

power, a means of consolidating them in order to ensure the well-being of citizens and the stability of the state order. Of course, such control will only gain the trust of citizens when it is objective and independent from those executive bodies that are the managers of public funds.

In our opinion, another characteristic of the system of state financial control should be its comprehensiveness. The greater the amount of budget funds gets under control, the more complete and better the information provided to public authorities and the public; the volume of issues not checked by the employees of the control bodies will decrease and, therefore, violators of budgetary discipline will not go unnoticed. The financial control system should also be mobile, that is, promptly, adequately and professionally respond to any changes in the economy and legislation, and to ensure that the previous, current and subsequent controls are fully implemented. Moreover, special attention should be paid to the first, as the warning will avoid unwanted consequences in the future. Each body of the system should be assigned a place that will give a real opportunity to purposefully influence the financial policy of the state.

The successful development of any country's economy depends largely on reliable and timely information on the state of public financial and material resources, as well as on the ability to effectively manage them. Ensuring the effective formation and use of budget funds, which contributes to strengthening the economic power of the country and increasing the well-being of citizens, is one of the main problems of modern economic development of our country. One of the ways to solve it is to improve the system of state financial control, which in turn helps to improve the state of the state's economy.

Literature

1. Dmitrenko G. V. Orgnizatsia i zdiysnennya derzavnogo kontroly v Ukraini (finansovo-ekonomichni aspekty) [Organization and realization of state control in Ukraine] (PhD Thesis). Kiev, 2010
2. On public internal financial control: the draft law of Ukraine. URL: <http://www.dkrs.gov.ua/kru/uk/publish/article/51285>

Olena Petrushka

Ternopil National Economic University

INFORMAL EMPLOYMENT AND ITS IMPACT ON PENSION INSURANCE

The shadow economy, in particular, informal employment stimulates the development of new problems not only in the field of pension insurance, but also threatens with its consequences the financial and economic situation of the country as a whole. It acts as a reason for: reduction of the volume of insurance

contributions to state trust funds, tax revenues; reduction of the State Budget revenue forecasts; reduction of the replacement rate of lost earnings; reduction of insured persons' pension rights; reducing the average size of pensions, wages; rising unemployment, etc.

The main direction of expansion of the base of contributions accrual to state pension insurance, taking into account their economic properties, is the increase of real wages. Taking into consideration the fact that the functioning of the economic system takes place in the conditions of liberalization of foreign trade conditions, the implementation of measures aimed at improving the competitiveness of products and services produced in Ukraine comes to the fore. Therefore, in our opinion, the only way to solve this complex problem is to actually increase the productivity of the insured persons in the national economy. According to the research, labor productivity in Ukraine is 19% of labor productivity in the US, 22–25% - in Western Europe, 29–31% of labor productivity in Eastern Europe [1, p. 396-398].

Measures to improve labor productivity and remuneration of hired workers will ensure the desired increase in the amount of pension rights of hired workers and the necessary increase in contributions to the state pension insurance.

We consider reducing the share of the shadow economy and legalizing labor market relations in Ukraine a prior task in replenishing the Pension Fund's resources. It should be noted that according to the official data of the Ministry of Economic Development and Trade of Ukraine, the level of the shadow economy is much lower and amounted to 32.0% of GDP in 2018 [2]. Despite the differences in estimates, it is obvious that the size of the shadow economy in our country is large, since its critical level for the country's economic security is 30%. A clear indication of the impact of the shadow economy on the labor market is the high proportion of those employed in the informal sector of the Ukrainian economy.

Another important manifestation of the impact of the shadow economy on the labor market is the widespread practice of paying wages without paying all the required payments, including a single social contribution. Surveys of the prevalence of unofficial payments revealed that in 2018, 14% of employees received money in this form, another 66% were not engaged in such activities, and 20% refused to answer for the nature of their income. During this period, the highest share of persons receiving shadow incomes by type of employment was among the self-employed population – 38%. The Ministry of Social Policy estimates the amount of shadow wages at UAH 112 billion [3].

Among the main factors in the spread of the practice of shadow relations in the sphere of remuneration are the following ones:

– significant gaps between the cost of labor resources for the employer and the actual amount that the employee receives for his work;

– tolerant attitude of employees to the practice of paying unofficial salaries and, accordingly, depriving them of their guarantees regarding pension and social security;

– feeling the unfairness of the pension distribution system due to the large number of special, occupational and preferential pension regimes;

– actual impunity for violations in the sphere of remuneration [4, p. 16].

Measures to improve the practice of raising the income of the Pension Fund of Ukraine in the context of pension reform should, in our opinion, make provisions aimed at minimizing the factors of shadowing remuneration mentioned above. Taking into consideration the information given above, we propose two blocks of recommended measures aimed at expanding the participation of employees in state pension insurance and expanding their insurance rights: proposals to enhance the motivation of employees and employers to participate fully in state pension insurance and to increase employment from the proper payment of a single social contribution.

Given the large scale of shadowing of the Ukrainian labor market and the lack of significant progress on the legalization of wages, it would be appropriate to introduce indicative minimum wages for different categories of employees. Doing that, it is advisable to take into account the types of professions, the qualifications of employees and the region in which a particular person works. The use of indicative wages for national economy workers will make it possible to diversify the regimes of control over the payers of the single social contribution. In such circumstances, stricter control regimes may be applied to payers of lower wages than the indicative minimum wage. This will minimize the risk of avoiding payment of the single social contribution provided by law and reduce the volume of informal employment in Ukraine as a whole.

Literature

1. Kuzmenko A. V., Kozakova A. S. Labor productivity: a European approach; labor productivity in the context of ensuring the growth of the Ukrainian economy. *Global and national problems of economy*. 2017. Issue 20. P. 394-399.
2. The level of the shadow economy in Ukraine has fallen to 32% of GDP. URL: <https://www.thoughtda.com.ua/news/2018/12/21/643796/> (accessed 27.08.2019).
3. The main trends and challenges of the labor market in 2018. URL: <https://www.ukrinform.ua/rubric-presshall/2506257-basic-trends-in-runk-praci-v-umovah-stabilizacii-ekonomiki.html> (accessed 02.09.2019).
4. Tishchuk T. A. Shadow economy in Ukraine: scale and directions of overcoming. K.: NISD, 2011. 31 p.