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STATE POLICY MECHANISMS FOR STIMULATING INCLUSIVE ECONOMIC DEVELOPMENT IN THE CONTEXT OF NATIONAL

ECONOMIC SECURITY

МЕХАНІЗМИ ДЕРЖАВНОЇ ПОЛІТИКИ СТИМУЛЮВАННЯ ІНКЛЮЗИВНОГО ЕКОНОМІЧНОГО РОЗВИТКУ В КОНТЕКСТІ НАЦІОНАЛЬНОЇ ЕКОНОМІЧНОЇ БЕЗПЕКИ

***Summary.** Introduction. Inclusive economic development has emerged as a central paradigm in contemporary economic policy, reflecting the growing recognition that economic growth alone is insufficient to ensure long-term stability, resilience, and societal cohesion. Modern national economies operate in an environment characterized by heightened uncertainty stemming from technological change, demographic transitions, global economic shocks, pandemics, and geopolitical conflicts. Under these conditions, the interdependence between inclusive development and the national economic security becomes particularly pronounced. The paper situates inclusive development not merely as a social objective, but as a strategic foundation for the national economic security, emphasizing that*

exclusionary growth patterns generate structural vulnerabilities, weaken institutional legitimacy, and undermine sustainable development trajectories. By integrating insights from institutional economics, labor economics, social policy, and security-oriented economic analysis, the study advances a multidimensional understanding of inclusive development as a systemic response to both internal and external economic risks.

Purpose. The purpose of the article is to substantiate the feasibility and necessity of positioning national economy inclusive development as a core basis for the implementation of state economic security policy mechanisms. Specifically, the study aims to justify inclusive development as a functional pillar of national economic security by demonstrating how coordinated state policy mechanisms particularly in labor markets, social protection systems, fiscal redistribution, and institutional governance can mitigate structural inequalities, enhance economic participation, and strengthen resilience to shocks.

Materials and methods. The methodological basis of the research is general scientific and specific methods of economic phenomena and processes cognition. Therefore, the following methods have been applied: monographic (while the recent research on the state policy mechanisms for stimulating inclusive economic development in the context of national economic security study); logical generalization (while the essence of the state policy mechanisms conceptualizing the national economy inclusive development and economic security generalization); Unified Modeling Language (UML) (when the national economy inclusive development implementation general sequence diagram design); abstract-logical (when analyzing and visualizing the implementation of inclusive economic development in Ukraine); heuristic (when key scientific and research findings generalization and highlighting the future research area).

Results. The study demonstrates that inclusive economic development and the national economic security are deeply interlinked and mutually reinforcing. Through an extensive review of theoretical and empirical literature, the research confirms that inclusive institutions, equitable labor-market arrangements, robust social protection systems, and effective fiscal redistribution contribute not only to improved social outcomes but also to macroeconomic stability and long-term growth sustainability. The analysis identifies key market and institutional failures such as information asymmetries, credit constraints, structural labor-market barriers, and coordination failures that prevent markets from delivering inclusive outcomes autonomously. As a result, state policy mechanisms emerge as indispensable instruments for aligning growth with inclusion.

The state policy mechanisms into an integrated conceptual framework encompassing fiscal policy, labor-market institutions, social protection, industrial and structural policy, territorial development, and monitoring systems has been systematized in the paper. The UML-based sequence diagram modeling the implementation of inclusive development in the national economy has been designed. The designed diagram reveals a multi-level governance architecture in which central government bodies, local authorities, civil society organizations, private-sector actors, and households interact through structured information flows and coordinated policy actions. Special emphasis has been placed on the labor and social protection sectors, highlighting their central role in translating strategic objectives into tangible inclusively oriented socio-economic outcomes. The results underscore the importance of adaptive governance, evidence-based policymaking, and continuous monitoring as mechanisms that sustain both inclusion and economic security.

Discussion. The findings contribute to ongoing academic and policy debates by reframing inclusive economic development as a strategic security instrument

rather than a purely redistributive or welfare-oriented agenda. The national economies characterized by high levels of exclusion are inherently more vulnerable to social unrest, institutional erosion, and external shocks, whereas inclusive systems exhibit greater adaptive capacity and resilience. Future research is encouraged to deepen empirical evaluation of specific policy instruments and to refine measurement frameworks that capture the dynamic relationship between inclusion and economic security over time.

Key words: *economic growth, inclusive growth, economic security.*

Анотація. Вступ. Інклюзивний економічний розвиток став центральною парадигмою сучасної економічної політики, що відображає зростаюче усвідомлення того, що самого лише економічного зростання недостатньо для забезпечення довгострокової стабільності, стійкості та згуртованості суспільства. Сучасні національні економіки функціонують в середовищі, яке характеризується підвищеною невизначеністю, що виникає внаслідок технологічних змін, демографічних переходів, глобальних економічних потрясінь, пандемій та геополітичних конфліктів. За цих умов взаємозалежність між інклюзивним розвитком та національною економічною безпекою стає особливо вираженою. У статті інклюзивний розвиток розглядається не лише як соціальна мета, а й як стратегічна основа національної економічної безпеки, підкреслюючи, що моделі ексклюзивного зростання породжують структурні вразливості, послаблюють інституційну легітимність та підривають траєкторії сталого розвитку. Інтегруючи знання з інституційної економіки, економіки праці, соціальної політики та економічного аналізу, орієнтованого на безпеку, дослідження сприяє багатовимірному розумінню інклюзивного розвитку як системної відповіді на внутрішні та зовнішні економічні ризики.

Мета. Метою статті є обґрунтування доцільності та необхідності позиціонування інклюзивного розвитку національної економіки як ключової основи реалізації механізмів політики економічної безпеки держави. Зокрема дослідження має на меті обґрунтувати інклюзивний розвиток як функціональну основу національної економічної безпеки, демонструючи, як скоординовані механізми державної політики, зокрема на ринках праці, в системах соціального захисту, фіскальному перерозподілі та інституційному управлінні, можуть пом'якшити структурну нерівність, розширити економічну участь та посилити стійкість до потрясінь.

Матеріали і методи. Методологічною основою дослідження є загальнонаукові та специфічні методи пізнання економічних явищ і процесів. Тому було застосовано наступні методи: монографічний (під час дослідження механізмів державної політики стимулювання інклюзивного економічного розвитку в контексті вивчення національної економічної безпеки); логічного узагальнення (при вивчені сутності механізмів державної політики, що концептуалізують інклюзивний розвиток національної економіки та узагальнюють економічну безпеку); Уніфікована мова моделювання (UML) (під час розробки загальної схеми послідовності впровадження інклюзивного розвитку національної економіки); абстрактно-логічний (під час аналізу та візуалізації впровадження інклюзивного економічного розвитку в Україні); евристичний (при узагальненні ключових науково-дослідних висновків та виделенні майбутньої області дослідень).

Результати. Дослідження демонструє, що інклюзивний економічний розвиток та національна економічна безпека тісно взаємопов'язані та взаємопідсилюють одне одного. Завдяки широкому огляду теоретичної та емпіричної літератури дослідження підтверджує, що інклюзивні інституції, справедливі механізми ринку праці, надійні системи соціального захисту та

ефективний фіiscalний перерозподіл сприяють не лише покращенню соціальних результатів, але й макроекономічній стабільності та довгостроковій стійкості зростання. В результаті проведеного аналізу визначено ключові ринкові та інституційні збої, такі як інформаційна асиметрія, кредитні обмеження, структурні бар'єри на ринку праці та збої в координації, які заважають ринкам автономно досягати інклюзивних результатів. В результаті механізми державної політики стають незамінними інструментами для узгодження зростання з інклюзією.

У статті систематизовано механізми державної політики в інтегровану концептуальну основу, що охоплює фіiscalну політику, інститути ринку праці, соціальний захист, промислову та структурну політику, територіальний розвиток та системи моніторингу. Розроблено діаграму послідовностей на основі UML, що моделює впровадження інклюзивного розвитку в національній економіці. Розроблена діаграма демонструє багаторівневу архітектуру управління, в якій органи центральної влади, місцеві органи влади, організації громадянського суспільства, суб'єкти приватного сектору та домогосподарства взаємодіють через структуровані інформаційні потоки та скоординовані політичні дії. Особливу увагу було приділено секторам праці та соціального захисту, підкреслюючи їхню центральну роль у перетворенні стратегічних цілей на відчутні інклюзивно орієнтовані соціально-економічні результати. Результати підкреслюють важливість адаптивного управління, розробки політики на основі доказів та постійного моніторингу як механізмів, що підтримують як інклюзію, так і економічну безпеку.

Перспективи. Результати дослідження сприяють поточним акаадемічним та політичним дебатам, переосмислюючи інклюзивний економічний розвиток як стратегічний інструмент безпеки, а не як суто

перерозподільний чи орієнтований на добробут порядок денний. Національні економіки, що характеризуються високим рівнем ізоляції, за своєю суттю більш вразливі до соціальних заворушень, інституційної еrozії та зовнішніх потрясінь, тоді як інклюзивні системи демонструють більшу адаптивну здатність та стійкість. Подальші наукові дослідження будуть спрямовані на поглиблення емпіричної оцінки конкретних політичних інструментів та вдосконалення систем вимірювання, які відображають динамічний зв'язок між інклюзією та економічною безпекою з плином часу.

Ключові слова: економічне зростання, інклюзивне зростання, економічна безпека.

Problem statement. Inclusive economic development is broadly understood as growth that extends opportunities, resources and benefits across all segments of society has emerged as a cornerstone objective of the modern national economic policy. As nations face increasingly complex internal and external challenges from technological disruption and demographic shifts to geopolitical instability global economic shocks, pandemics and armed conflicts the imperative for inclusive growth intersects with the imperative for the national economic security. In this context, the state policy mechanisms aimed at promoting inclusion are not merely socially desirable: they become strategic levers to strengthen the resilience, cohesion, and long-term stability of the national economy. The national economy inclusive development thus becomes a multidimensional goal: combining income growth, human development (education, health, skills), access to markets and opportunities (employment, entrepreneurship), and institutional fairness. The notion underlines that growth without inclusion can generate deep social fissures, undermine cohesion, and limit long-term sustainability.

Markets, though efficient under certain conditions, often fail to deliver inclusive outcomes on their own. Several structural and systemic factors limit the market's capacity to ensure equitable distribution of economic opportunities: market failures and externalities (investments in human capital (education, health), infrastructure with public-good characteristics (roads, digital infrastructure), and social protection often yield external benefits); information asymmetries and credit constraints (poor, rural, or marginalized households and small enterprises frequently lack access to finance, insurance, and credit reducing their ability to invest, innovate, or manage risk); structural inequalities and barriers to entry (discrimination, geographic marginalization, unequal access to education and training, weak labor protection, and informal employment channels create persistent disadvantages for large population segments); coordination failures (structural transformation shifting economic activity from low-productivity to higher-productivity sectors requires coordinated investments in infrastructure, skills, regulation, and finance). Given these limitations, the state policy mechanisms become essential instruments for achieving inclusive and secure economic development. The challenge lies in designing and implementing those mechanisms effectively, given institutional constraints, political economy dynamics, and resource limitations and their distribution disbalance.

The national economic security, in modern understanding, encompasses not only macroeconomic stability and protection from external shocks, but also resilience against internal vulnerabilities such as social fragmentation, institutional decay, extreme inequality, and structural unemployment. Then national economic security implies a robust capacity of the state and society to withstand crises financial, social, technological, or geopolitical and to maintain inclusive development, sustainable growth and stability over time. From this perspective, inclusive development and economic security are deeply interconnected. Inclusion strengthens social trust, reduces inequality-driven instability, increases the adaptive

capacity of households, and broadens the economic base by integrating marginalized populations into productive activity. Conversely, exclusion, inequality, and lack of opportunity erode institutional legitimacy, suppress demand, reduce human capital formation, and increase vulnerability to social unrest or systemic shocks. Therefore, policies aimed at inclusive development are not only instruments of social justice but strategic necessities for ensuring the national economic security.

Analysis of recent research and publications. The foundational long-run argument has been provided determining that inclusive political and economic institutions are critical for sustained growth. D. Acemoglu and J. Robinson documented historically how societies with broadly inclusive institutions enjoy stable development, while those with extractive institutions face stagnation and conflict. This argument anchors the idea that state policy must focus not only on redistributive programs, but on building inclusive institutions [1]. D. Mookherjee examined decentralization, governance, and inclusive growth arguing that decentralization, if well-designed with accountability, can lead to better public service delivery, more responsive institutions, and enhanced inclusion. [2]. From the national security perspective, their analysis implies that distributing power effectively, but responsibly, may reduce central-periphery tensions, thereby supporting stability. Some authors theorize inclusive economic growth in post-transition contexts (e.g., Eastern Europe), arguing that states need a multidimensional regulatory toolkit (labor law, anti-monopoly, social protection) to navigate the inclusion-security nexus. The imperative of building institutional capacities that can manage inequality and foster trust has been emphasized [3]. Further contrasts EU flagship initiatives with Ukrainian policy, observing that while the EU has more mature institutional frameworks to support inclusive growth, Ukraine struggles with coherence and capacity. This contrast highlights that institutional strengthening is not just a matter of policy design, but also of

administrative and governance capacity, which has critical implications for national economic security [4]. The local governance and accountability have been emphasized, demonstrating that when local governments are empowered and held accountable, public resources can be mobilized in a way that promotes inclusive outcomes. This matters for the national economy inclusive development and security as if citizens trust local institutions, the risk of social fragmentation reduces [5]. M. Fafchamps and S. Quinn, S. advanced the understanding of inclusive growth by linking institutional quality, market integration, and entrepreneurship to economic participation. The secure property rights, reduced transaction costs, and improved contract enforcement are foundations of inclusive economic activity while entrepreneurial ecosystems create channels for upward income mobility. Policy interventions should target market failures, including credit constraints, information gaps, and spatial inequality. The micro-institutional focus connects inclusive growth directly to national economic security: societies with strong institutions experience less volatility, more equitable distribution of opportunities, and stronger resilience to shocks [6].

J. Jütting and J. de Laiglesia examined social protection programs and argue these are key to reducing vulnerability, particularly for poorer and marginalized groups. Their analysis suggests that social protection not only supports welfare but increases labor productivity and human capital accumulation [7]. For national economic security, social protection can act as a buffer during shocks (armed conflict, economic crises, external stress), reducing destabilizing poverty spikes providing social cohesion. At the same time A. Ciani and J. Pischke provided randomized intervention evidence on active labour-market programs (ALMPs), such as job training and placement services. Their findings indicate that such programs improve employability and labor-market outcomes, particularly for marginalized or disadvantaged populations [8]. When embedded in national policy, ALMPs

contribute to long-term inclusion; by reducing unemployment and underemployment, they also support economic resilience. A. Banerjee and E. Duflo used field experiments to assess social safety nets. They find that conditional and unconditional cash transfers improve welfare, reduce poverty traps, and strengthen trust in state institutions [9]. These programs, by stabilizing household incomes, contribute directly to national economic security by lowering the likelihood of social unrest. It has been focused that decent work (fair wages, labor rights) is crucial for inclusive growth; failing to guarantee decent employment contributes to precariousness, which poses risks for national stability [10]. The comprehensive global policy survey which systematized the concept of inclusive growth and identified the most effective policy interventions across the nations, highlighted the multiplicity of definitions and stressed the necessity of measuring both pace and pattern of growth. The research proved that inclusive growth requires multidimensional frameworks, integrating income, employment, health, and voice/participation indicators while policy coherence across sectors significantly improves outcomes; single interventions have limited impact [11].

S. Gupta and J. Kjems offered one of the few studies grounded in firm-level experiments, examining how interventions targeted at SMEs influence inclusive development. Their main findings are subsidies for skill development, managerial training, and productivity upgrades produce significant increases in worker income; market access programs for small enterprises reduce regional and gender-based inequality; institutional constraints regulatory burdens, corruption, and information asymmetries limit the scalability of firm-level policies. This microeconomic lens provides evidence that inclusive growth depends not only on macro-fiscal frameworks but also on the institutional quality affecting business environments. The study implies that the national economic security improves when productive opportunities are broadened across firms and workers [12].

The redistribution via fiscal policy is necessarily trades off with economic growth, which is proven by cross-country analysis that shows, under many conditions, redistribution does not reduce growth and can support inclusive development [13]. This challenges the traditional growth-first narrative and underlines that state fiscal policy can be both equitable and growth-enhancing which is a powerful mechanism for economic security and inclusive development provision. The progressive, well-designed tax systems (both direct and indirect) help governments finance inclusive programs without stifling growth [14]. For the national economic security and inclusively oriented development, fair taxation enhances legitimacy, reduces inequality, and increases capacity to fund social and infrastructure programs. The countries with higher social spending and effective redistributive mechanisms tend to have more inclusive growth outcomes [15]. It emphasizes that fiscal redistribution is not only a moral tool but also a pragmatic security investment: social spending reduces systemic risk.

Industrial policy remains a central lever for inclusive growth in the twenty-first century. The state-led targeting of sectors with high employment potential and technological spillovers, accompanied by training and industrial coordination [16]. This is vital for national economic security and inclusive economic development because industrial upgrading builds productive capacity, reduces dependence on volatile sectors, and fosters resilient employment. When examining structural transformation in developing economies and emphasizing the state's role in driving transformation through industrial policy, public investment, and market coordination, C. Monga and J. Lin argument that the state must guide the shift from agriculture to manufacturing/services in a way that broadens opportunity, thereby supporting both inclusion and economic stability [17]. F. Barca and P. McCann articulated the case for place-based policies: distributing investment and policy attention to disadvantaged regions to reduce spatial inequality. They recommend

territorial differentiation to promote inclusive development and social cohesion [18]. For the national economic security and inclusively oriented economic development, place-based policies help to prevent regional fragmentation and reduce the risk of “left-behind” areas becoming sources of instability. At the same time I.. Cheong and G. provided empirical evidence from East Asia: infrastructure investment and place-based interventions contributed significantly to inclusive growth in lagging regions [19]. Their findings support the idea that spatially targeted investments are both growth-enhancing and inclusion-enhancing, reinforcing national cohesion. However, the issue of the state policy mechanisms for stimulating inclusive economic development in the context of national economic security requires additional research.

The purpose of the article is to substantiate the feasibility and necessity of positioning national economy inclusive development as a core basis for the implementation of state economic security policy mechanisms. Specifically, the study aims to justify inclusive development as a functional pillar of national economic security by demonstrating how coordinated state policy mechanisms particularly in labor markets, social protection systems, fiscal redistribution, and institutional governance can mitigate structural inequalities, enhance economic participation, and strengthen resilience to shocks.

Materials and methods. The research materials are: 1) regulatory and legal support for the implementation of the national economy inclusive development, national economic security state policy aspects in particular; 2) scientific works of domestic and foreign researchers who conducted research on inclusive economic development and the national economy security provision the prospects.

The methodological basis of the research is general scientific and specific methods of economic phenomena and processes cognition. Therefore, the following methods have been applied: monographic (while the recent research on the state

policy mechanisms for stimulating inclusive economic development in the context of national economic security study); logical generalization (while the essence of the state policy mechanisms conceptualizing the national economy inclusive development and economic security generalization); Unified Modeling Language (UML) (when the national economy inclusive development implementation general sequence diagram design); abstract-logical (when analyzing and visualizing the implementation of inclusive economic development in Ukraine); heuristic (when key scientific and research findings generalization and highlighting the future research area).

Presentation of the main research material. Inclusive economic development has become a strategic priority for contemporary states seeking to stimulate long-term socioeconomic resilience and strengthen the national economic security. The labor market and social protection systems are central pillars of this agenda, as they directly influence the capacity of individuals to participate in economic processes, reduce structural inequalities, and enhance aggregate productivity. As global evidence demonstrates, economies that successfully integrate labor activation, social insurance, and targeted social assistance measures into a coherent development strategy tend to achieve more stable growth trajectories, higher employment rates, and stronger human capital formation. Taking above mentioned to the account it is feasible to conceptually distinguish several categories of state policy mechanisms critical for the national economic inclusive development in the service of economic security (Tabl.1). These mechanisms are not mutually exclusive; rather, they form a policy architecture that, when applied in concert, can reinforce inclusion, resilience, and stability:

Table 1

The State Policy Mechanisms Conceptualizing the National Economy Inclusive Development and Economic Security

Policy Mechanism	Core Functions in Inclusive Development and Economic Security
Fiscal and redistributive policy (progressive taxation, targeted transfers)	Reduces inequality, finances public goods, supports vulnerable households, stabilizes demand
Industrial and structural policy (SME support; sectoral targeting; innovation, infrastructure)	Facilitates structural transformation, creates broad-based employment, diversifies economy
Labor-market institutions (minimum wage, collective bargaining, training)	Improves wage equity, promotes decent work, reduces informality, enhances human capital
Social protection systems (social safety nets, pensions, unemployment insurance)	Mitigates vulnerability, supports consumption stability, reduces poverty traps
Market regulation and institutional reforms (property rights, regulatory quality, competition, anti-corruption)	Ensures inclusive access, reduces exclusion, encourages private-sector participation
Territorial and regional development policy (rural/urban balance, infrastructure, decentralization)	Reduces geographic disparities, enhances cohesion, prevents marginalization of regions
Measurement and monitoring frameworks (inclusive growth indicators, vulnerability indices)	Provides data for evidence-based policymaking, helps detect exclusion and risks early

Source: designed by the author

A sequence diagram is a type of behavioral diagram originating from Unified Modeling Language (UML) methodology which represents the temporal sequence of interactions among system actors and components to achieve a particular goal. In the context of national policy implementation, a sequence diagram visualizes actor-to-actor and actor-to-system interactions over time, illustrates information flow, decision points, and feedback loops, makes explicit the responsibilities of each institutional actor in a coordinated process. The designed sequence diagram represents a generic, high-level process showing the main actors (lifelines) and the messages/steps needed to implement inclusive development policy in the national economy (Fig.1). Designed diagram provides an expanded scientific interpretation

of the institutional architecture, policy logic, and implementation sequence underpinning national inclusive development efforts, with particular attention to the labor sector and social protection sector. It also explains how responsibilities, informational flows, and governance mechanisms between ministries, local governments, civil society, and beneficiaries are structured to achieve measurable development outcomes.

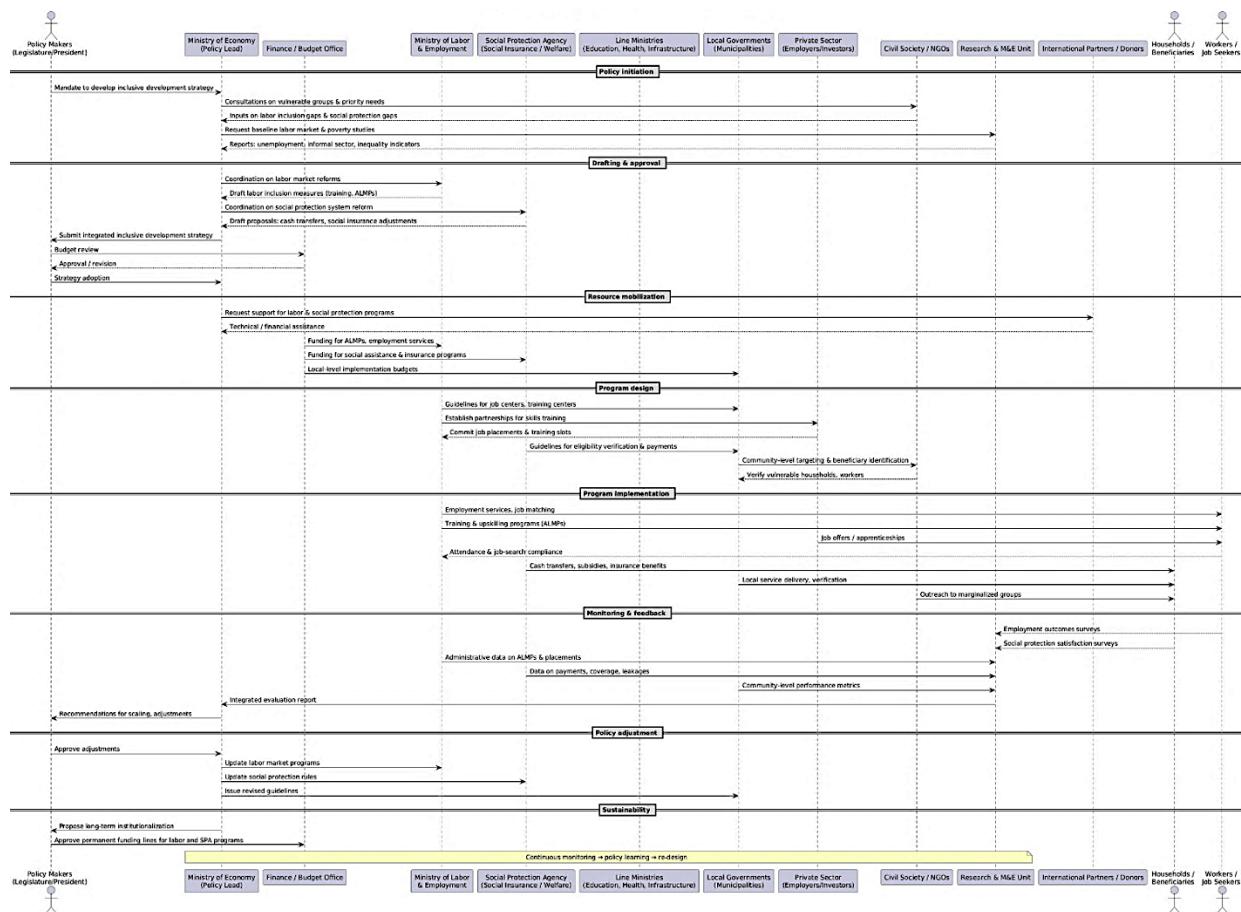


Fig.1. The National Economy Inclusive Development Implementation General Sequence Diagram

Source: designed by the author in Plant UML tool.

The national economy inclusive development implementation sequence diagram, as designed, illustrates a multilevel, multi-actor policy implementation architecture typical for modern inclusive economic development strategies. It

reflects the institutional logic adopted in OECD, EU, World Bank, and UN policy frameworks, where labor market activation, social protection strengthening, and economic inclusion are operationalized through coordinated interactions between central government agencies, local authorities, private sector actors, civil society as final beneficiaries. The diagram does not merely represent process flows, however, embodies the systemic view of inclusive development that positions human capital, employment, and household resilience as core determinants of the national economic security. Accordingly, each interaction and information exchange in the diagram corresponds to a functionally critical step that ensures policy coherence, targeting accuracy, fiscal efficiency, and measurable socio-economic outcomes.

The opening sequence of the diagram captures the agenda-setting and policy formulation phase, driven by a mandate from high-level decision makers (typically the national legislature or the president/prime minister’s office). This phase includes both strategic mandate with coordination mechanism and diagnostic including baseline studies. The request for an inclusive development strategy from top state authorities reflects the principle that inclusive growth cannot be achieved through fragmented sectoral initiatives which requires strategic direction, cross-ministerial alignment, and a unifying policy framework. The Ministry of Economy, positioned as the policy integrator, begins consultations with civil society and social partners. This step aligns with modern participatory governance approaches where broad stakeholder engagement reduces information asymmetry and enhances policy legitimacy. The diagram shows that the Research and Monitoring Unit conducts baseline labor market, poverty, and inequality analyses. These diagnostics reflect the global shift toward evidence-based policy making, where decisions rely on empirical evaluation rather than administrative intuition. The national economy inclusive development diagnostics must include labor force participation trends,

unemployment and underemployment patterns, skills mismatches, informality rates, poverty profiles, demographic vulnerabilities.

The central block of the diagram highlights interaction between the Ministry of Economy, Ministry of Labor, and Social Protection Agency. This is a critical structural component and reflects a widely recognized international best practice: labor and social protection policies must be integrated to address both supply-side and demand-side barriers to inclusion. The Ministry of Labor develops employment-centered interventions such as active labor market programs (training, job matching), employment counseling, wage subsidies for priority groups, support for entrepreneurship and self-employment. These interventions are essential for transforming individual capabilities into actual economic participation who take an action in the economic process and have opportunities to benefit from it. The Social Protection Agency designs programs that stabilize incomes (cash transfers), mitigate risks (insurance schemes), enhance human development (child benefits, social care services). The diagram shows that social protection measures are developed in parallel and coordinated with labor programs, ensuring that beneficiaries are not merely compensated, but also empowered to transition from vulnerability to productive inclusion.

The diagram next emphasizes resource mobilization, a vital component in implementing labor and social protection reforms. The Ministry of Finance evaluates the fiscal feasibility of the strategy, allocates funds to labor activation and social protection programs, and ensures compliance with macroeconomic constraints. This aligns with economic security frameworks where fiscal sustainability and shock-resilience of social spending are critical components of the national economy inclusive development. The sequence illustrates interactions with international partners (UN agencies, development banks). Donor support often strengthens capacity building, innovation in service delivery, large-scale system reforms,

digitalization of labor and social protection systems. It should be noted that donor-assisted reforms achieve higher implementation quality when they align with domestic strategic priorities especially considering the decentralization initiatives.

The diagram's midsection shows extensive interaction between local governments, private employers, and civil society organizations. Local governments apply national guidelines to manage job centers, verify eligibility for social benefits, coordinate training providers, conduct outreach and community engagement. Decentralization increases targeting precision and improves responsiveness to local labor market conditions, while private firms contribute through offering training placements, hiring program graduates, co-investing in workforce development. As it is represented, CSOs support outreach to marginalized groups, monitoring service quality, addressing information gaps. Their engagement enhances inclusion, especially for groups that typically experience institutional barriers.

At the bottom of the diagram, service delivery reaches the final beneficiaries: workers, job seekers, and households. Workers receive employment counseling, training, job matching, support for micro-entrepreneurship. Such programs significantly improve employment outcomes when tailored to both global and local labor market demand. At the same time households gain access to conditional or unconditional cash transfers, social insurance benefits, early childhood and elderly care services. These interventions enhance human capital accumulation and reduce long-term poverty traps.

The sequence diagram emphasizes a continuous feedback loop, reflecting the principle of adaptive governance. Data flows include job placement rates, skills training outcomes, poverty reduction indicators, program coverage, leakage and duplication metrics. Monitoring and Evaluation units issue reports that trigger strategic adjustments, budget reallocations, and regulatory updates. This allows the system to remain dynamic and responsive to economic shocks, demographic trends,

and institutional learning. Adaptive governance approaches have been shown to significantly improve effectiveness and sustainability of the national economy inclusive development interventions.

The expanded sequence diagram represents far more than a procedural workflow. It is a conceptual map of how a modern state operationalizes inclusive development through integrated labor and social protection systems. Its logic reflects the best practices of coordinated governance, evidence-based policymaking, territorially adapted service delivery, active involvement of the private sector and civil society, systematic monitoring and adaptive reforms. Such a model enhances the national economic security, fosters socio-economic resilience, and contributes to long-term inclusive growth. It is consistent with international frameworks and supported by extensive empirical evidence from advanced and emerging economies.

Conclusions and further research prospects. The conducted research on the state policy mechanisms for stimulating inclusive economic development in the context of the national economic security provides substantial conceptual, methodological, and empirical insights into the architecture, logic, and practical implementation of the modern inclusion-oriented state policies. It is worth noted that inclusive economic development is functionally indispensable to national economic security, moving the inclusive development concept from a normative ideal to a strategic imperative. The national economy characterized by structural exclusion exhibits inherent vulnerabilities, specifically, social fragmentation, institutional decay, and suppressed aggregate demand which amplifies the risks posed by external geopolitical or financial shocks. The national economy inclusive development is inseparable from the broader system of economic security, as inclusion strengthens resilience, reduces socio-economic vulnerabilities, and broadens the productive base of the national economy. Effective national economic inclusive development cannot emerge spontaneously from market processes alone, given structural, institutional,

and coordination failures. Instead, it requires a deliberate, multi-level, and evidence-based policy design orchestrated by the state in cooperation with the private sector, civil society, international partners, and local communities. A comprehensive review of institutional interactions revealed that inclusive development, when viewed through the prism of the national economic security, is both a strategic policy direction and a dynamic governance paradigm. It involves orchestrated fiscal, labor-market, social-protection, industrial, and regulatory measures, each fulfilling complementary functions within a coordinated system.

The national economy’s inclusive development serves as a foundational pillar of the national economic security. Countries with broader access to opportunities, stronger labor-market institutions, and well-functioning social protection experience higher societal resilience and maintain economic stability even in periods of external and internal shocks. Conversely, socio-economic exclusion amplifies vulnerabilities, suppresses aggregate demand, erodes human capital, and increases systemic risk. Thus, policies fostering inclusion are not simply normative or socially oriented; they produce measurable economic security outcomes. Inclusive development requires synchronous functioning of macroeconomic, social, labor, regional, and industrial policies. Fragmented or poorly coordinated policy actions lead to inefficiencies, duplication of efforts, fiscal leakages, policy contradictions, and weak implementation outcomes.

The empirical examination of Ukraine’s institutional landscape demonstrates the necessity of multi-level governance in fostering the national economy inclusive development. The national strategies must be complemented by decentralized implementation, community involvement, and continuous feedback loops. Local self-government bodies, civil society organizations, and private sector actors play essential roles in generating localized knowledge, reaching vulnerable groups, and ensuring responsiveness to regional labor-market conditions. The national economy

inclusive development reduces systemic vulnerabilities by expanding economic participation, strengthening social cohesion, and improving human capital. These processes collectively enhance a nation’s capacity to withstand and absorb economic and geopolitical shocks. Insecurity thrives where exclusion is high; therefore, inclusion is simultaneously a development objective and a security imperative. The success of inclusion-oriented interventions depends on the coherence between national directives and local operational capacities. Inclusive development enhances national economic security by increasing labor force participation, strengthening human capital, diversifying sources of economic activity, and reducing vulnerability to social tensions and economic disruptions.

The findings contribute to ongoing academic and policy debates by reframing inclusive economic development as a strategic security instrument rather than a purely redistributive or welfare-oriented agenda. The discussion highlights that economies characterized by high levels of exclusion are inherently more vulnerable to social unrest, institutional erosion, and external shocks, whereas inclusive systems exhibit greater adaptive capacity and resilience. Future research is encouraged to deepen empirical evaluation of specific policy instruments and to refine measurement frameworks that capture the dynamic relationship between inclusion and economic security over time.

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