

SOCIO-ECONOMIC DIMENSIONS OF STATE REGULATION OF SUSTAINABLE DEVELOPMENT: INNOVATIVE APPROACHES TO IMPROVING THE ORGANISATIONAL MECHANISM

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ABSTRACT

The article examines the organisational and economic mechanism of state regulation of sustainable development of the national economy of Ukraine. The relevance of the topic is due to the complex challenges faced by the country as a result of war, economic and political instability, global crises and internal structural changes. The author emphasises the critical importance of finding new approaches to the development of a deeply transformed socio-economic system that would ensure stability, recovery and focus on long-term sustainable development goals. The author emphasises the key role of the state in combining short-term measures to restore infrastructure and the economy with long-term strategies that meet the principles of sustainability. The importance of integrating social (employment, inclusiveness, quality of life), economic (innovative development, investment) and environmental priorities in the processes of state regulation is substantiated. The author points out the need to optimise public administration mechanisms for efficient use of resources, attract international assistance, stimulate the “green economy”, support innovation and adapt regulatory instruments to the conditions of war and reconstruction. It is proved that the development of a comprehensive approach to state regulation, which integrates the principles of sustainable development into the economic policy of Ukraine, is necessary to ensure stability and gradual growth of the national economy even in conditions of instability and compliance with modern global sustainability trends.

Keywords: *sustainable development, state regulation, organisational mechanism, social sustainability, innovation, innovative approaches, mechanism, social dimension, economic dimension, socio-economic characteristics*

1. INTRODUCTION

The social component of sustainable development of society (for present and future generations) is essential for ensuring decent living conditions and improving the quality of life of the world's population. Social sustainability covers protecting human life and health, the economic basis of their existence and their ecological, social and cultural environment, and the sustainable use of natural resources. The social dimension of sustainable development is primarily concerned with poverty reduction, social investment, and creating safe and inclusive communities. Social

sustainability is about identifying and managing the impact of business, both positive and negative, on people, regions and society.

According to European research institutions, sustainable social development aims to ensure equal opportunities for people, achieve fundamental rights and basic living conditions, and participate in decision-making in their country and worldwide. The idea of social sustainability is to ensure that well-being conditions are passed on from generation to generation. Global social sustainability issues include population growth, poverty, food, health, gender equality and education (**Social Sustainable Development, 2018**).

The social component of the global concept of sustainable development is one of the most controversial and complex, both in terms of management and evaluation. Socially sustainable communities and societies are better equipped to address common challenges in ways perceived as fair and just, allowing all members to prosper over time.

Goals and objectives, as well as key aspects of achieving social sustainability within sustainable development, are determined depending on the level of management decisions and their respective impact on socio-economic processes. Ensuring social sustainability is a critical issue that must be addressed simultaneously at the level of global society, national economies and business management.

According to the UN Global Compact, social sustainability should be a crucial part of any business, as it affects the quality of business relations with stakeholders (**UN Global Compact, 2025**).

Social sustainability is a proactive way of managing and identifying the impact of business on employees, value chain workers, customers and local communities. According to this strategic document, the pursuit of sustainable development with a focus on its social aspects should provide businesses with the following benefits: 1) opening up new markets; 2) helping to retain existing partners and attract new stakeholders; 3) new sources of innovation for business and management; 4) increasing the degree of staff involvement in the company's values and ideas; 5) more effective risk management; 6) reducing the level of conflict between business and society.

Ukraine's accession to the global agreement and the processes of achieving the Sustainable Development Goals determined the strategic priorities and tasks in the social sphere, which were set out in the Sustainable Development Strategy of Ukraine until 2030 (**Law of Ukraine "On the Strategy for Sustainable Development of Ukraine until 2030", 2019**).

This legal act sets out the immediate goals for ensuring the further sustainable development of Ukraine's social sector, including overcoming poverty and hunger, ensuring a healthy lifestyle and well-being of the country's population, and achieving gender equality. These goals are to be achieved by 2030.

One of the most challenging aspects of sustainable development in the social sphere is measuring actual indicators and assessing the degree of progress achieved. In foreign practice, methodological approaches to determining sustainable social development based on social footprint and social life cycle assessment (SLCA) are widely known (**Richter et al., 2023**).

However, such an assessment is problematic at present due to the lack of sufficient information in business entity reporting, which is currently being addressed through the introduction of reporting based on ESG business standards.

Social sustainability issues include human rights, fair labour practices, living conditions, health, safety, well-being, diversity, balance, work-life balance, empowerment, community participation, charity, volunteering, and many others. It is a constructive way to determine a business's impact on local communities, customers, employees, and other value chain stakeholders.

2. LITERATURE REVIEW

Despite many scientific works and empirical studies, the issues surrounding the formation and effective functioning of the organisational and economic mechanisms of state regulation for sustainable development remain insufficiently explored in the context of their systemic implementation. The high dynamism and unpredictability of the external environment, characterised by global challenges and rapid technological changes, necessitates further thorough scientific-theoretical, methodological, and applied research. This study aimed to develop comprehensive approaches and tools to adapt this mechanism to the current needs of the national socio-economic system's functioning, ensuring its relevance and progressive development in the long term.

The methodological basis of the study was formed based on fundamental scientific and applied developments set out in the works of many well-known scholars, including: Bashynska, I., Dychkovsky, R., Ostapenko, T. Sala D., Samoilenko, B., Wołowiec, T., Bortnik, S., Suriak, A., Halytsia, I., Hevko, B., Ruskykh, V., Pysanko, S., Zaichuk, K. (Sala et al., 2023, 2024; Ostapenko et al., 2024; Zinoviy Siryk et al., 2024; Wołowiec, T. et al., 2022).

Despite many previous studies and accumulated empirical data, the issues of forming and effectively functioning organisational and economic mechanisms of state regulation of sustainable development remain insufficiently explored. This is manifested in the absence of unified methodological approaches and comprehensive tools for its implementation in practice.

Given the external environment's high dynamism, growing uncertainty, and unpredictability, characterised by deepening global challenges, rapid technological transformations, and changes in the geopolitical landscape, there is an urgent need for further in-depth scientific, theoretical, methodological, and applied research.

Such research should aim at developing universal and adaptive approaches and effective tools that will allow this mechanism to be adapted to the current needs of the national socio-economic system. The ultimate goal is to ensure its resilience, capacity for progressive development, and achievement of long-term stability in the current conditions (Contreras & Abid, 2022; Pascalina Matohlang Pilane et al., 2024).

Building upon existing frameworks for evaluating social sustainability, Ghadiri N. and colleagues propose an expanded set of key indicators to offer a more comprehensive assessment. Their additions specifically focus on crucial aspects of societal well-being and equity, moving beyond conventional measures. These include the poverty index of the country's population, which directly quantifies the extent of economic deprivation within a nation, providing a clear benchmark for evaluating social safety nets and economic inclusion policies. Furthermore, they emphasize the importance of the Gini coefficient of income distribution, a widely recognized metric that precisely illustrates the degree of income inequality across the population. A lower Gini coefficient suggests a more equitable distribution of wealth, fostering greater social cohesion and reducing the potential for unrest.

The inclusion of the share of the population without education highlights a fundamental aspect of human capital development and access to opportunities; a higher proportion in this category signifies significant barriers to social mobility and economic advancement. Lastly, they advocate for considering the share of the population over 60 years old. This demographic indicator is vital for understanding the societal implications of an aging population, including pressures on health-care systems, pension funds, and the need for adapted social services, all of which are critical for long-term social sustainability. By incorporating these specific metrics, Ghadiri N. and others aim to provide a more nuanced and robust analytical tool for policymakers and researchers to gauge and address the multifaceted challenges of social sustainability (Ghadiri N. et al., 2022).

Despite a substantial body of prior scholarly works and accumulated empirical data (Toni,

2025), the issues concerning the formation and effective functioning of the organizational and economic mechanism for state regulation of sustainable development remain insufficiently explored. This is evident in the absence of unified methodological approaches and comprehensive tools for its systemic practical implementation. Given the high dynamism, increasing uncertainty, and unpredictability of the external environment—characterized by deepening global challenges, rapid technological transformations, and shifts in the geopolitical landscape—this underscores an urgent need for further thorough scientific-theoretical, methodological, and applied research. Such research should aim to develop universal and adaptive approaches, along with effective instruments, that will reliably enable this mechanism to adapt to the current operational needs of the national socio-economic system, ensuring its resilience, capacity for progressive development, and achievement of long-term stability in contemporary conditions (Labour market in times of war: demographic challenges for Ukraine, 2024).

The economic basis for solving the problems of sustainable development in the social sphere is income and expenditure, and therefore, scientists study the system of indicators for assessing the achieved level of social security in the country through the prism of indicators of the subsistence minimum, wages, the structure of household expenditures, and state expenditures on financing social protection programmes (Golovnia O.M., 2017).

Buryak E.V., Redko K.Y., Chornovol A.O., Orlenko O.V. Socio-economic aspects of sustainable development in the context of intensification of Ukraine's European integration aspirations are assessed in the context of three methodological planes: 1) increasing the level of competitiveness of the national economy; 2) improving the living standards of the country's population; 3) improving the ecological environment (Buriak et al., 2022).

At the same time, based on the study's results outlined above, the socio-economic dimensions of the state regulation of sustainable development have not been sufficiently studied, especially in implementing innovative approaches to improving the organisational mechanism.

3. AIM OF THE RESEARCH

The article aims to study the socio-economic dimensions of the State regulation of sustainable development in Ukraine and develop/search for innovative approaches to improving the relevant organisational mechanism. The study includes an analysis of the state of the social sphere, its connection with economic processes, identification of problematic aspects and limitations (including the impact of war), to formulate proposals for improving the efficiency of state regulation.

4. METHODS

In the modern methodological field, several aspects of defining and assessing the social component of sustainable development have been distinguished, which are relevant for all levels of solving management tasks (Table 1).

Table 1. Methodological areas of measuring social aspects of sustainable development

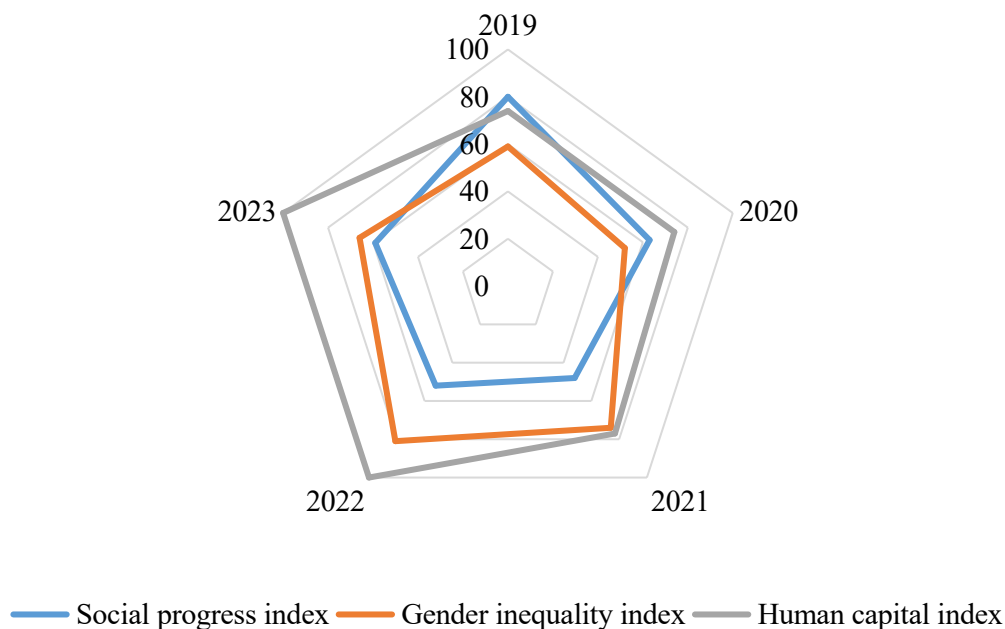
The measurement and evaluation plane	Dimensions of measurement
Quality of life	A large-scale dimension is closely linked to other socio-economic dimensions: health care support, education, learning opportunities, employment, safety, security and economic location.
Equality	The ability of all groups in society to have equal access to opportunities, resources, facilities, goods, services and outcomes.
Diversity	It involves identifying the needs of all diverse groups, assessing their requirements and encouraging diverse perspectives in communities.
Governance and democracy	Determine the adequacy of budgets and resources to support the smooth running of sustainable development programmes
Social cohesion	Increase individual participation in the target group. Helps target groups contribute to society by providing them with better access to civil and government institutions

Source: Author's development

In global practice, integral indices are used to assess the results of improving the social component of the population's life, covering basic human needs, the foundations of well-being, and development capacity, among other things (Figure 1):

- the Social Progress Index;
- the Human Development Index;
- the Gender Inequality Index.

Figure 1. Dynamics of Ukraine's ranking positions in the world according to the social development indices



Source: Author's calculation based on Ukraine in the Global Gender Gap Ranking (2022), Ukraine remains a country with a high Human Development Index - UNDP report (2023), Problems and State of the Social Services Sector in Ukraine: ALI Holds a Presentation of the Research (2024).

Assessing the components of the integrated indicator of the social development index makes it possible to note positive key trends that have accompanied Ukraine's social development in

recent years. Among them are the following: an increase in the level of inclusiveness of society (in terms of such parameters as a decrease in the degree of discrimination against the population, opportunities to participate in political events, and active participation in various social communities), improved access to information and communications, and personal freedom.

According to the EU Commission, the social sphere of Ukraine's economy is currently at the initial stage of preparation for implementing the Sustainable Development Goals. The Commission notes national progress in labour legislation, labour safety, and the development of social partnership. At the same time, there are shortcomings in discrimination in employment, a high level of staff turnover, and the current Labour Code of Ukraine needs to be unified with European labour legislation. High unemployment in the national economy, gender imbalances among employed workers, and high growth rates of youth unemployment pose a significant challenge to achieving the goals of sustainable social development ([Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2023 Communication on EU Enlargement Policy](#)).

5. RESEARCH RESULTS

To assess the degree and nature of the impact of basic socio-economic parameters on the social sustainability of the national economy, a multiple regression equation was compiled. The size of the real wage of the Ukrainian population was chosen as the resultant indicator, considering the absolute wage coefficient determined by the National Bank of Ukraine.

The factor attributes for building the regression equation are:

X_1 - GDP per capita, thousand USD;

X_2 - employment rate, %;

X_3 - unemployment rate, %;

X_4 - inflation rate, %.

X_5 - nominal average monthly wage in Ukraine, Ukrainian hryvnia.

The data for the multiple regression equation were collected based on statistical information provided on the official websites of the Ministry of Finance of Ukraine, the State Statistics Service of Ukraine, and the National Bank of Ukraine.

$$Y = 23878,8 - 0,31X_1 + 423,08 X_2 + 27,73 X_3 - 13,05 X_4 + 1,35 X_5 \quad (1)$$

The economic-mathematical model showed a high level of reliability with the corresponding value of the coefficient $R^2 = 0.97$, which confirms the validity of the socio-economic indicators selected as statistical factors. The research period included the statistical period of 2010-2023.

The research demonstrated a negative dependence of real wages on the level of employment in the national economy.

This confirms that as the supply of labour on the market increases, the price decreases, per classical economic laws.

This confirms the need to create inclusive employment conditions, equal and fair employment opportunities, and new jobs under the indispensable conditions of equal and fair access for the country's working-age population.

The multiple regression equation also revealed a negative impact of inflationary processes on real wages and, accordingly, on the national economy's level of welfare and social sustainability.

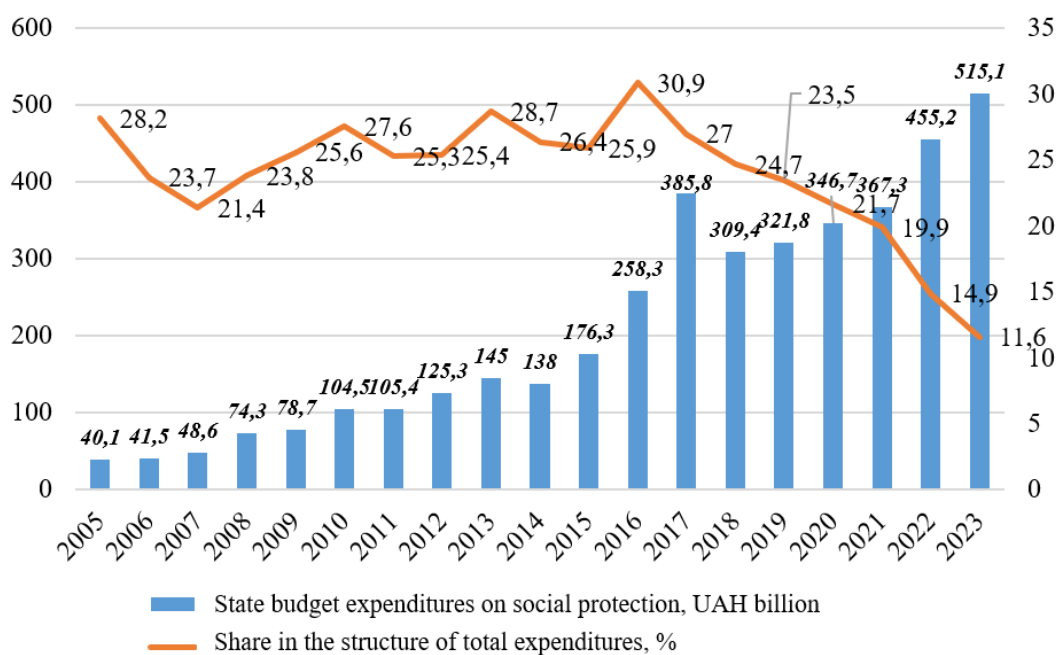
The social sphere is considered a priority in the economies of developed countries and occupies a significant place in the Sustainable Development Goals. It is a specific and complex area of

public administration that requires significant funding and support to ensure a decent standard of living for the population.

According to the data of the World Organisation for Economic Cooperation and Development (OECD), social expenditures are related to the costs of governments for the payment of cash assistance, direct provision of goods and services or tax benefits to categories of the population that receive low incomes or have limited employment opportunities (older adults, people with disabilities, unemployed, people with many children, etc.) In European practice, social security expenditures account for a significant share of public expenditures: 31.6% in France, 30.6% in Austria, 28.1% in Germany, 22.7% in Poland, and 12.3% in Ireland (**Social Spending, 2025**).

In Ukraine, the share of consolidated budget expenditures on social protection is characterised by a downward trend (to 11.6%), despite the growth of their absolute amount, which in 2023 was equal to UAH 515.1 billion (**State budget expenditures of Ukraine, 2025**).

Figure 2. Dynamics of consolidated budget expenditures on social protection in Ukraine



Source: Author's calculation based on State budget expenditures of Ukraine (**2025**), Expenditures and resources of Ukrainian households in 2021 (**2025**).

The social situation and quality of life, essential components of the country's sustainable development, are characterised not only by state financial support for the population. Achieving sustainable development goals largely depends on quality of life, particularly the quantity and quality of healthcare, education, housing and communal services, environmental protection, etc. According to the research results, the social sector's share in the structure of national gross production is about 4.7% and was characterised by a stable growth trend until the beginning of 2022 (Table 2).

Table 2. The place of the social sector in the Ukrainian economy

Indicators	2018	2019	2020	2021	2022	2023
GDP value, billion Ukrainian hryvnias	3558,7	3974,6	4194,1	5459,6	5191,0	6537,8
Consolidated budget expenditures, billion Ukrainian hryvnias.	1250,2	1370,1	1548,2	1848,4	3043,1	4440,9
including social security	309,3	321,8	346,7	367,3	455,2	5515,1
education	210,0	238,8	252,3	312,9	290,8	308,6
health care	115,8	128,4	252,3	312,9	290,8	217,4
environmental protection	8,2	9,7	9,1	10,6	5,2	6,4
housing and communal services	30,3	34,5	32,2	56,9	41,2	70,4
spiritual and physical development	29,0	31,6	31,7	43,4	33,6	38,5
Share of the social sphere in GDP, %	8,7	8,1	8,3	11,7	8,8	4,7

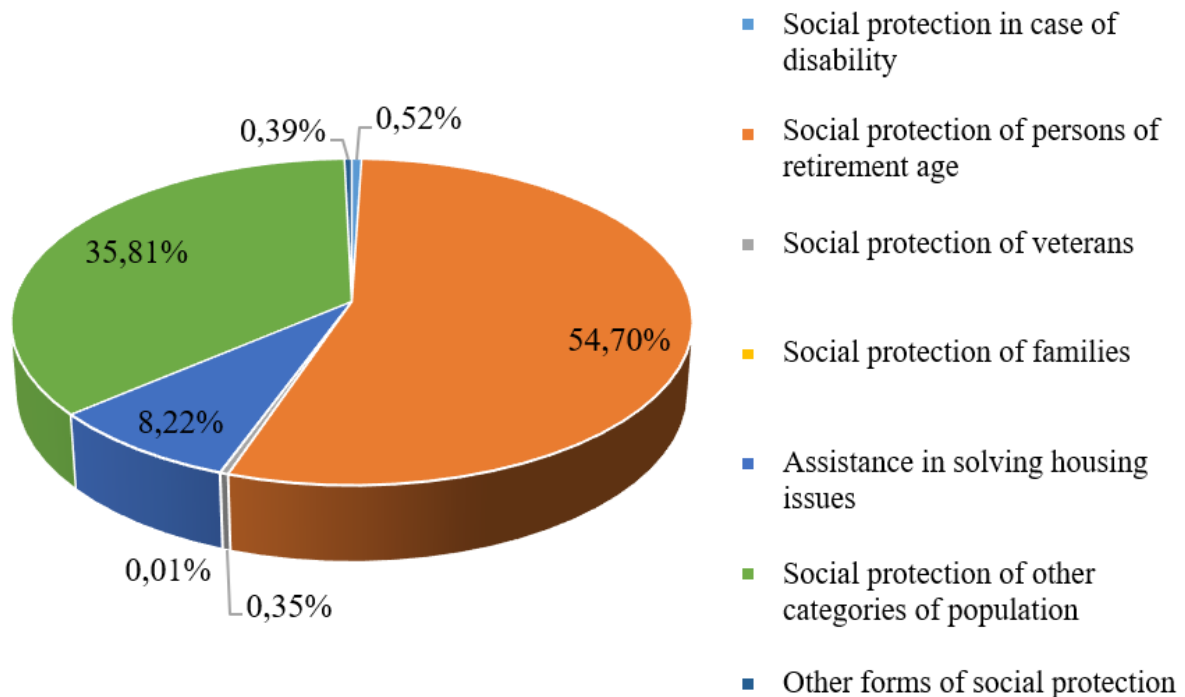
Source: Author's calculation based on State budget expenditures of Ukraine, 2025; Expenditures and resources of Ukrainian households in 2021 (2025)

Budget expenditures for social protection functions at the national and local levels of government are determined by the existing social standards and norms established and in force at the time of assistance provision.

In Ukraine, such social standards are Subsistence minimum (in 2024 - UAH 2920 in total), minimum wage (UAH 8000), minimum pension (UAH 3000-3200), burial allowance (UAH 4100), IDPs' accommodation allowance (UAH 2000-3000), childbirth allowance (UAH 41280), assistance to single mothers (from UAH 2563 to UAH 3028), benefits for children in care (from UAH 6407.5 to UAH 11186), assistance for low-income families (from UAH 1665.4 to UAH 4474.40), and additional types of state social support for families. The EU Government Commission notes that there has been progress in the state policy of social protection for the population of Ukraine. At the same time, inclusive gaps between the level of social security in different territories remain significant. The outbreak of the military conflict has exacerbated the problem of growing poverty and inequality in specific segments of the country's population (Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2023 Communication on EU Enlargement Policy).

In terms of social support and protection of the population, the largest share of expenditures is for support of people of retirement age - 54.7% (UAH 232.9 billion), while the minimum share is for financial support of social protection of families, children and youth - less than 0.1% (UAH 100 million) (Figure 3).

Figure 3. Structure of areas of social support and protection of the population of Ukraine in 2023, %



Source: Author's calculation based on State budget expenditures of Ukraine (2025)

In terms of methodology for assessing the level of socio-economic well-being and quality of life, the indicators that indicate the status, opportunities and actual income of the country's population are crucial. Unemployment, employment, opportunities, and prospects directly impact the state, the country's economic potential, and its population's social security. According to research, in recent years, Ukraine has seen negative unemployment growth trends triggered by the military conflict outbreak. As a result, the actual unemployment rate in the country increased to 21.1% in 2022 but was characterised by a certain stabilisation to 18.2% in 2023 (Table 3).

Table 3: Dynamics of social security indicators in Ukraine

Indicators	2010	2015	2018	2019	2020	2021	2022	2023
Average monthly salary, Ukrainian hryvnia	2629	5230	10573	12264	14179	17453	14577	17442
Minimum wage, Ukrainian hryvnia	922	1378	3723	4173	5000	6000	6500	6700
Gross wages, Ukrainian hryvnia	922	1378	1921	2102	2270	2481	2684	2684
Employment rate, % of the population	58,5	56,7	57,1	51,7	49,9	49,3	н/д	н/д
Unemployment rate, %.	8,8	9,5	9,1	8,6	9,9	10,3	21,1	18,2

Source: Author's calculation based on Ukraine Poverty Rate 1992-2025 (2025), Demographic and social statistics (2025), Average monthly salary by industry (2020-2024) (2025), Average salary in different countries (2025), Inflation index (2025)

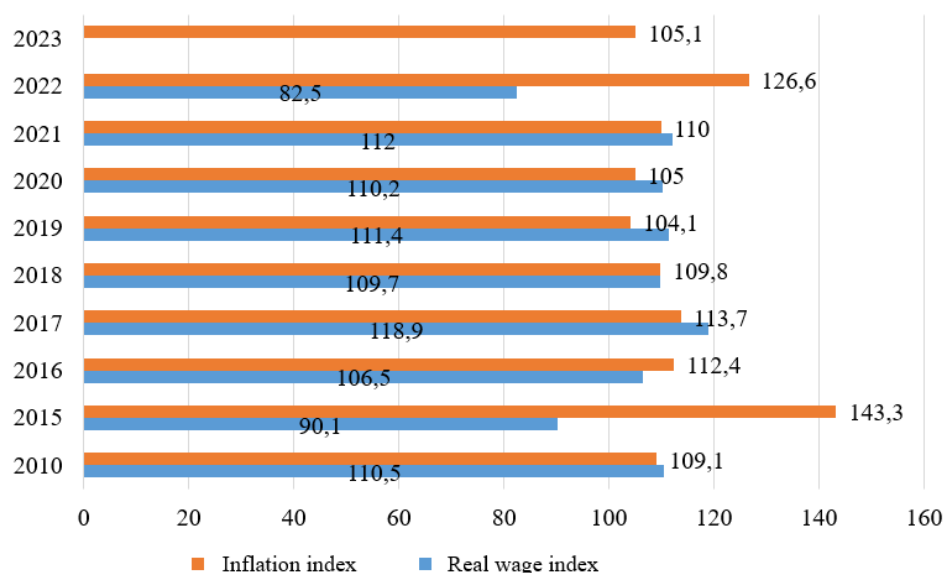
As the unemployment rate in the national economy increased, the share of the employed working-age population decreased, which is one of the key reasons for the decline in national production, lower incomes, and a deterioration in the overall socioeconomic situation. Due to the limited state financial potential for social protection, the socio-economic indicators that deter-

mine the standards of well-being and quality of life remain minimal. The minimum and average wages in Ukraine lag far behind the values of similar indicators in EU countries. The average wage in Ukraine as of the end of 2023 was 17442 Ukrainian hryvnias (about 415 euros), while the average wage in the EU was 2066 euros ([Average monthly salary by industry \(2020-2024\), 2025](#); [Average salary in different countries, 2025](#)).

The lowest wages in the national economy were in the following economic activities: temporary accommodation and catering - UAH 12,300 (7.5% of the national average), education - UAH 1,439 (71.3%), construction - UAH 1,634 (74.2% of the average), and agriculture - UAH 1,625 (83.8%). The highest wage levels were in the following sectors: information and telecommunications - UAH 37946, financial and insurance activities - UAH 34393, and air transport - UAH 31391 ([Inflation index, 2025](#); [Ukraine Poverty Rate 1992-2025, 2025](#); [\(Ukraine remains a country with a high Human Development Index - UNDP report, 2023\)](#)).

Despite the trend of an inevitable increase in the average wage in Ukraine by 19.6% in 2022-2023, the prerequisites for creating a solid economic base for sustainable social development are virtually non-existent. The effect of rising incomes is offset by the active development of inflationary processes and high growth rates of household expenditures (Figure 4).

Figure 4. Dynamics of the ratio of inflation and real wages in Ukraine, %



Source: Author's calculation based on Inflation index ([2025](#))

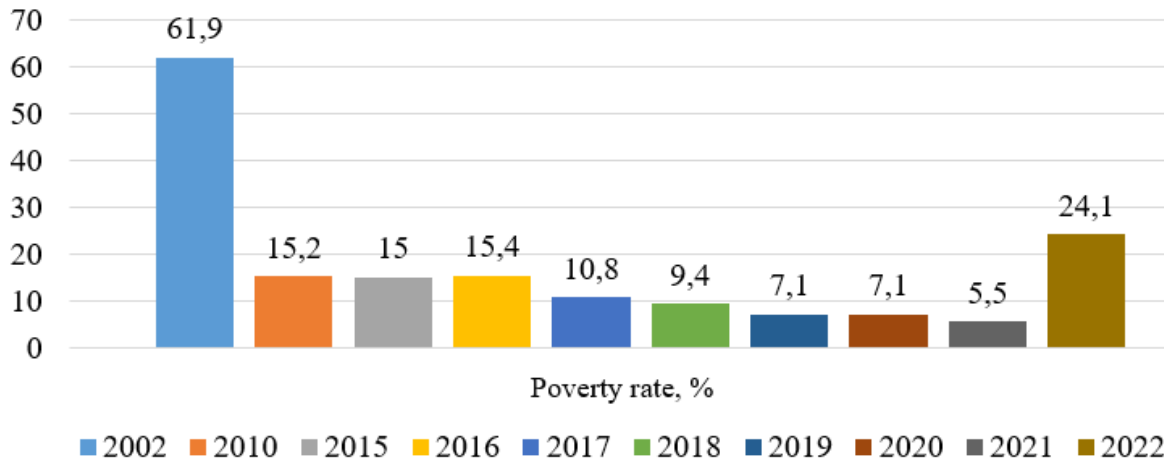
The growth in real wages observed in Ukraine's economy in 2015-2021 was offset by a sharp rise in consumer prices in 2022 (to 126.6%), which was one of the main reasons for the decline in real incomes and the increase in poverty in the country.

The structure of household expenditures is also suboptimal, with a significant share of food expenditures accounting for more than 46%. Another significant item of household expenditure is the payment for utilities (about 18%), clothing and footwear (5.8%), healthcare (5.4%), communications (4.0%), and the minimum share of expenditure on education (1.1%), recreation and spiritual needs (1.0%), and other expenses ([Expenditures and resources of Ukrainian households in 2021, 2025](#)).

The cumulative development of negative trends in inflation, a decline in real incomes of the Ukrainian population, and other manifestations of the political and macroeconomic situation have led to an increase in the importance of one of the key indicators by which the World Bank assesses social stability and sustainability in national economies - the poverty rate. According

to the World Bank, the socio-economic progress achieved by Ukraine in 2010-2021, during which the poverty index decreased from 15.2% to 5.5%, was devalued by the outbreak of military conflict in 2022, when the poverty index increased to 24.1%. Thus, more than 24% of the country's population lives below the poverty line, which the World Bank estimates at USD 2.15 per day (Figure 5) (Ukraine Poverty Rate 1992-2025, 2025; In Ukraine, the Poverty Rate Rose to 24% Last Year: What to Expect in the Future, 2025).

Figure 5. Poverty rate in Ukraine



Source: Author's calculation based on Ukraine Poverty Rate 1992-2025 (2025), In Ukraine, the Poverty Rate Rose to 24% Last Year: What to Expect in the Future (2025)

The growing proportion of the poor in Ukraine poses real long-term threats to restoring the population's quality of life and achieving sustainable development goals in the social sphere.

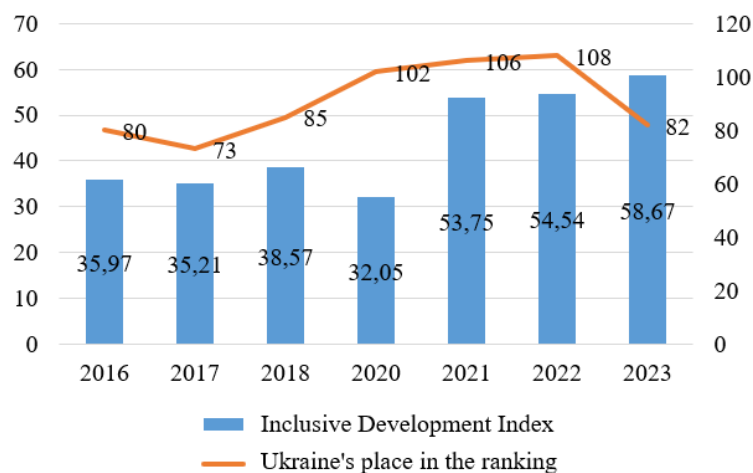
Social sustainability should be viewed as a socio-economic state of society development in which people (the country's population) can meet their social, spiritual, cultural, religious and other needs, have equal opportunities for existence and development, and create the same opportunities for future generations.

To achieve this goal, the potential to include all population segments in social processes and provide them with equal and fair conditions and opportunities is of utmost importance in ensuring social sustainability. Inclusive social resilience processes involve providing public goods and allocating scarce resources in a way that all perceive as legitimate and fair, so that all people can thrive and meet all their needs.

To measure progress in addressing these challenges, the World Economic Forum has launched a global index that is seen as an analogue of GDP per capita - the Inclusive Development Index. It contains three main components: growth and development, inclusiveness, equality and intergenerational sustainability. The purpose of the Inclusive Development Index was to comprehensively assess and collect data to ensure sustainable and inclusive economic progress through in-depth public and private cooperation through thought leadership and analysis, strategic dialogue and concrete cooperation, including accelerating social impact through government and corporate action.

The results of the ranking assessment of Ukraine's position in the Inclusive Development Index showed that the country is losing ground in terms of key inclusive characteristics of society and economy. In 2023, Ukraine ranked 82nd among 129 countries with a corresponding coefficient value of 58.67 (Figure 6).

Figure 6. Dynamics of Ukraine's inclusive development index



Source: Author's calculation based on Zhukovska & Oleksandr Brechko (2024)

Key problematic aspects of the inclusiveness of Ukrainian society and economy include tolerant attitude of the country's population to people with different religious values, low readiness of the Ukrainian population for people with disabilities, low level of their integration into society, low share of youth and women in socio-political and economic processes in Ukraine, gender inequality in employment in most types of economic activity, discrimination in society on various grounds, deepening inclusive gaps and disproportions between the level of development of certain territories, in particular, urban areas. Positive developments include an increasing degree of social consolidation and improved social infrastructure.

In order to increase the level of inclusiveness of Ukraine's economic development, the UN initiative identified key areas, which are supported by financial support from the EU (Germany and France): development and intensification of cooperation between public and private sector institutions; increasing the operational resilience of the national economy, in particular, export-oriented activities; increasing the degree of accessibility of regional support for businesses and the population; financial and legal support for small grants; information and awareness-raising ([Support to Inclusive Economic Development in Ukraine by Linking Export Strategy with Regional Development and SDGs Project, 2021](#)).

As an important further direction to overcome the existing problematic aspects and increase the inclusiveness of social processes, Ukrainians scientists propose creating and implementing inclusive business models ([Kramarenko Kateryna & Ivashchenko Denys, 2024](#)).

In today's world, inclusiveness in ensuring sustainable social development is primarily determined by the potential for digitalisation of the economy and social life. Digital technologies create enormous opportunities, in particular, to accelerate progress towards achieving the goals of sustainable social development. In addition, digitalisation can also reduce socio-economic gaps through online tools and public access to information. Inclusive digital transformation can significantly help to address the needs of the poor ([Alawneh et al., 2025](#)), as well as the most vulnerable and marginalised groups in society (including women, youth, people with disabilities, etc.). The digitalisation of social aspects of society provides additional opportunities for underrepresented groups to participate in society and promote justice and equality. Digitalisation can become an effective tool for managing not only social development, but also crises, such as conflict situations in fragile environments, natural disasters, pandemics, or overcoming the consequences of the military conflict in Ukraine.

Studies of the development of digitalisation processes in Ukraine show that the share of the

digital economy in GDP is constantly growing. Despite the outbreak of war in the country, it has increased from 4.3% in 2019 to 6% in 2023 (Bashlay Serhii, & Yaremko Iryna, 2023).

One of the main goals of further digital transformation of the national economy is to increase its share in the value of GDP to 10%, which, according to the National Institute for Strategic Studies, will help to increase the level of economic sustainability, access to resources and create opportunities to meet better the needs of the country's population (Digital transformation of Ukraine's economy in times of war. January 2024, 2024).

The most significant challenge for Ukraine in terms of inclusiveness, social sustainability and further economic development is the ongoing military conflict in the country for the second year in a row. According to UN research, the main threats to Ukraine's sustainable development goals caused by the consequences of the war are an increase in poverty; a limitation of the world's potential to address the problem of hunger; an increase in the number of Ukrainians in need of humanitarian assistance (14.6 million people or 40% of the population, according to world experts); a deterioration in the psychological and physical health of the Ukrainian population (about 14 million Ukrainians need psychological assistance); a narrowing of access to quality education (due to a reduction in the number of (Ukraine and the SDGs: How the War Has Influenced Global Development, 2024).

The social sector is one of the most affected by the consequences of the war in Ukraine. According to the UN commission, over 10 per cent of the country's total housing stock has been damaged or destroyed. As of 31 December 2023, the total cost of damage to the housing sector is estimated at USD 55.9 billion. Global experts have comprehensively assessed the damage to Ukraine's social sector, which is estimated at USD 66.6 billion as of the end of 2023 (Table 4) (Sustainable Development Goals and Ukraine, 2015).

Table 4. The extent of damage to Ukraine's social sector as a result of the military conflict

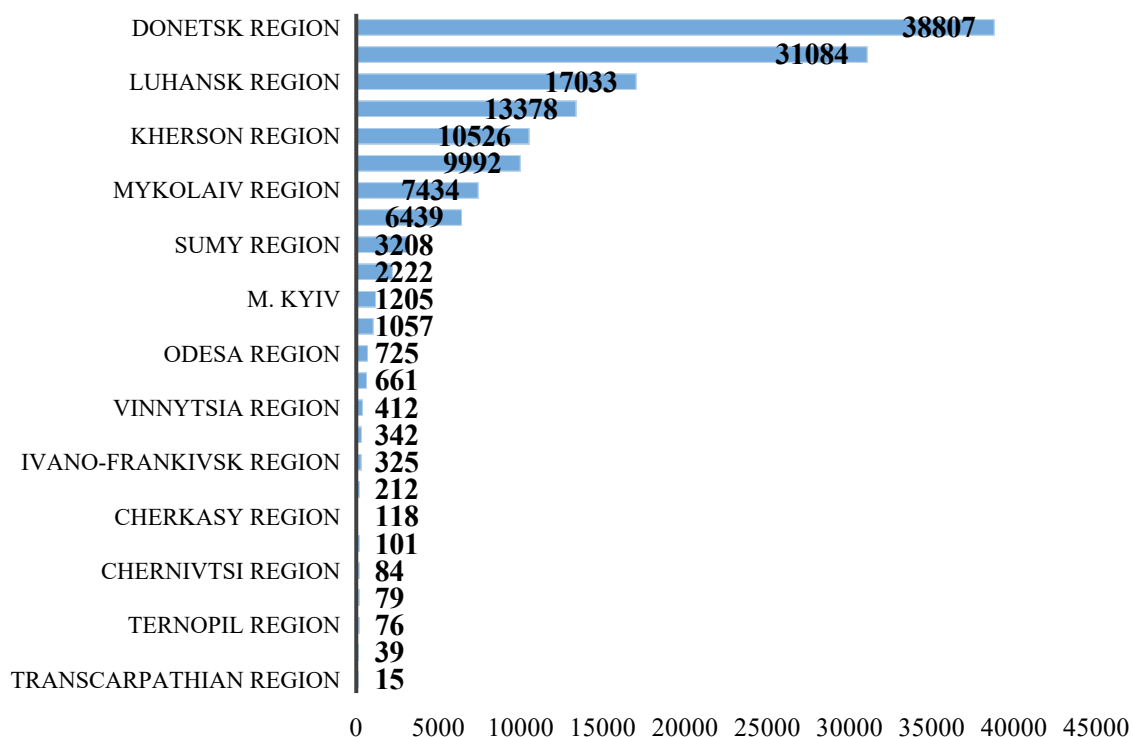
Sector of the economy	Aggregate number of losses, billion USD	Number of losses, billion USD	Planned need for recovery, billion USD
The social sector in general	66,6	71,1	161,8
Housing and communal services	55,9	17,4	80,3
Education and science	5,6	6,9	13,9
Healthcare	1,4	17,8	14,2
Social protection and welfare	0,2	9,5	44,5
Culture and tourism	3,5	19,6	8,9

Source: Author's development on Bank (2022)

The projected need for financial resources to compensate for the damage caused to Ukraine's social sector is about USD 162 billion.

In the regional context, according to a comprehensive assessment of the amount of damage in the social and economic sectors, some of Ukraine's most affected administrative territories are the Donetsk region (total damage is estimated at USD 38.8 billion), the Kharkiv region (USD 31.1 billion), the Luhansk region (USD 17.0 billion), the Zaporizhzhia region (USD 13.3 billion), and the Kherson region (USD 10.5 billion) (Figure 7).

Figure 7. Amount of damage to the social and economic sectors caused by the military conflict in the regions of Ukraine, USD million



Source: Author's development on Dubrovenko Artur (2024)

6. DISCUSSION

The destruction of the territory of these administrative-territorial units of Ukraine poses threats of further population stratification, deepening inclusive gaps in living conditions and the socio-economic well-being of Ukrainians. These challenges and threats require developing inclusive strategies to restore Ukraine's economy from the consequences of the military conflict and to find tools to ensure the security and stability of the country's social development in the future. The key areas of focus should be:

1. restoring the lost pace of economic development and growth. Economic development is the driving force behind progress that leads to growth, improved living standards and opportunities for individuals and communities. It encompasses several key aspects that contribute to a prosperous economy and a better quality of life. Social and productive infrastructure development plays a crucial role in supporting economic activity. Reliable and stable transport networks, electricity, telecommunications, water and sewerage are vital for businesses to operate efficiently and for communities to prosper. In this context, the Government of Ukraine's primary task is to restore the country's investment ratings and stimulate innovation.
2. An integrated approach to sustainable development management that combines environmental, social and economic goals. Recognition of the priority and importance of balancing socio-economic development and conservation of natural resources, promoting social justice and creating livable and sustainable communities. Sustainable management should be based on environmental conservation, aimed at protecting natural resources, reducing pollution and mitigating the impact of human activities on the environment. To

maintain the integrity of natural systems for future generations, conserving biodiversity, protecting ecosystems and promoting sustainable land use practices is necessary.

3. Partnership and integration of state institutions, business, society and territorial communities to direct economic activity towards sustainable inclusive socio-economic growth, provide financial incentives, grants and subsidies to support sustainable initiatives, accumulate state, municipal and private financial resources to restore the national economy and make it more inclusive for society.

7. CONCLUSIONS

Achievement of the sustainable development goals requires established material conditions determined by the relevant qualitative characteristics of the elements of the social base. This hypothesis shifts the analysis to studying the relationship between the SDGS and the economic prerequisites for their achievement, including economic growth, investment (by sector), innovation and technology, small and medium-sized business development, effective natural resource management, financial stability, and social justice.

The concretisation of the conclusions made it possible to identify macroeconomic constraints to the implementation of the SDGs, which are both systemic (flaws in the economic growth model in terms of competitiveness, motivational and institutional constraints) and derivative - lack of financial resources, income inequality, macroeconomic instability, and infrastructure constraints to support sustainable development.

The article identifies constraints to achieving the SDGS from the economic base that require strategic corrective action. The basic constraint in Ukraine can be considered a model of economic growth with a raw material orientation, emphasising the export of low-value-added goods. It was based on exploiting fundamental internal competitiveness factors, namely cheap energy and labour resources.

Studies of the main social aspects of sustainable economic development of the national economy have shown that in recent years, Ukraine has been losing ground in leading indicators, except the human development index, which in 2022 was 100, with a positive growth trend.

According to the EU Commission, the social sector of Ukraine's economy is currently at the initial stage of preparation for implementing the Sustainable Development Goals. The share of public spending and funding for social progress has been declining since 2016, and in 2022, it will amount to 14.9%, with the corresponding expenditure of UAH 455.2 billion.

The social sector plays an important role in Ukraine's economy - its share in the GDP structure was 11.7% at the beginning of 2022, and in 2023 it decreased to 4.7%. The largest share of public expenditures on social protection is spent on protecting people of retirement age, 54.0%.

Social security is a complex category in terms of methodology, which is closely linked to the economic basis that forms the financial potential for ensuring its implementation. An analytical assessment of the key socio-economic indicators of the country's social security has demonstrated the dynamics of growth of all socio-economic standards: average and minimum wages, subsistence level, and government spending on social protection.

At the same time, the economy is experiencing difficult trends due to an increase in the unemployment rate of 18.2% and a decline in the employment rate. Along with the rising inflation rate, these trends have led to a decline in real incomes (UAH 1,226 per month) and an increase in the poverty rate in the country (up to 24.1%), which poses significant threats to the achievement of the Sustainable Development Goals in the social sphere.

The biggest challenge to achieving the sustainable social development goals is the duration of the military conflict in the country. As a result, social sector expenditures over the past two years have totalled over USD 66.6 billion.

The study's findings emphasise the urgent need for strategic, coordinated action by different levels of government and society to move Ukraine toward the SDGs. The government of Ukraine should develop a new national economic Strategy that emphasises diversification and high-tech production, as well as increase public spending on social progress and human capital development, even in times of war. International donors and financial institutions should provide targeted financial and technical support to rebuild social infrastructure, promote economic diversification, and strengthen Ukraine's institutional capacity. Businesses, especially small and medium-sized ones, must integrate SDG principles into their operations, invest in innovation, and actively participate in corporate social responsibility initiatives. The academic community and civil society organisations should continue conducting research, advocating for SDG-compliant policies, and independently monitoring progress, ensuring accountability and promoting public engagement in sustainable development.

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