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**PROSPECTS FOR
DEVELOPMENT OF
LABOUR
POTENTIAL OF
INDUSTRIAL
CLUSTER ON THE
BASIS OF SOCIAL
RESPONSIBILITY**

Current crisis conditions impose the necessity on the representatives of the industrial business to attract all reserves to enhance the competitiveness of enterprises. Harness and development of labour potential of the industrial sector are among the most long-range means of supporting the viability of companies.

It should be taken into consideration that the efficiency level of a branch is associated with the emergence of clusters based on the branch, and the activities of the clusters directly influence the competitiveness of the state economy as a whole. It should be noted that the study of the

issues related to the expanded reproduction of labour potential of the industrial cluster is particularly relevant today.

It is worth noting that at the present stage of the international economy development, more and more successful activities of organizations have to comply with the principles of social responsibility. Therefore, considering the world experience and existing realities in the development of the Ukrainian industry, the improvement of labour potential is of particular importance for the functioning of this sector of economy. The principles of social responsibility should also be taken into account.

The Ukrainian scientists A. Kolot, I. Fesenko, I. Dashko, O. Amosha, L. Shaulska and others studied and developed the issues of labour potential. The works on the formation of a cluster-type economy were presented by A. Kolodychuk, M. Voynarenko, O. Odintsov. The issues of social responsibility in labour relations were reflected in the works of A. Kolot, O. Grishnova, O. Amosha, L. Shamileva. However, the issues of functioning of labour potential of the industrial cluster on the basis of social responsibility, in our opinion, were not completely revealed and need further study.

The objective of our research is to focus on identifying the specific features of the economic category “labour potential of the industrial cluster”, as well as on substantiating the need for its development on the basis of social responsibility.

The authors’ view on the content of the category “labour potential” is based on the fact that it is an integral complex of potential opportunities of economically active population, as well as those preparing for employment. It is determined in the form of resources and reserves of living labour to realize their quantitative and qualitative characteristics, which appear in labour process under certain conditions of development of industrial relations.

Classifying by branch, the labour potential of the type of economic activity is (Fig. 2.5) a complex of diversified groups of activities (industry includes mining operation and processing with a sufficient number of different products (light, chemical and food industries, engineering, etc.); agriculture includes animal husbandry and crop production, fishery, forestry, etc. The next step in the classification is branches. They are the groups of enterprises producing homogeneous products (for example, food industry includes food-producing enterprises, etc.).

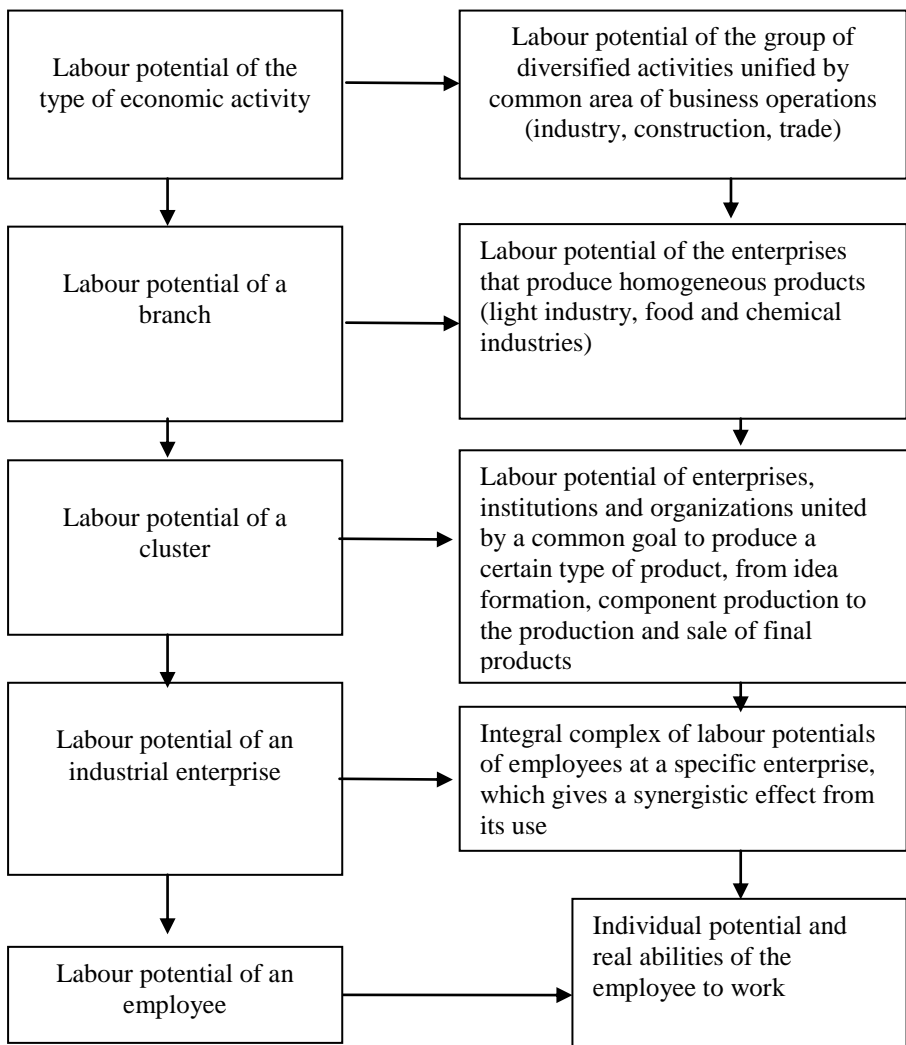


Figure 2.5 Classification of labour potential by branch

Source: developed by the authors

The next level is represented by business associations and clusters. They are a symbiosis of industrial enterprises of different industries, educational institutions, scientific institutions and state authorities. Accordingly, the allocation of a cluster as a separate structural unit of

labour potential is reasonable. The lower classification steps are intended to consider industrial enterprises as well as an employee as a direct representative of individual productive labour potential.

For better understanding of the category “labour potential of a cluster”, we will compare it with the categories “labour potential of the industry” and “labour potential of the economic area”.

Developing the viewpoint of I.A. Fesenko [8, p. 37], who considers that labour potential of the industry is a part of the resource labour potential of a country of certain professional training and knowledge in the total number of people who work or intend to work in this industry under certain legal and socio-economic conditions.

We would like to add that to our opinion, labour potential of the industry is a holistic characteristic of the ability of the labour activity of the industry to achieve its development goals, generated by the specific interaction of the industry and the environment, the direct influence of demographic, socio-economic, technological and climatic-geographical factors.

Sectoral labour potential is characterized by its own differences, expressed by the specific features of a particular sphere of economy. The analysis of industry peculiarities of formation and management of labour potential of enterprises is based on the specificity of technological processes, peculiarities of production organization, differences in the characteristics of the final product and resources for its production, as well as markets [3].

Let us note that the industry itself does not provide the full process of complete reproduction of labour potential. It is, above all, is a consumer of the workforce, aimed to increase production efficiency, labour productivity, and to adapt to the changes that take place in the market environment.

Labour potential of an economic area includes the labour potential of an industrial manufacturing complex located in this region. However, taking into account the inherent capacity of labour potential of the industry to consist of individuals with inherent economic and social interests, it may not satisfy at some time the need of production in the workforce. In addition, the regions of the country differ in the degree of intensity of influence of demographic, social, economic, technological, climatic and geographical factors, which determines the specificity of the territorial structure in connection with the distribution of labour potential by industry according to the principles of labour division, specialization of the region and, therefore, defines the peculiarities of

the process of reproducing labour potential of its industries at the level of each region.

Thus, labour potential of the region and labour potential of the industries are interconnected and interdependent, but are not similar due to their own specificity. However, labour potential of the industry, being its main competitive advantage, deserves the attention of scientists and practitioners, because it is a complex and diverse system that has no formal framework. It has a certain multilayer with a complex hierarchy of interrelated links and components that make it up. [9, p. 15]

In today's economic environment, the regions where industrial or innovation clusters have emerged are most dynamic. A cluster is a form of economic organization which focuses not on certain industries or manufacturing enterprises, but on their symbiosis in combination with local authorities, business incubators, and trade associations, financial institutions, raw material suppliers, universities, and research institutions.

In the conditions of market relations, when a vast majority of enterprises are privately owned and the state regulates their activities fairly indirectly, the owners are forced to seek ways to adapt to the changing environment. The attention to the social sphere is diminished, the connection between educational establishments and enterprises has been lost, medical care is not provided properly, the living conditions of the population are deteriorating, and the effective reproduction of labour potential is at stake. It can be concluded that regulation of sectoral labour potential goes to another level: it retains its quantitative form and undergoes qualitative transformations, losing its functions, which are now passed to the powers of enterprises and local self-government bodies. Thus, there is a radical change of ideas about the system of regulation of labour potential, in which the management of policy-making methods, as it was in the Soviet times, is impossible, and vice versa, the functions of long-term management remain: the formation of tasks and goals, the development of strategies and policies.

That is, in view of changing the established perceptions about the role of enterprises in the system of reproduction of labour potential, helping them to take on new powers, the cross-sectoral integration should be at first place. It means not only joint production of products, but also an effective system of managing these enterprises, formation of their labour potential as a guarantee of successful activity. The best way out of the situation is to form industrial clusters where the manufacturing companies are merged, either horizontally or vertically.

Innovative clusters are formed with the involvement of scientific and research organizations, and government institutions.

Industrial clusters make more efficient and rational use of available capital, help cluster enterprises save resources and target investments more efficiently, accelerate specialization, increase product quality and production, expand product range and create new firms, accelerate processes, optimally distributing profits between cluster members [2, p. 30].

The main idea of creating clusters is to coordinate work when different functional entities fulfil a common task, thereby increasing the efficiency of their own work, accelerating the achievement of planned results, introducing new technologies, facilitating crediting, forming a competitive basis for the distribution of contracts by forming the optimal structure of production, determining the priorities in the trends of development [4, p.22].

The defining feature of the cluster is the synergistic effect resulting from the cooperation of the efforts of the structures involved. This causes the specificity of research of labour potential of such object as a cluster.

It should be emphasized that labour potential of the industrial cluster is not just a combination of labour potentials of employees who carry out their activities within its framework. The whole complex of their labour potential is much greater than their simple arithmetic sum. The synergistic effect that occurs when they merge significantly increases the end result of the cluster.

Studying the activities of clusters, scientists came to the conclusion about the variety of synergistic effects of their activities. I.O. Khomenko states that the main synergistic effects arising from cluster formation are transport, economic and social effects [8, p. 433].

In his work, O.M. Odintsov distinguishes the following types of synergism as a result of cluster activities:

- synergy of realization of production results is shown when a company, while selling goods, uses the same distribution channels and implements sales management through a proven centre;
- operational synergism is the result of more efficient use of production facilities: fixed and working capital, labour, distribution of overhead costs, etc.;
- investment synergism is a result of sharing of production facilities, total raw material stock, transfer of R&D costs from one product to another and the use of the same equipment [5, p.131].

Sharing the viewpoints of the authors we note that it is necessary to distinguish another type of synergism which is labour. It is a joint exchange of best practices in business, teaming up to solve complex production tasks, pooling of intellectual potential for innovative, research, design developments, common methods of retraining and advanced training of personnel, etc.

Considering the above-mentioned facts, in our opinion, labour potential of the industrial cluster is a synergistic effect of combining labour potentials of the cluster participants, expressed as an integral set of potential opportunities of economically active population, as well as those preparing for employment in the form of resources and living labour reserves for the realization of their quantitative and qualitative characteristics. They are manifested in the working process under certain conditions of development of industrial relations.

The formation of labour potential of the industrial cluster depends on the regional and sectoral features of its location. But it is not necessary to identify cluster's labour potential with regional potential as well as industrial potential. Thus, the structure of labour potential of the industrial cluster may well include commuters who do not reside in the region, but take part in the activities of an organization, migrants from other regions who want to work in this cluster, re-migrants who left the region before and return to work again at the enterprises of the region forming the cluster. That is, labour potential of the cluster and the region where it is located can be superimposed, but in no case be similar to each other.

Unlike labour potential of the industry, which, as we stated above, are primarily a consumer of labour and do not fully ensure full reproduction of labour potential. The formation of labour potential of the industrial cluster can be influenced by the involvement of educational institutions at different levels, institutions that provide necessary initial and further development of labour potential in the work process, as well as various social infrastructure institutions, influencing the components of labour potential such as health, culture, morality and others. Accordingly, taking into account the specifics of the functioning of the industrial cluster, it should be noted that its effective activity will be significantly inhibited without forming the socially responsible type of thinking of its participants.

The most general definition of social responsibility is its understanding as the responsibility of civil society (the state, power structures, enterprises, institutions, citizens) for the integrated social

utility of their activities. That is, socially responsible activity uses only such methods of achieving goals that do not harm people, nature and society [6, p. 20].

A.M. Kolot identifies five levels of social responsibility: personal, microeconomic (corporate), mesoeconomic (institutes of civil society), macroeconomic (state), megaeconomic (international) [6, p. 22]. We agree with the scientist, but we propose to consider separately corporate social responsibility and social responsibility of the economic cluster, since in this case the social responsibility of not only certain employers, but also other participants of this formation, symbiosis of which creates additional social effect. Businesses of the cluster for more productive activities cannot but bear the increased social responsibility for their functioning due to the proportional influence of the quality of life of other members of the cluster on the end result of their activities. In turn, immediate employees, as well as staff responsible for the innovative, educational, service function of the cluster, are also directly dependent on the efficiency of the production unit. Such a synergistic effect of the combination of social responsibility should strengthen the level of economic and social life of the cluster members and, therefore, enhance the competitiveness of several branches of the state economy in case of its widespread use.

It can be concluded that the functioning of the cluster-type economy significantly reduces the percentage of rejection of the principles of social responsibility, implementation of certain social projects to obtain certain benefits for doing business, or the avoidance of penalties, but not in terms of conscious social responsibility for the production activities which is, unfortunately, an objective reality.

As we stated above, industry is a capital, science, technology-intensive industry, and its enterprises require significant funds for their activities. The personnel of the industry must have specific knowledge of high quality. The environment is significantly affected by industrial production, therefore, the efficiency and competitiveness of industrial enterprises requires a whole range of actions aimed at improving current situation as well as a number of strategic management measures. Formation of clusters around high capacity enterprises, introduction of social responsibility principles into daily activities will benefit not only large corporations, but also small business, social, environmental and educational spheres. This will have a positive effect on the formation and development of labour potential of functioning cluster of the region, and thus will provide economic sector with highly qualified personnel.

The results of implementation of the principles of social responsibility in industry are shown in Figure 2.6.

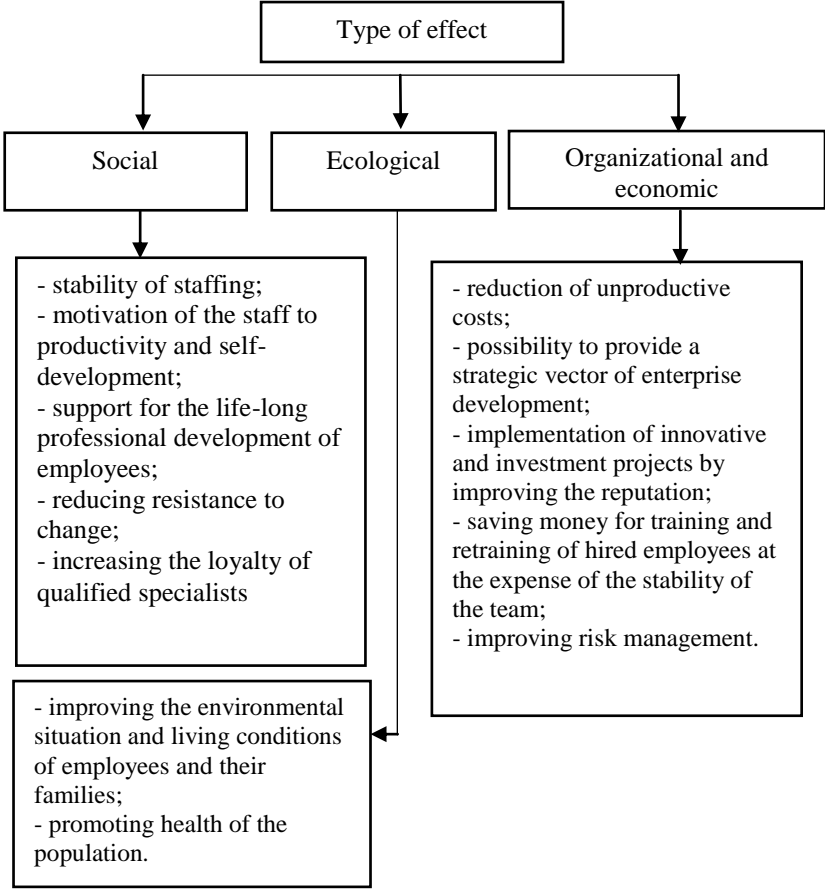


Figure 2.6 Effectiveness of industrial cluster activities on the basis of social responsibility

Source: authors' development

Therefore, in our opinion, the primary task of the state for the development of the Ukrainian industry is to stimulate the application of the principles of social responsibility at the industrial enterprises, to promote the creation of powerful industrial clusters, providing favourable conditions for their functioning, to introduce special

conditions of taxation, attracting the attention of the community and the media, to develop the system of media penalties for identifying and punishing unfair business representatives. This activity will stimulate strengthening of industrial positions, as well as increasing the competitiveness of Ukrainian enterprises in the international market.

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