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**LOCALIZATION FEATURES OF THE DEVELOPMENT OF PRODUCTIVE FORCES IN MODERN CONDITIONS**

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**ЛОКАЛІЗАЦІЙНІ ОСОБЛИВОСТІ РОЗВИТКУ ПРОДУКТИВНИХ СИЛ В СУЧАСНИХ УМОВАХ**

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**ЛОКАЛИЗАЦИОННЫЕ ОСОБЕННОСТИ РАЗВИТИЯ ПРОИЗВОДИТЕЛЬНЫХ СИЛ В СОВРЕМЕННЫХ УСЛОВИЯХ**

*The paper describes concept of localization factors of the development of productive forces. The factors that orient the production in the location are considered. Factors of influence on localization aspect of the development of productive forces are grouped and analyzed. The basic factors of influence of localization of economic space at the regional level are offered. Emphasis is placed on the fact that localization should be based on a human-centric model of social development, since the key subject and object of state-building should be human.*

**Keywords:** localization; productive forces; region; economic space; regional economy.

Fig.: 2. References: 17.

*У статті розкрито поняття локалізаційних факторів розвитку продуктивних сил. Розглянуто чинники, на які орієнтуються виробництва при розташуванні. Згруповано та проаналізовано фактори впливу на локалізаційний аспект розвитку продуктивних сил. Запропоновано засадничі чинники впливу локалізації економічного простору на регіональному рівні. Зроблено акцент на тому, що локалізація має базуватися на людиноцентристській моделі суспільного розвитку, адже ключовим суб'єктом і об'єктом державотворення має бути людина.*

**Ключові слова:** локалізація; продуктивні сили; регіон; економічний простір; регіональна економіка.

Рис.: 2. Бібл.: 17.

*В статье раскрыто понятие локализационных факторов развития производительных сил. Рассмотрены факторы, на которые ориентируются производства при расположении. Сгруппированы и проанализированы факторы, влияющие на локализационный аспект развития производительных сил. Предложено основные факторы влияния локализации экономического пространства на региональном уровне. Сделан акцент на том, что локализация должна базироваться на человекоцентристской модели общественного развития, ведь ключевым субъектом и объектом государственного должен быть человек.*

**Ключевые слова:** локализация; производительные силы; регион; экономическое пространство; региональная экономика.

Рис.: 2. Библ.: 17.

**JEL Classification:** R500; R580

**Problem statement.** Transformation of society and transition to the innovative economy change the composition and importance of factors reflecting the location aspect of the development of productive forces in modern conditions.

In our opinion, localization factors of productive forces development are the set of arguments and essential conditions that determine the activation of development of potential opportunities for productive forces taking into account taxonomic units of different levels.

**Analysis of recent research hand publications.** Many scientific works of domestic and foreign scientists are devoted to problems of localization aspects of development of productive forces, among which O. I. Amosha, M. P. Butko [1], L. G. Chernyuk, M. G. Chumachenko, A. A. Chukhno, B. M. Danylyshyn [3], Z. V. Derii [4], M. I. Dolishniy, S. I. Doroguntsov [5], Z. V. Gerasimchuk, V. M. Heiets, N. V. Ivanova [6], I. I. Lukinov, V. G. Marhasova [10; 11], S. V. Mocherny, S. M. Shkarlet [14], N. V. Tkalenko [11], V. I. Zakharchenko etc.

**Selection of previously unsettled parts of the general problem.** The analysis of the results of scientific works shows the importance of the question of localization of economic space, but in the current conditions of state formation, these issues need further research and analysis.

**The purpose of the article** is to analyze the localization features of the development of productive forces in modern conditions.

**Statement material.** Today in the scientific literature there are many approaches to separation of localization factors of the development of productive forces.

So, B. M. Danylyshyn, D. V. Klinovy and T. V. Peпа argue that the structure of factors that influence the localization of productive forces is quite complicated. They include quantitative reserves and qualitative composition of natural resources, as well as conditions of their exploitation and use, especially climatic, hydrogeological, orographic and other resources. Environmental concerns primarily environmental activities, systemic use of natural resources, assistance in ensuring favourable environmental conditions for life and activities of the population. Therefore, technical factors take into account the progress and possible in the future the level of development of technology. Thus, socio-demographic factors foresee the provision of production of necessary human resources, the current state of production and social infrastructure; the appropriate economic factors include the cost of investment, construction time, production efficiency, the purpose and quality of relevant products, established production links, certain economic and transport and geographical location, etc. The effect of each factor on the development of productive forces is rather specific [3].

Other scholars emphasize a slightly different group of localization factors. In particular, the following aspects are identified: factors that influence the choice of location of industrial enterprises and creation of territorial and production complexes, which can be grouped according to four directions: natural geographic, demographic, technical and economic and socio-economic [7].

Several other factors of localization are identified by scientists.

The national scientific School of regionalists substantiates the opinion that the influence of certain factors on the process of allocation of productive forces is predetermined, firstly, by significant differences of territories where production is located and developing, and, secondly, specificity of the functioning of the manufactures themselves, belonging to different spheres of economic activity. Given these factors, the placement of productive forces can be divided into two groups. The first group forms a set of conditions for the placement of productive forces on a specific territory: nature-resource; economic social (socio-demographic) and environmental. Each of these factors or some combination can contribute to the development of appropriate production in the area or, conversely, impede its location in the optimum scale. The second group of capacity placement factors sets the requirements for the location and development of economic facilities. They are determined by internal logic of each branch, its properties and specificity [8].

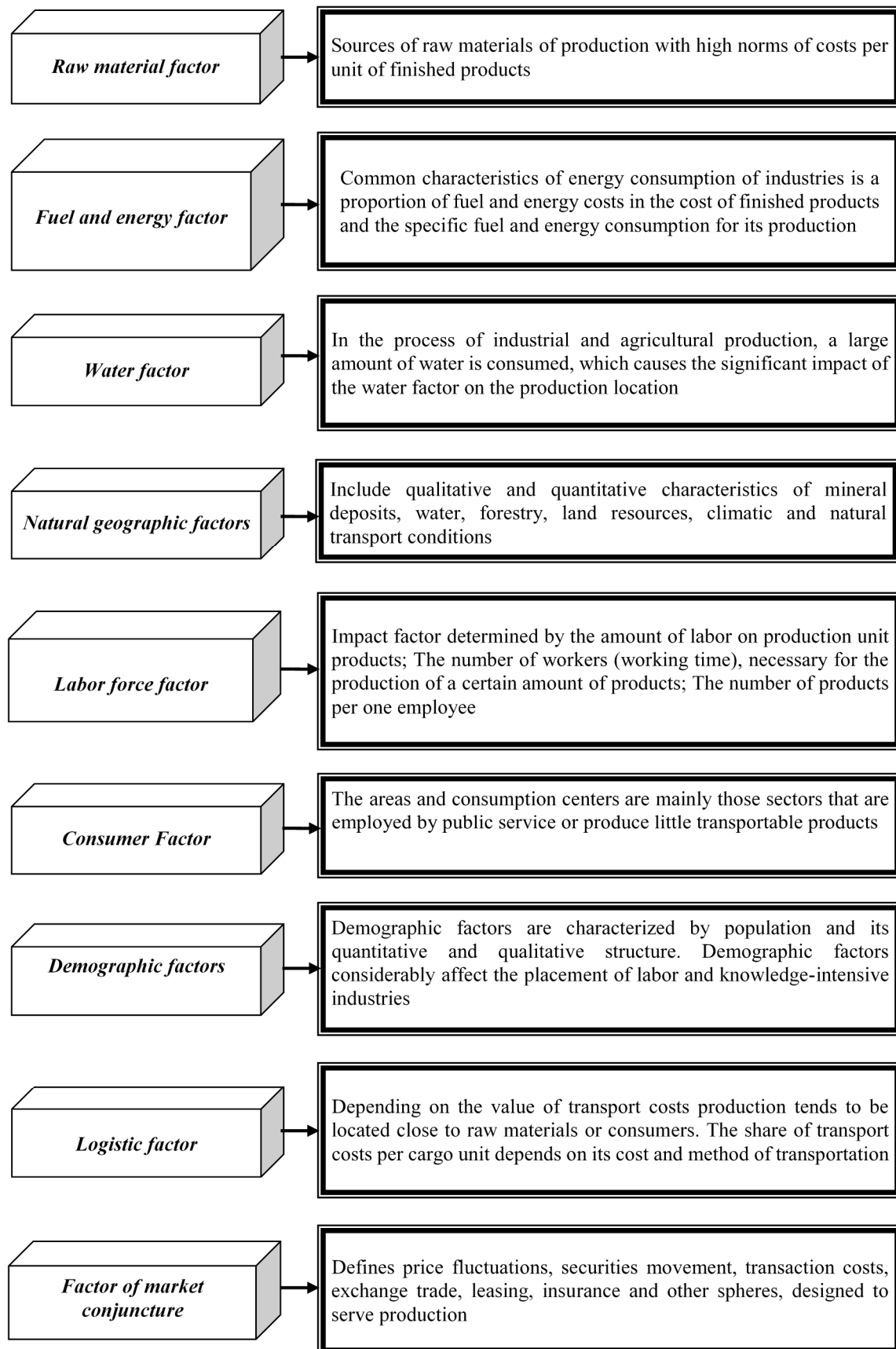
Factors should be divided into: objective and subjective, conservative and progressive. The objective factors include those that exist outside the direct influence of a person, namely economic-geographical position, natural-resource potential, etc., subjective factors are those which can be involved and accounted for (or not accounted for) by a person according to his will, e.g. administrative-territorial factor [13].

The regional economy is more rational and realistic. The factors are distributed into conservative and progressive. The conservative factors include economic and geographical location, natural-resource potential, population and labour, state intervention (administrative) and so on. The combination of such factors has a positive impact on the regional economy. The consideration of only these factors is of inertial nature, it does not offer new areas of growth to the regional economy and therefore supposes the use of modern investment-innovative forms of development for an indefinite period of time. Because of this, it is more attractive to use progressive combinations of factors that are landmarks of development of the regional economy, market criteria, world economy trends [13].

The progressive factors include scientific and technological progress, innovative forms of territorial organization, non-governmental, including foreign investments, financial resources, external competition, market conditions, market institutes etc. [13].

The number of factors affecting the localization aspect of the development of productive forces is quite considerable. Analysing the economic theories on the substantiation of the localization process of productive forces, it is possible to summarize a list of the main factors and to combine some of them into typological groups (Fig. 1).

## ПРОБЛЕМИ МЕНЕДЖМЕНТУ ТА РОЗВИТКУ ПРОДУКТИВНИХ СИЛ РЕГІОНУ



*Fig. 1. Factors influencing the localization aspect of development of productive forces*

## ПРОБЛЕМИ МЕНЕДЖМЕНТУ ТА РОЗВИТКУ ПРОДУКТИВНИХ СИЛ РЕГІОНУ



Fig. 1, List 2

Source: compiled by the author [12].

***Natural factors.***

**Raw material factor.** It is known that costs for raw materials in many industries account for more than half of all costs. Such production and industry are called material-intensive. The degree of material consistency is determined by the amount of raw material costs to the volume of industrial products or by comparison of natural values: the weight of raw materials needed for the production of one ton of finished goods and the weight of the finished goods. If the ratio of raw materials to the finished product slightly exceeds the unit, the production is material-intensive. If the production unit requires more raw materials, it relates to material-intensive. There are sectors of low, medium and high material consistency [3].

The raw material factor in the location aspect of the development of productive forces is the leading for the production of black copper, nickel, lead, sawmill and pulp and paper industry, coal and mining industry, sugar-sand production, production of soda, potassium fertilizers, nitrogen fertilizers from coke gases, production of flax fibre, cotton cleansing industry and some other spheres of economic activity.

In the context of globalization the process of reducing material consistency of production continues, therefore the influence of raw material factor gradually decreases. For example, along with the above-mentioned material-intensive types of industries there are also such industries, where the cost of raw material is several times less than the cost of the finished product and its role is less significant in comparison with other components of production.

Instrumentation technology, electronic engineering, optical and mechanical engineering are among these types of industries. In such areas the labour factor prevails, so it is not necessary to locate production facilities close to the raw material base.

**Fuel and energy factor.** The typical signs of the industrial energy intensity are the share of fuel and energy costs in the prime cost of finished products and the consumption of fuel and energy for their production. The consumption of electricity (electro capacious industry), fuel (fuel-containing), heat (heat-intensive) can prevail in the technological processes of various industries.

Energy-intensive types of industry include melting of aluminium, magnesium, titanium, electrolytic melting of copper, nickel, ferroalloys and steel, production of viscose silk, nylon fibre, synthetic rubber. It is desirable to allocate such plants close to powerful sources of electricity. Fuel-intensive industries include those which absorb a lot of heat. Fuel-intensive types of plants are located near fuel bases. Transport costs for the transportation of ore in this case are smaller than the delivery of fuel.

**Water factor.** Water takes about 70 % of the surface of the globe, but it is mostly salt, that is unsuitable for direct use in production and in everyday life. Fresh water takes only 3 %, of which a significant majority in the form of ice covers the surface of Antarctica and Greenland. About 1 % of fresh water on the earth is available for people. This water comes from rivers, lakes and underground sources [3].

Lack of water can interfere with the placement of production even under other favourable conditions. Thus, in Donbas water deficit restrains the development of ferrous metallurgy, as well as some industries of organic synthesis. Products with a high degree of water-capacity include: viscose silk, synthetic rubber, cellulose, steel, cotton and wool.

**Geographical factors** include qualitative and quantitative characteristics of deposits of minerals, water, forest, land resources, climate and natural transport conditions. The impact of these factors is especially important for the placement of mining industries, hydropower, industries processing agricultural products. Quantitative and qualitative characteristics of minerals, soils, their physical and technical properties, nature of bedding determine the size of enterprises, methods of extraction and level of technical and economic indicators (cost, labour productivity, profitability, etc.) [7, p. 15–18; 17, p. 17].

***Socio-demographic factors.***

**Factor of labour force.** The impact of this factor on the development of productive forces is determined by the amount of labour per unit of production; the number of workers (working time), required to produce a certain volume of products; the number of products per one employee. Indicator of labour is also the amount of wages in the cost of production.

When it comes to the development of different types of agricultural production (cultivation of industrial and berry crops, horticulture, viticulture, etc.), they have to be allocated in the regions with high population density also taking into account natural factors. This can help to a certain extent with hiring seasonal workers from other localities, but there may be additional costs. For that reason agricultural production in Ukraine (flax, sugar beet, etc.) is concentrated in the densely populated areas of the centre and west, whereas in the south and east, where there is low density of rural population, grain crops are cultivated [15, p. 97–98].

Human resources as a factor in the placement of productive forces experts estimate from different points of view. Some scientists believe that the placement of production should be carried out in full accordance with the existing human resources. Others consider this issue as secondary compared to other economic factors. Labour market competition in the conditions of increased migration of settlers in Ukraine is an issue of primary importance. This is also associated with the disproportion between available human resources and opportunities for their use, decreasing the total population, increasing unemployment and the importance of skilled personnel, and intellectual labour in the deepening integration processes.

**The consumer factor.** The areas and centres of consumption are mainly those sectors that are engaged in providing services for the population (production of consumer goods), or producing low transportable products (compared with original raw materials and fuel). The value of the consumer factor is often exacerbated by the factor of labour resources, since the place of concentration of the population is not only the source of labour resources, but also areas of consumption of industrial products [3, p. 23-27].

In cases where the weight or volume of the finished product exceeds the weight or volume of the main raw materials oriented to the place of consumption. To the consumer also Gravity, in addition to food group products, production of consumer goods, because the raw material for their receipt is much easier to transport than the finished products.

**Demographic factors: population size and its quantitative and qualitative structure.** Efficient use of labour force requires placement of production in small and medium-sized cities and limitation of new construction as a whole. Demographic factors have a significant impact on the direct placement of labour and knowledge-intensive industries (instrumentation, instrumental and radio engineering, electronic, and electrical industries, etc.).

Thus, the placement of enterprises of such industries mostly depends on the availability of the required skilled personnel [7, p. 15-18; 17, p. 17].

The demographic factor is measured by the amount of working hours per unit of production. Another indicator is the share of wages in the cost of production goods, which enterprises produce or will produce in the region.

For the rational placement of productive forces of Ukraine it is necessary: to determine the needs of social production in mineral, human and fuel-energy resources from the standpoint of balance, sufficient necessity, complexity and environmental safety; to develop environmental requirements for the conservation and rational use of subsoil in the new economic conditions [5, p. 24–28].

The use of land, water and forest resources of Ukraine in the current circumstances does not meet the requirements of rational use. Therefore, in the future, to gain the positive impact of this group of factors on the placement of productive forces it is necessary to create a highly effective system of water, land and forest use [5, p. 24–28].

***Economic factors.***

**Logistic factor.** Depending on the price of transport costs production facilities are tend to be located close to raw materials or consumers. Thereupon it is necessary to consider, first of all, consumption of raw materials and fuel per unit of manufactured products. If they exceed the weight of finished products, it is profitable for enterprises to place production facilities near raw materials and fuel, as it leads to reduction of transport costs. And, conversely, in cases where the consumption of raw materials and fuels is less than the weight of the finished product, the enterprise can be placed at a considerable distance from raw material bases.

Finally, if the production of the finished product consumed as rawer as its weight, the enterprises are placed based on economic feasibility [3, p. 23–27].

The share of transport costs per cargo unit depends on its cost and transportation method. Cheap cargoes (various construction materials: sand, gravel, gravel, coal, ores of ferrous and nonferrous metals) are transported long distances, because transport costs not only become comparable to the cost of production, but can also exceed it. For the most part, the proportion of transport costs in these cases is 25 % or more. Meanwhile, in the price of expensive goods (sugar, machine, cotton, wool, silk-raw), the share of transportation costs does not exceed 0.1–1.5 % [9, p. 108].

**Factor of market conjuncture.** It defines price fluctuations, securities movement, transaction costs, exchange trading, leasing, insurance and other spheres, designed to serve production. Market conditions are created on the basis of ratios between the available on the market material values and services and needs. The incentive to develop the production is the growth in demand for products, and vice versa, reduction of demand leads to reduced production. If the demand reduction for raw materials and finished products lasts for a long period, it can lead to significant changes in the placement of production. Market conjuncture is formed under significant influence of scientific and technological progress. The use of new technologies in production contributes to improvement of quality of goods, increases their competitive capacity, such goods are in high demand and sold at elevated prices. As a result, in the course of competition among manufacturers the strongest ones will win. They expand production facilities; build new facilities, which are necessarily accompanied by certain changes in the placement and territorial structure of production [3, p. 23–27].

The ratio of demand and supply, which is at the heart of market conditions, affects the structure and development of regional economic systems. If the fluctuations in the situation are short-lived, the impact is negligible or even meagre, but if the increase or decrease in demand for certain products has a long-term trend, significant shifts in the placement of productive forces are inevitable. The steady demand of the global market for some agricultural commodities can for many years determine the specialization of agriculture in some countries and regions.

**Factor of spatial position.** The location of each object in space is influenced by many causes and patterns. Spatial position of an object is called the totality of its relations to other economic and geographical objects lying outside it. Thus, the object is characterized not only by location in a particular territory, but also by the system of ties with other objects [15, p. 113].

Depending on the economic nature of the object the most important things are its relation to resources, markets of products, as well as the possibility of industrial cooperation with other objects, transport security, ecological situation. Geographical location of an object or territory can be considered on three levels: macro-, mezo- and micro-. Macro position reflects economic relations of the object with large regions or even interstate level of relations.

**Environmental factors.** With the development of the world economy, with the increase in the number of enterprises and their capacities, with the involvement of more natural resources for production, the ecological factor grows in placing productive forces. Theoretically the reduction of pressure on nature can be achieved due to a significant reduction in world production, especial-

ly in the areas of heavy industry, limiting the consumption of goods is not necessary. However, its practical implementation is unlikely today. More productive is the use of positive results of scientific and technical progress to overcome the environmental crisis [15, p. 117].

This is, first of all, a reconstructive and modernization model of production development and its optimum placement.

The main ways of solving environmental problems, reducing anthropogenic burden on nature can actually be such measures:

- significant decrease in production material consistency, reduction of raw materials consumption per unit of production;
- reduction of power capacity of production, reduction of electricity and heat energy costs per unit of production;
- preliminary measures are carried out together with significant structural restructuring, which is accompanied by reduction of the specific weight of traditional industries (metallurgy, heavy engineering, basic chemistry) and the increase of nonmaterial, knowledge-intensive industries (electronics, biotechnology, etc.);
- introduction of technologies with the full production cycle. It is impossible to achieve complete waste disposal today, but it is necessary to reduce their emissions to a harmless level [15, p. 118].

The determined measures relate primarily to technological restructuring of production. But there are some areas for solving environmental problems that depend on territorial organization of the economy. Taking into account the environmental factor in placing productive forces it should be considered in such situations:

- unacceptable concentration of harmful emissions from production in settlements and regions with high population density;
- necessity to take into account terrain and microclimatic conditions;
- winds should be taken into account while designing industrial enterprises; the location of facilities should minimize the possibility of smoke in residential areas;
- sanitary areas without access to permanent housing are created around enterprises with particularly harmful production.

V. P. Kachan offers grouped factors of placement of productive forces in four areas: natural geographic, demographic, techno-economic and socio-economic [7, p. 15–18].

Yu. I. Stadnytskyi and A. H. Zahorodnii determine another factor of location of production. It is high quality environment. At present, when nature has exhausted its assimilation potential, there are extremely attractive areas with low level of anthropogenic pollution in order to locate many enterprises there's. Polluted environment hinders the development of many industries, in particular, instrument-making, optical, aviation, pharmaceutical etc. In the world, the cost of production with elements of nanotechnology has reached billions of dollars, and biology and pharmaceuticals are considered today as the most profitable business sectors after oil production. Enterprises of such industries are forced to spend considerable funds creating high-quality artificial environment in workshops, but the effect of these measures is limited. Thus, in the old areas of metallurgy in Germany it was unprofitable and sometimes impossible to develop electronic components production due to significant pollution. Poor, in terms of environmental protection, ecological product will lead to the creation of short-term jobs and urgent poverty. Thus, poultry farming often leads to such devastating environmental consequences that other interested companies refrain from placement of production there, while mobile and working population travels [15, p. 108].

*The globalization factor* plays an important role in establishing foreign economic relations between Ukraine and the countries of Europe, Asia and CIS member states. The territory of Ukraine is used for transit transportation, which provides certain foreign currency revenues. The Ukrainian government has a positive impact on the behaviour of foreign investors in the sphere of interethnic relations, ensuring equal rights and obligations of all citizens.



To ensure the proper functioning of many heavy industry enterprises and especially engineering enterprises in Ukraine a complex task is being solved – the creation of many industries that would produce component parts. The implementation of this task requires an appropriate substantiation of the placement of new production facilities, which in turn can significantly change the current situation of the placement of productive forces in Ukraine [7, p. 15–18].

Globalization factors of the development and allocation of productive forces include: the position of the country in the continental dimension; the competitive advantages of national commodity producers in the system of world division of labour; model of integration into the world economic space. In general, the geographical position of Ukraine is favourable for economic development [5, p. 24–28].

The influence of globalizing factors insures integration of the productive forces of the country or its region into the structure of the world economic space and international division of labour through the development of different forms of foreign economic relations. The decisive role is played by certain competitive advantages of the state in the world economic sphere, which depend on the level of efficiency of natural-resource potential, economy structure, and the direction of foreign economic policy [5, p. 24–28].

S. Dorohuntsov identifies more demo economic factors, which include: the total population, its structure, the reproduction and territorial features of the accommodation; the size of the labour force, labour potential, its distribution and qualitative characteristics; the main forms of employment, the level of registered and hidden unemployment; mobility of labour and the form of its economic movement. A comprehensive analysis of the demographic factors makes it possible to assess the degree of labour intensity of certain territories, and, consequently, the possibilities of placing new productions or of reducing existing ones due to environmental degradation, low profitability, and the need to restructure the economic complex, etc. Demographic factors have a significant impact on the placement of labour and knowledge-intensive industries, as well as those sectors that require the workforce of a certain professional-qualification composition. Due to the change of socio-economic situation in the state and appearance of significant contingent of the unemployed population this circumstance is also taken into account when making decisions about the development of various forms of territorial organization of productive forces. In particular, the creation of free economic zones contributes to the growth of business activity of the population, increase of the employment rate and reduction of different types of unemployment, especially socially dangerous ones [5, p. 24–28].

The main problems of Ukraine's demographic development which have a significant impact on the nature of placement and development of productive forces are: a sharp fall in fertility indexes, worsening of marriage parameters, and high child mortality, especially in the first year of life; compared with the indicators of developed countries, the average life expectancy; unfavourable, given the needs of the modern economy, age structure of the population; high mortality due to industrial injuries; growth of economic burden on working people on the part of people who have gone beyond working age; increasing the number of territories with negative natural growth due to excess mortality compared with birth [5, p. 24–28].

**Factors modernization influence.** Scientific and technological progress influences the placement of enterprises and industries on the basis of discoveries, changes in technology of industrial and rural production, with the development and improvement of machinery and technology, change the consumption of raw materials, fuel and energy per unit production, which in turn strengthens territorial shifts in production. However, creating conditions for more free placement of enterprises, scientific and technological progress operates in the opposite direction. As a result of growth scale production increases its dependence on the size of raw and fuel and energy bases. Thus, some industries change the needs of certain natural resources with the

development of technology, and innovation-causing the release of employees from the less significant technological wages. This makes the enterprises to master relatively poor natural resources, to resort to their complex processing, to bring to the production all new natural resources, to expand the raw materials and fuel and energy base [3, p. 23–27].

V. V. Kovalevskiy, O. L. Mykhailiuk, V. F. Semenov believe that scientific and technological progress in each of its historical phases displays beforehand those or other sectors of the economy. If by the middle of the XIX century it was the agriculture and the textile industry, then later it came to the turn to black metallurgy and transport engineering. Presently, the scientific and technological advances of energy, engineering, chemical industry and electronics [9, p. 111] are present.

Comprehensive use of its achievements, development on the basis of new industries and the improvement of existing traditional cause's changes in the structure of public economy, shift in placing separate productions. The development of scientific and technological progress is characterized by widespread prevalence, that is, by its entity development of science and technology exterritorial, comprehensive and has a comprehensive impact on the life of people. Consequently, the rational and effective territorial organization of productive forces of the country should be based on scientifically grounded consideration of not separate conditions and factors, and all their totality. The organization of tracking services (monitoring) due to various factors influencing the placement of production is of great importance. The placement of productive forces should be constantly adjusted in accordance with the changes in conditions and new requirements [16, p. 31–32].

Consideration of regional specifics in the design of machinery and technology allows achieving even more results in its use. Techno-economic factors are closely connected with the new directions of scientific and technical progress and concrete forms of the implementation of its results in practice of management, forms of social organization of production and level of development of transport system. The aggregate action of these factors creates opportunities for uniform regional development on the basis of reduction of labor, foundations and material consistency production, establishment rational intersectional and insertional connections, ensuring of effective use of all kinds of resources [13, p. 92–93].

Technical and economic factors include: main directions of scientific and technological progress and specific forms of implementation of its results in business practices, forms of social organization of production and level of development of transport system. Aggregate action of these factors creates opportunities for uniform allocation of productive forces based on reduction of labor, fund and material intensity production, establishment of rational intersectional and insertional connections, ensuring effective use of all kinds of resources [5, p. 24–28].

***Structural impacts are of great importance in the placement of production.*** They should ensure the overcoming of regional asymmetry in the sphere of economy and social stratification regarding the quality and living standards of people, preservation of the environment for future generations, social humanitarian and consumer services.

With the development of science and technology, the individual factors of localization weaken. Simultaneously, the effects of other factors are intensified, that is, their relevance grows. Thus, the introduction of labor-intensive technologies can weaken the dependence of individual industries on the availability of certain raw materials. In today's conditions, the role of the time factor grows, because the society does not care about how long it will built a certain production facility. On the one hand, delays in construction can disorganize production in other industries that oriented on its products. Hence, the society has losses material and moral. On the other hand, the increase of terms of construction means a dead investment, which causes a cost increase in the completion of facility construction.

Large cities and industrial centers should develop on the basis of modernization, reconstruction and greening of production, integrated development of social infrastructure, rational use of urban areas. For medium and small urban settlements, primary importance is strengthening of industrial base and social infrastructure. The problem of creation in the village of developed network of establishments of social sphere is especially acute. This will facilitate the implementation of large-scale measures for socio-economic development of rural settlements in accordance with the National Rural Revival Program [5, p. 24–28].

**Information factors also play an important role.** These should include the level of communication systems, availability of information resources, their adequacy and completeness in accordance with the needs of the information society.

**Historical and economic factors.** For a complete and profound analysis of the modern level of regional development it is necessary to account historical factors. We note some historical documents that describe the economy of relevant territories in the past:

1) descriptions of natural conditions of the province (namely, terrain, land, climate), natural disasters (storms, floods, earthquakes);

2) different demographic information (sexual composition, population, accommodation in cities and counties, structure by state and religion of the population);

3) characteristics of the state of all agriculture and forestry;

4) issues that characterize the direct development of industries and crafts (information about factories and factories, the number of workers);

5) information on trade: prices for bread and other commodities, fairs, and for the border areas - import or export of goods, certain customs taxes;

6) problems of the state social sectors (education, veterinary medicine, healthcare, etc.).

In addition to these sections, were given the materials about the activities of different communities, land and city institutions, the recruitment and conscription, the activities of administrative and police agencies, the nobility and city elections, the fight against fire, etc. Of considerable interest are cartographic, statistical materials, the promotional documents-political, socio-economic, legal and other [13, p. 81].

**Natural-resource factors.** For natural-resource factors belong to natural conditions and natural resources of the region.

*Natural conditions – a body and the forces of nature* that affect the life of the region's population and are necessary to obtain the final production, but are not directly included in its composition [13, p. 85–87].

Combination of natural conditions in different regions is diverse, which allows classifying regions as follows:

– extreme – regions with harsh unfavorable natural conditions for life;

– uncomfortable – regions with relatively unfavorable natural conditions, which hinder the full life of the population, not adapted to such conditions;

– comfortable – regions suitable for formation of the population at the expense of other regions;

– comfortable – regions quite favorable for formation of permanent population and further development of economy [13, p. 85–87].

Natural conditions are taken into account when determining production costs, taking into account compensation expenditures for protection against natural disasters and environmental activities.

*Natural resources – the body and forces of nature* are used as a means of production (objects and means of work) and items of consumption. Quantity, quality and combination of resources determine natural resource potential of the territory, which is an important factor of population allocation and economic activity. In the development of large sources of natural resources have large industrial centers, are formed economic complexes and economic areas.

Natural-resource potential of the region affects its market specialization and place in the territorial division of labor. The location, conditions of extraction and nature of the use of natural resources affect the content and the rate of regional development [13, p. 85–87].

*Natural-resource potential of the region* is part of the totality of natural resources that at this level of economic and technical development of society and the study of the territory can be used in economic and other human activities at this time and in run. Quantity, quality, a combination of natural resources determines the natural resource potential of the territory [13, p. 85–87].

The presence of natural resources, firstly, affects the formation of territorial structure of the economy. Secondly, natural-resource potential significantly affects the sectorial specialization of the region. Thirdly, the quantity, quality and effectiveness of the use of natural resources affect the rates of regional socio-economic development. Fourthly, natural resources, their qualitative parameters contribute to increasing the role of the region in the Ukrainian commodity market. The mineral resources potential of the region expect as the amount of balance stocks of industrial categories, balance and projected resource.

Seed notes that the lack of funds and incentives for the introduction of promising scientific developments aimed at the use of alternative factors of regional development led the economy of separate regions of Ukraine to innovative retardation. As a result, the now regional economies are unable to meet domestic demand, the country increases dependence on imports, increases regional differentiation for the level of regional development. The way out of this situation is technological or innovative breakthrough, intensification of scientific and production activities in the direction of using intangible endogenous resources. Innovational activity needs to support the state both in the form of direct state investments and in the form of tax incentives. This is the state support factor for innovation [13, p. 94–95].

When deciding on the placement of a particular enterprise the decisive role is played by the institutional factor. Its essence lies in preferential conditions for investing and taxation, low loan interest, availability of appropriate infrastructure, banking-credit order and investment institutions. The institutional factor plays a special role in international relations of regions.

Decentralization in the absence of sectorial management of the economy should become a kind of catalyst for the localization of productive forces and paradigm basis of modernization of the economic space of Ukraine (Fig. 2).



*Fig. 2. The fundamental factors influencing the localization of economic space at the regional level*

Source: developed by the authors.

**Conclusions.** In our opinion, the localization of the economic space should be understood by a set of factors, levers, mechanisms and managerial actions at the regional and local levels, which determine new approaches to the modernization of the structure and spatial organization national economy on the basis of sustainable development and creation of preconditions for active use of resource potential, formation of cluster, network and other new production formations as part of territorial economic systems.

At the same time, localization should be based on the human centered model of social development, because the key subject and object of state should be human, because it is for the sake of it, its development is conceived of this reform. Resources make up a base where a person is a special national treasure and its activity is locomotive transformation of resources into the potential and its further capitalization.

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## ПРОБЛЕМИ МЕНЕДЖМЕНТУ ТА РОЗВИТКУ ПРОДУКТИВНИХ СИЛ РЕГІОНУ

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