

Supply Chain Strategy and Labor Partnership as a National Priority in the Economic Development of Russia

Marina V. Rossinskaya¹, Violetta V. Rokotyanskaya², Bela B. Bidova³, Alesya A. Kanaeva⁴, Elena I. Voloshina⁵,

^{1,4}*Sochi State University, Russia 354000, Sochi, Sovetskaya street 26a,*

²*Russian State Agrarian University named after K.A. Timiryazev, Russia, Moscow, Timiryazevskaya street, 49*

³*Chechen state University, Russia, 364907, Grozny, Sheripova Street, 32*

⁵*V.I. Vernadsky Crimean Federal University, Russia, Simferopol', Sevastopolskaya street, 21/4*

¹*rossmv@mail.ru*

²*rokotyanskay_V_V@mail.ru*

³*bel_a_007@bk.ru*

⁴*arni23@bk.ru*

⁵*alenka_agro@mail.ru*

Abstract— Global competition has intensified geographic repositioning of supply chain activities with implications for the economic prosperity of specific regions and geographies affected by such shift. The article reflects the results of studies based on an interdisciplinary approach to the economic development by supply chain strategy and labor partnership. The work is aimed at clarifying the concept of supply chain management and labor partnership as an economic category. Therefore, this concept has been studied through the synthesis of jurisprudence, conflict management, sociology and political science, which allows to identify the economic and microeconomic substances of this phenomenon. The former is considered through the labor market trends and conditions, and quantified in derived parameters of supply chain and social-labor relations depending on it. The latter, as a specific type of management, is formed at the intersection of entrepreneurial, systemic management under limited conditions for self-management model implementation, typical for modern transition to the information, digital economy. Thus, a model of supply chain strategy and labor partnership has been developed as a microeconomic category, implying the impact characteristic of such management tools as investments in human capital, development of corporate culture, adequacy of compensation policies and supply chain responsibility tools, on social capital, considered as a synergistic amount of company's human capital realized to the full. Additionally, a set of indicators developed in the course of research, and their dynamics can be used to monitor general trends in supply chain and labor partnership as an economic category. Our findings allow expanding the field of research and providing a scientific background for practical tools to improve economic relations.

Keywords— *supply chain strategy, labor partnership, economic development, and microeconomic category.*

1. Introduction

The concept of supply chain strategy (SCS) and labor partnership (LP) or supply chain partnership in the workplace has a certain degree of epistemological dualism. On the one hand, it is clearly defined and unambiguously formulated in article 23 of the Labor Code of the Russian Federation 1, [2], therefore, the formulation of conceptual provisions can be deemed relatively complete. But, on the other hand, this concept has not been sufficiently described as an economic category.

At the same time, the role of SCS and LP in modern world is significant not only in relation to the SCS sphere and the reproduction of human capital, but also due to the fact that it ensures the evolution of market economy. Here, as stated by Yu.N. Popov, “new social dependencies were formed between the competitive environment, business, and wage labor” [3-7].

Hence, SCS seem to be a key element of economic relations, in that the mechanism and model of its implementation directly affect the effectiveness of interactions between people in production, distribution, exchange and consumption processes. Naturally, there is a complex dialectical bond between the mechanism of SCS and labor partnership and the system of socio-economic relations. It explains the specifics of industrial and economic activities, especially the dominant model of SCS partnership and forms of ownership.

In this context, it can be assumed that SCS partnership as an element of economic relations has always existed. Modern man appeared at the moment when individual motives were overtaken by understanding the possibility of satisfying greater needs while focusing on group goals. For it was cooperation and prioritizing the public interests instead of selfish goals that ensured the development of modern civilization.

Moreover, the SCS partnership began to be perceived as a category of scientific knowledge from the 19th century. J. Mill was one of the first to declare about the need for SCS and labor partnership at the beginning of the 19th century. He understood the nature of then ongoing social evolution, which predetermined a new stratification of society that resulted in a union of workers and capital owners, as well as in unionization of workers themselves [8]. Omitting the descriptions of political, socio cultural and economic disasters that accompanied the interaction of these classes during the second half of the 19th century and the first half of the 20th century, it should be noted that the consequence was a recognition of SCS partnership as the best option for developing socio-economic relations. It was in this direction that the improvement of labor legislation was initialized in developed economies [9].

Russian system of socio-economic relations has its specific features that determined the way of development of its SCS partnership model. Initially, this system was based on the institutionalized position of worker as the sole owner of the means of production, leader and executor all in one, but in the context of widespread state ownership. The latter circumstance caused the actual discrepancies between the postulated doctrine of SCS and labor relations and the mechanism for their implementation. It consisted in the emergence of a new subject of these relations - the political establishment, consolidating the functions of managing assets of public property. So, it should be noted that it was the contradiction between workers' goals of and the goals generated by establishment that caused a decrease in the efficiency of socio-economic system and made it necessary to reform it.

2. Methodology.

Supply chains are increasingly becoming more complex and dynamic. The success of any business often depends on the success of its supply chain

activities. Supply chain management solutions and services help manage and optimize the many facets of supply chain planning, sourcing & procurement, inventory optimization, warehouse management, logistics distribution & transportation and supply chain integration. The period mentioned above began in the mid-1980s, when the first regulatory legal acts designed to govern relations between workers - owners of the enterprise, and its administration were adopted. The first of these documents, [10], was the USSR law "On the state enterprise (association)", which determined that labor collectives are vested with authority in planning, distribution and use of public consumption funds.

Subsequently, the changes in the socio-economic system and the transition to a market economy predetermined the need to create a set of legal acts regulating interactions in the field of economic relations. The article 7 of the Constitution of the Russian Federation [11] declared the Russian Federation as a social state, which became the key factor for establishing the legal concept of SCS partnership in the workplace. As a result, today it provides a legal framework for enforcement mechanisms, schematically illustrated in Figure 1.

Supply chain management has been defined as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally."

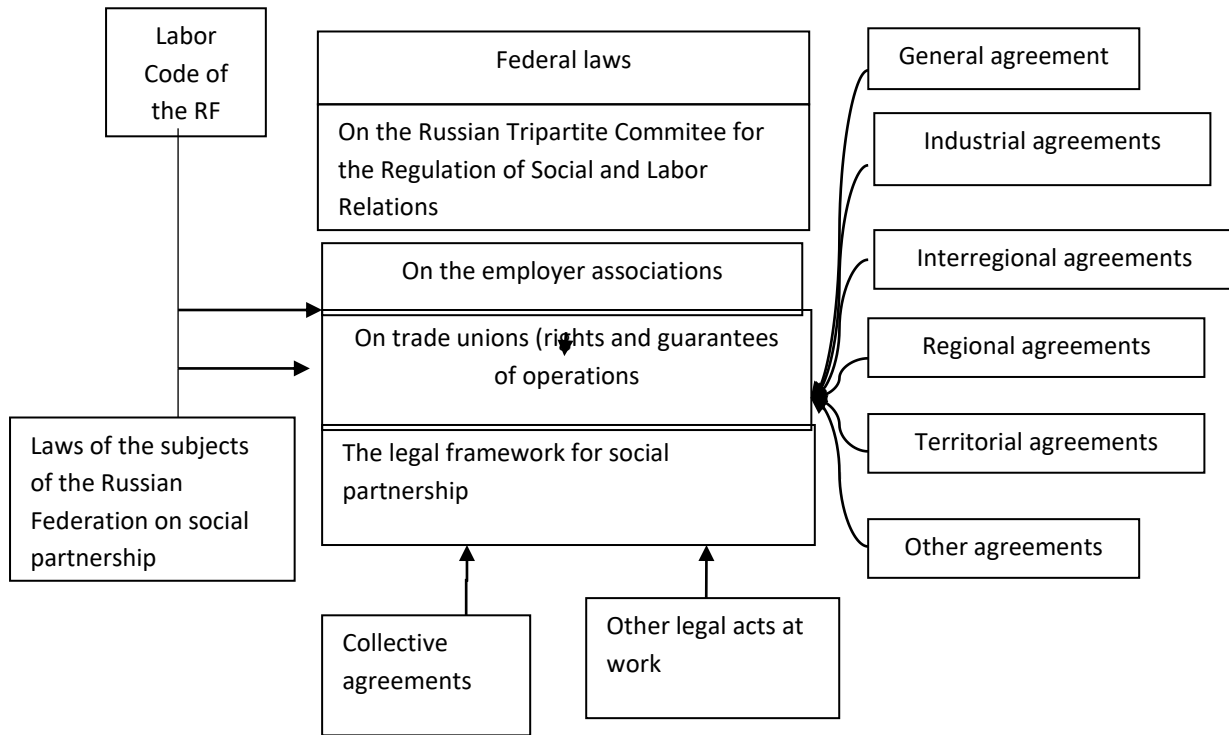


Figure 1. Scheme of legal framework for social partnership in the Russian world of work (compiled from materials [4])

3. Results

The scheme of legal regulation of SCS partnership presented in Figure 1 allows to agree with the opinion of O.D. Safonova that: “The first important step in the establishment of a social state in Russia — the institutionalization of SCS partnership — has been taken” [12]. The parties, and,

consequently, the subjects of SCS partnership are workers, employers and the State represented by its authorities and local government bodies [2]. Together, they regulate the system of SCS and labor relations in the context of five interaction levels (Figure 2).

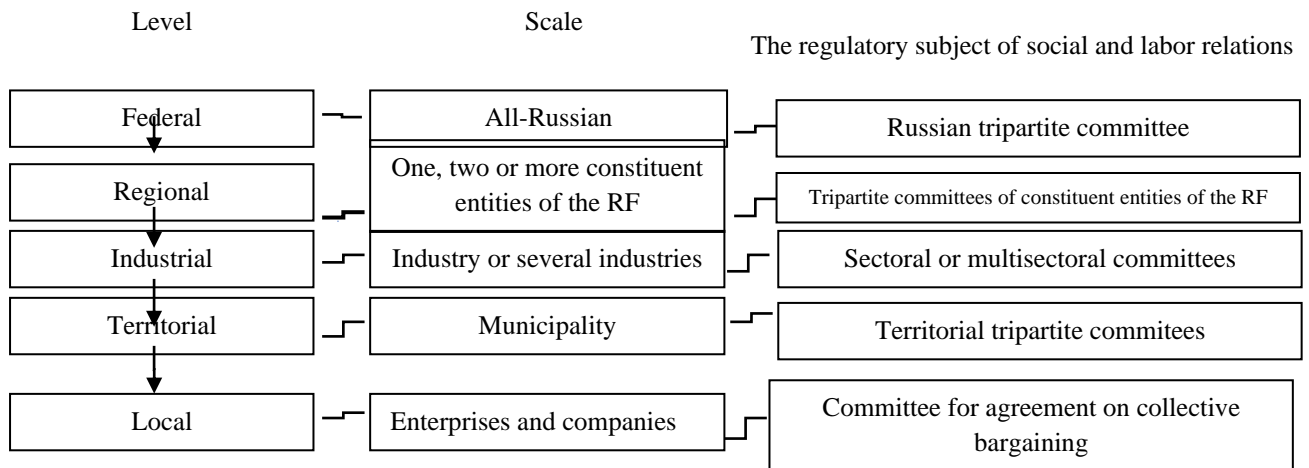


Figure 2. Five levels regulation system for social and labor relationship in the Russian Federation (compiled from materials [2])

As can be seen in the Figure 2, the mechanism of SCS partnership is manifested as an attribute of the social system differentiated unity. Therefore, it is necessary to consider this concept from the point of view of law, sociology, conflict resolution, political science and economics. Therefore, using an interdisciplinary approach based on a synthesis of existing ideas about the phenomenon under consideration, it is possible to clarify the theoretical idea of SCS and labor partnership as an economic category.

The legal nature of SCS and labor partnerships in Russia is naturally expressed by the meaning of the definition formulated in the Labor Code of the Russian Federation: “a system of relations between employees (representatives of employees), employers (representatives of employers), state authorities, local governments aimed at ensuring the coordination of workers and employers interests in the field of labor and other relations directly related to them” [2]. The labor relations are considered to be based on an employment contract as the basis of legal regulation.

From the point of view of conflict management, the concept of SCS and LP issues either from its semantic identity with the concept of labor conflict [5, 10], or from causal linkage with the ‘conflict’ concept [3]. It should be noted that, like the conflict, SCS partnership arises from the contradictions between subjects of SCS and labor relations, and is aimed at the consolidation of common interests. As a result, the transformation “conflict rivalry → conflict cooperation” occurs. Social and labor partnership can be considered both as economic and microeconomic categories. The former implies the interaction of subjects of economic relations during the labor market transition to various states that determine the dynamics of changes in wage standards and labor productivity, and, accordingly, affect the unemployment level, the specific characteristics of the workforce and the population’s quality of life [11].

As a microeconomic category, social and labor partnerships can be considered as a special type of management, a synthesis of entrepreneurial and systemic management at the limited self-management of working groups within the paradigm of information age economic relations

Thus, SCS is one of the pillars of accord, resulting from the development of conflict management [4]. The wage standards are the main subject to regulation in this field [3].

Political science perceives SCS partnerships as the process and the result of ongoing struggle between the main social classes [3]. The stage of development of the socio-economic system determines the list of classes and the acuteness of their confrontation. This can be the elite, the middle and working classes, or the hired working and hiring employers, or the hired workers, management and owners of capital, as well as workers and representatives of the establishment.

Figure 3 shows the sociological perception of SCS partnerships in the format as three main models

Figure 3 shows that the social and labor partnership based on sociological ideas has a significant imprint of economic relations as a subsystem of the socio-economic system. This is particularly relevant to the recognition of individual interests and the mechanism of motivation as the most important elements determining the specifics and economic efficiency of management. At the same time, the marketability of labor and the participation of workers in social and labor relations as full workforce owners are recognized.

Thus, it is the sociological understanding of social and labor partnership that allows forming the vision of its economic meaning. But it is also lays on the intersection of individual components of legal, political, sociological and conflict aspects of the concept under consideration

[12]. In other words, social and labor partnership is a management model; its specific features are presented in Figure 5.

Supply chain management simply put is management of a network of interconnected businesses involved in the provision of product and service packages required by the end customers. Supply chain management draws heavily from the areas of operations management, logistics, procurement, and information technology, and strives for an integrated approach.

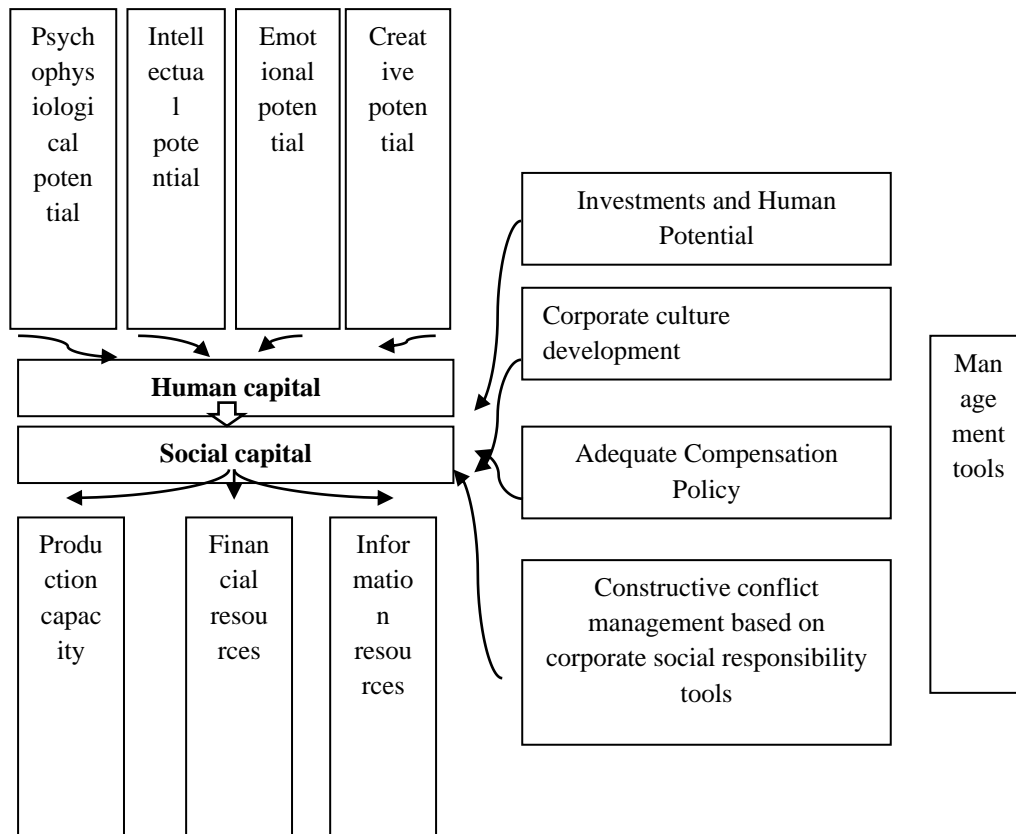


Figure 5. SCS partnership as a microeconomic category

Based on the model shown in Figure 5, SCS partnership results from four basic management tools (investment in human capital, development of corporate culture, adequate compensation policies and constructive conflict management based on the social responsibility tools of capital owners) impact on the enterprise social capital. The latter is a synergy of using the total human capital of employees, which seems to be a contradictory sum of manifestations and realization of staff psychophysiological, intellectual, emotional and creative potential. The efficiency of this interaction determines to the large extent the enterprise competitiveness.

It is worth noting that, as for any other economic category, the characteristics of SCS relations are reflected in the dynamics of indicators, which must be subject to a quantitative research. The microeconomic nature of this category implies the use of the following indicators: the level of absenteeism, conflicts intensity and staff turnover, the value of average and median wages, its structural division into constant and variable parts, the amount of social support to employees, the level of labor productivity, and the dynamics of absolute and relative performance indicators of the enterprise.

The economic features of SCS partnership can be additionally studied with the help of such indicators as the number of employees, employment level, the dynamics of monetary incomes of the population, the effectiveness of economic relations, changes in investments, and some others. However, studying the indicators of SCS relations: the dynamics of multilevel and collective agreements, strikes and other conflict situations, - continues to be important.

4. Conclusion

As economic development agencies recognize the value inherent in location-specific and geographically concentrated supply chain capabilities, this research explores how these affect regional prosperity and economic development.

In general, the nature of the presented study does not allow neither to claim the absolute uniqueness of the social and labor partnership definition as an economic concept, nor particularly to consider the given set of indicators as exhaustive. But, an interdisciplinary approach made it possible to clarify the economic substance of SCS partnership. However, it allows to study a new subject field, with both general economic and microeconomic potential to formulate effective practical

recommendations for optimizing management processes. The set of indicators given above is only the initial factual base, allowing a casual monitoring of changes in the economic nature of SCS partnerships.

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