens. Besides, cities present the concentration of large riches and profits. They are the centers of economic activity and possibility for individuals to realize the dreams. In addition, a city has more advantages than village, as placing a production within the limits of city, a businessman reduces transport charges, services of connection and others like that through a closeness with the suppliers of materials and users of products which influences on growth of the productivity of labour. That, territorial advantages are the main factor of the economy growing, bringing in of labour force and accordingly expansion of cities.

It should be noted that modern migration directly influenced on a structure and quantity of rural population. For example, from data of State of statistic of Ukraine on a background the general diminishing of population through this country, for period, for example from 01.02.2004 to a 01.02.2012 quantity of rural population abbreviated on a 1207441 person or a 7,8 percent. At the same time, an urban population for this period was abbreviated on 2,3 perc. or on a 751848 person [2]. Reason of such state is, that greater part of population only with a city links the future.

By factors, which restrain the economy growing and productivity of labour there are legislative norms, which regulate the question of guard of labour, health, environment, intervention from the state in the matters of private business, development of industry. As, the necessity of increase of charges on cleansing buildings, improvements of terms of labour, distracts facilities from investing in the fixed assets necessary for the increase of the productivity of labour.

Reason of highly productive labour is: capital, natural resources, technologies, quality of labour and other factors. Investments in a human capital it is that direction, that allows to promote qualification and capabilities or in other words productivity of labour of workers. The charges of the state or sole proprietor on machine-tools and equipments also promote the productivity of labour and are investments. Investments in a human capital are three kinds and all of them are directed on the increase of productivity of labour, it is education, health protection and mobility. Last, means migration from the places of the low productivity in places with the high level of the productivity of labour. Competitive market system is an instrument in the effective use of present resources.

Education is the important factor of increase of the productivity of labour. Demand on any resource (in a number human) is second-rate from the product produced with his help, that demand on a resource depends on his productivity market value (prices) of commodity which is made with his use. A pay-envelope is a price which is paid for the use of labour. Then, the higher demand on labour the higher general level of pay-envelope. Demand on labour or any other resource depends on his productivity. On the whole, the higher productivity of labour, the higher demand is on it. Then, the greater demand is on labour, the higher middle level of the real wage.

The productivity of labour grows on the measure of improvement of health, professional preparation, experience, increase of the personal interest, application of various stimuli, encouragements, diminishing of fluidity of shots, on the measure of growth of

material well-being machines, by an equipment, natural resources, during the best organization and management a production, at transferring of labour force from less to more effective industries.

On the productivity of labour and economy growing influence indifferent, irresponsible, unconscientious attitude toward labour, economic abuses and budgetary violations are already mentioned by us.

The necessary condition of diminishing of amount of budgetary violations and providing of the effective functioning of the budgetary system is determination of priority directions of the use of budgetary facilities, establishment of the proper measured quantitative and high-quality indexes, introduction of mechanism of selection of the budgetary programs, including those which are financed due to transfers on implementation of investment projects.

A fiscal policy must be oriented to the prospect, to go out from the clear understanding of possibilities of budget and priorities in charges, to provide foresee, appear as to natural, forecast result of the protracted developments and works, scientifically grounded and concerted estimations of prospects of socio-economic development of the state.

Government, making a decision about building dike, motorway, bridge transition or financing any other budgetary program must analyse financial charges with the real benefit which can be got from realization of this project. The economy of state facilities does not mean their minimization quite, vice versa the division of budgetary facilities must be continued until then while to extract a benefit will be not possibly from the subsequent redistribution of budgetary facilities.

For the state in the process of redistribution of riches it is important to minimize negative influence on the redistribution of profits and economic efficiency. To attain the effective division of facilities very difficultly. It is necessary, that every participant of budgetary process realized own responsibility for an eventual result. However, providing the effective division of budgetary assignments will enable to attain the high level of the middle productivity of labour and the same instrument in growth of economy. At an effective division, citizens will be sure that play an honest economic game this confidence will induce them it is better to work and an economy with a just division will be yet more effective and effective.

That is why in present socio-economic terms, there must be achievement of maximally high result of the basic tasks of fiscal policy at the use of budgetary facilities. It is necessary to strengthen responsibility of managers of facilities after assumption of abuse in a budgetary sphere. On leading positions, to pull out people competent, able to accept the weighed administrative decisions. In fact, the rational use of budgetary facilities will be instrumental in the increase of level of the productivity of labour, will stimulate economic development and getting up, which will conduce citizens to the improvement of standard of life.

## CONCLUSIONS

The conducted research proves that a dynamics of budgetary violations is the system, negative phenomenon in a budgetary sphere. The annual scales of budgetary violations carry a threat not only the rates of growth of the productivity of labour, but also in general to effective economic development. In the conditions of finance crisis such cases in general are impermissible. It is set research, that reason of budgetary problems is a level of corruption in a country, subjective, unskilled administrative decisions of public servants.

The decision of this problem lies in the plane of cardinal changes in approaches of forming and realization of fiscal policy. Introduction of effective measures is on non-admission of budgetary abuses, making of clear encouraging stimuli for highly productive labour of managers of facilities.

## ЛІТЕРАТУРА

1. Бюлетень Звіту про результати аудиту ефективності використання коштів державного бюджету на підготовку робітничих кадрів. – Київ: Рахункова палата України, 2011. – 40 с. [Електр. ресурс] [http://portal.rp.int/img/files/Buleten\\_pidgot\\_rob\\_kadr.pdf](http://portal.rp.int/img/files/Buleten_pidgot_rob_kadr.pdf).
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