

## Relationship Between the Competitiveness of the Labor Potential of the Territory and its Brand

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Ensuring sustainable development of regions directly depends on the ability of local governments to make effective management decisions to address socio-economic problems of the population. This responsibility was further strengthened with the beginning of the redistribution of power between central and local authorities in 2015 due to the beginning of the decentralization process. This reform involves changing the administrative-territorial structure, redistribution of financial flows and tax revenues, and reducing the central government's influence on local decision-making. Although it makes significant changes in the work of the state and local apparatus, it does not affect the solution of the biggest problem in Ukraine – the demographic crisis caused by population decline, both naturally and through increasing migration to more developed countries. Furthermore, although the growth of local budgets allows local governments to increase the number of social projects aimed at meeting the community's needs, without an effective model of the belief that these measures are implemented primarily to meet the needs of their population, they are ineffective. In this context, it is practical to move away from the standard principle of here and now and build a long-term development strategy for the region based on its geographical, social, cultural, historical, and business opportunities. To this end, most countries and cities are beginning to form their brands, one of the key tasks of which is to attract potential human capital from other territories or countries, both in the short and long term, and maintain their labour potential. However, the growing number of brands in the territories leads to the need to assess the effectiveness of such an approach to ensure the competitiveness of the labour potential of the region. Therefore, based on the above, the purpose of the article is to study the problem of providing human resources to the territory and their competitiveness through the prism of local brands. The evaluation methodology is partly based on the methods used to form the indices of national and local brands of Anholt-Ipsos and the Municipal Competitiveness Index.

*Key words:* labor potential, national brand, local brand, human resources.

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**Introduction.** Globalization processes are accelerating the processes of the interpenetration of national economies, expanding direct cooperation between the regions of

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different countries, and strengthening their independence. In turn, this leads to increased competition between territories not only within state borders but on the world stage. In Ukraine, such a process is significantly facilitated by the decentralization process started in 2015, which significantly makes adjustments in communities' financial and management spheres. The redistribution of tax revenues caused by financial decentralization leads to an increase in local budgets, requiring local governments to make effective and balanced decisions. Changes in the administrative-territorial system led to increased urbanization and increased migration from small towns to larger ones. In this context, there is a need to form long-term strategies to strengthen the competitiveness of territories. Yes, one of the options to solve this problem is to form a local brand. It allows identifying its strengths and weaknesses in the social, economic, cultural, and business spheres.

On the one hand, territories with a strong brand have a higher potential for attracting highly skilled labour resources. On the other hand, competitive labour potential is the basis for forming a positive brand of the territory.

The study of the impact of the effectiveness of the use of the local brand as a tool for maintaining its active working population and attracting it from other regions is one of the key tasks to ensure the competitiveness of the territory

**Problem statement.** Accordingly, there is a need to study the essence of the «competitiveness of the region» concept. To date, some works of domestic and foreign researchers are trying to define it. Thus, Meison R. identifies the main task of competitiveness of territories to promote and expand the share of products produced within the region in national and international markets [22]. Porter and Kolnyk expand the concept, adding the need to meet the socio-economic conditions of the population of the territories [18, 19]. According to experts of the European Commission, the production of only demanded products and services is not adequate for ensuring the region's competitiveness without improving the welfare of the population and reducing unemployment [10]. IMD scientists consider the region's competitiveness through the prism of the unity of three components – social, political and economic [24]. Anderson V. continues to develop this idea and argues that the main task of the region's political elite is to create a comfortable environment for business development and investment attractiveness of the region [1]. The main purpose will be to support and promote promising areas of business with minimal use of their natural resources and maximum involvement of available human capital [26]. Fatkhudynov R. proposes considering this concept as the ability to maintain competition, both within the region and in foreign markets [14]. The scientists [4, 10, 26] argue that achieving competitiveness is possible only if the socio-economic well-being of the population and the region's sectoral orientation to Industry 4.0. Antoniuk L. develops the idea further and proposes focusing on the innovative economy, which primarily includes training the workforce used in the region [3]. Considering the mechanisms of direct assessment of potential labour, The findings of the papers [1, 5, 10, 14] allow concluding that human resources of the territory is the hidden opportunities for its growth [1].

Regarding local branding in terms of assessing its impact on the competitiveness of the region's labour potential, Anholt identifies four main elements of meeting the needs of the population and developing its potential – «people», «convenience», «rhythm» and «educational and business potential» [4, 2, 3]. Instead, Fan Y. [13] emphasizes the importance of a political and cultural brand attached to the territory. In turn, from the point of view of human potential, Torres offers to assess the level of socio-economic satisfaction of the population and determine how there has been a change in the perception of the territory of both their own and external population [12].

Thus, the region's competitiveness directly depends on the available labour potential and the level of its competencies. In turn, the brand of territories offers mechanisms for assessing the

existing socio-economic base and suggests ways to improve and develop it. However, the issue of assessing the actual correlation between ensuring the competitiveness of the labour potential of the region/city and the introduction of a local brand in its territory is almost completely unexplored.

**The purpose** of the article is to study the impact of the introduction of local brands on the competitiveness of labour potential through the prism of socio-economic satisfaction of community needs.

**Results of the research.** It should be noted that the Municipal Competitiveness Index allows the arrangement of the regions of Ukraine according to the level of competitiveness. This index is calculated by the Institute for Economic Research and Policy Consulting in partnership with Info Sapiens, with financial support from USAID [11]. This index assesses the level of competitiveness of cities, which includes such elements as:

- the level of transparency of government;
- level of investment attractiveness;
- level of corruption;
- the potential of the region and human resources [20–11].

According to the published research results in 2021, among all administrative centres of the regions, the Khmelnytsky region takes first place for the second time (Fig. 1) [20, 21], Ternopil – the second place, improving its result compared to 2020 (3rd place). Ivano-Frankivsk, L'viv and Vinnytsia regions were also included in the top five.

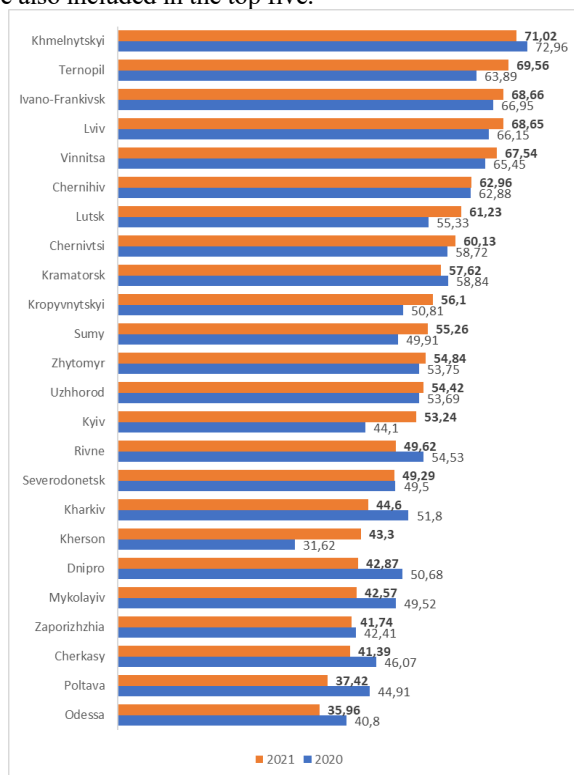


Figure 1. Dynamics of urban assessment in the Municipal Competitiveness Index, 2020–2021 [20, 21]

Considering Figure 1 through the prism of the presence of urban brands in communities, we get that Khmelnytsky held an open competition to define the brand and brand book [27] and approved it in 2018 (Fig. 2) [8]. The brand of the city of Ternopil was approved in 2013 [9]; Ivano-Frankivsk – 2014 [15]; L’viv – 2011 [6]; Vinnytsia – re-approved in 2019 [16]; Chernihiv – 2010 [7]. Therefore, all cities that occupy the first positions in the Competitiveness Index have their brands, and most of them were created in the period 2010-2014.



Figure 2. City brands: a) Khmelnytsky; b) Ternopil; c) Ivano-Frankivsk. d) L’viv; e) Vinnytsia; f) Chernihiv

At the same time, for example, the city of Sumy first formed and received its brand in 2019 [23] but rethinking the vision of community development by local governments allowed in 2021 to rise by five positions compared to 2020 in the Competitiveness Index of cities [20, 21].

As already mentioned, the city's brand is one of the determinants of increasing the region's attractiveness for highly skilled labour. A comparative analysis of migration processes in terms of regions of Ukraine for 2019-2020 showed a decrease in the outflow of labour resources from

the country [25]. For example, in Vinnytsia oblast, the migration balance decreased by 324 persons, and in Khmelnytsky oblast, the migration balance became positive and increased by 757 persons (Fig. 3).

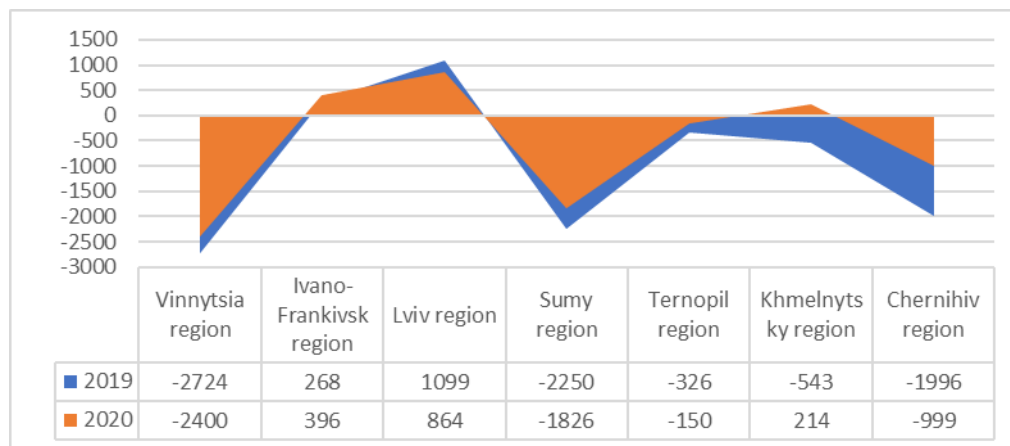


Figure 3. Migration in 2019-2020 [25]

According to the Anholt Ipsos City Brand Index developed by Anholt, the main criteria for the effectiveness of local brand implementation in terms of meeting the needs of the population and increasing their loyalty to the city are:

- 1) community satisfaction with their income level and quality of life;
- 2) openness and accessibility of the city for the individual;
- 3) meeting the cultural and aesthetic needs of the population;
- 4) educational and business potentials [3].

It correlates well with the Municipal Competitiveness Index in parts 1, 3, 6, 7, 8, 9, and 10 of its components. From the point of view of assessing the competitiveness of the labour potential of the region, the formation of a local brand of territories is a guarantee of meeting the socio-economic needs of the population, thus reducing the outflow of human capital.

**Conclusions and prospects of further research.** The high level of well-being of the region is one of the key guarantees in ensuring its sustainable development. In the conditions of post-industrial society and the development of Industry 4.0, the provision of the territory with human capital comes to the fore, which in the future will lead to an increase in the level of specificity between communities for the preservation and improvement of their labour potential. Thus, ensuring the population's economic well-being and increasing their loyalty to the brand of the territory will come to the fore. In this context, the formation of a quality local brand is relevant, which will identify the social, economic, cultural opportunities of the region and form a new perception of the community of their city.

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**Взаємозв'язок між конкурентоспроможністю трудового потенціалу території та її брендом**

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Забезпечення сталого розвитку регіонів напряму залежить від здатності органів місцевого самоврядування приймати ефективні управлінські рішення за для вирішення соціально-економічних проблем населення. Така відповідальність ще більше посилилась з початком перерозподілу владних повноважень між органами центральної та місцевої влади у 2015 р., що було обумовлено початком процесу децентралізації. Дана реформа передбачає зміну адміністративно-територіального устрою, перерозподіл фінансових потоків та податкових надходжень, зменшення впливу органів центральної влади на прийняття рішень на місцях. Хоча вона і вносить суттєві зміни в роботу державного та місцевого апарату, проте вона не впливає на вирішення найбільшої проблеми в Україні – демографічної кризи, що спричинена скороченням чисельності населення, як природнім шляхом, так і через зростаючою міграцією до більш розвинутих країн світу. І хоча зростання місцевих бюджетів дозволяє органам місцевого самоврядування збільшити кількість соціальних проєктів направлених на задоволення потреб громади, проте без ефективної моделі переконання що зазначені заходи реалізуються першочергово за для задоволення потреб власного населення є безрезультатними. В цьому контексті ефективним є відхід від стандартного принципу отримання вигоди "тут, і зараз" та побудови довгострокової стратегії розвитку регіону на основі його географічних, соціальних, культурних, історичних та бізнесових можливостей. Саме з цією метою більшість країн та міст починає формувати власні бренди, одним із ключових завдань якого є приваблення потенційного людського капіталу з інших територій чи країн, як у короткій, так і довготерміновій перспективі, а також збереження власного трудового потенціалу. Та зростаюча кількість брендів територій приводить до необхідності оцінки ефективності такого підходу до забезпечення конкурентоспроможності трудового потенціалу регіону. Тож, виходячи з вище наведеного метою статті є дослідження проблеми забезпечення людськими ресурсами території та рівня їх трудової конкурентоспроможності через призму локальних брендів. В основу методики оцінки частково покладено методи, що використовуються при формуванні індексів національних та локальних брендів Анхольта-Іпсоса та Індексу конкурентоспроможності міст.

*Ключові слова:* трудовий потенціал, національний бренд, локальний бренд, людські ресурси.

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