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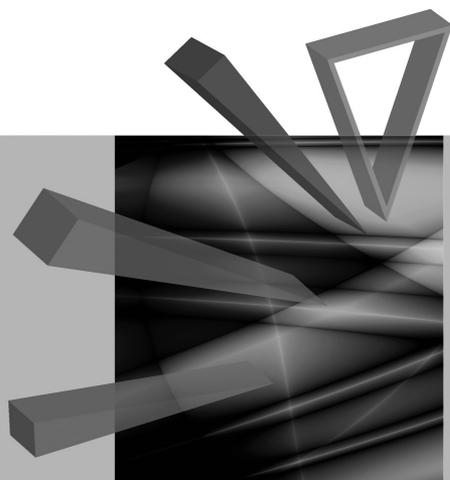
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Planning and Evaluation Aspects



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STRATEGIC PLANNING AS A TOOL TO ENHANCE THE COMPETITIVENESS OF TERRITORIES

Summary: The work examines the peculiarities and institutional barriers in using strategic planning at meso-economic level. The author suggests the ways of methodological base improvement of the strategic planning using heuristic modeling, fore-sighting, macroeconomic risks modeling, working out of strategic matrices development and using adaptive strategies. The article determines the approaches to activate multipliers of socio-economic growth and resources mobilization to support both innovative development forms and interregional cooperation.

Keywords: progressive structural changes, innovative development forms, supranational and interregional cooperation, strategic partnership, territories branding.

1. Introduction

The pragmatics of using management tools in the long-term development of national economies is determined by the need of the scientific analysis of economic, social, scientific and technical processes and trends, the anticipation of alternative paths of development of the economic system, and the rational use of available resources to ensure progressive structural changes in the context of defined strategic vectors of development under uncertainty and risks. Strategic planning in the management of long-term development is a universal means of maintaining a competitive relationship, harmonization of interests in mega-economic, macroeconomic, meso-economic, local, sectoral level, mobilizing resources for development priorities and leveling the shadow effects.

Strategic Planning for Regional Development became widespread in the second half of the twentieth century in the US and Western Europe as a result of the increasing complexity of socio-economic processes control systems, as well as the acceleration of scientific and technological progress. At the end of the 1990s, the strategic planning of cities in Central and Eastern Europe, CIS and Baltic countries gained popularity through international programs to promote democracy, improve the initiative of the scientific community and the interested local authorities. Today, strategic planning is an essential tool of the management of development areas in the

EU, which combines the interests of the authorities, the real and financial sectors and NGOs, and prioritizes structural changes that meet the needs of regions, countries, and EU policy. Moreover, it is well correlated with the toolkit of medium term and long term budget planning, which increases the realism of the implementation of strategies and programs.

The redistribution of forces globally, induces countries to review and modernize their own strategic policies. In this context, both the scientific and applied interest is the question of the possible use of strategic planning tools to strengthen the competitive position of national economies and regions.

The methodological and applied aspects of the instrumental use of strategic planning at different levels of national economy management are discussed in different works of well-known foreign and national scientists. For instance, in his research work Ulrich Beck [Beck 2005] analyses the modern management paradigm as well as focuses on the necessity of strategic policy, the provision of which would concern all possible development risks and globalization threats. The investigation of strategic planning from the point of view of additional competitive possibilities is substantiated in papers of such famous German experts in strategies and planning as Robert Georg Wittmann and Matthias P. Reuter [Wittmann, Reuter 2008].

Bryson, Anderson, Alston [2011] focus on organization and methodical approaches to strategic planning at micro and regional levels determining additional competitive advantages which a certain territory or non-profit organization can obtain in the rational use of the existing factor potential. The use of the possibilities of strategic planning as an adaptation tool for future challenges, is covered in the works of Michael Allison, Jude Kaye [Allison, Kaye 2011].

The peculiarities of using strategic planning in the development management of administrative and territorial units are investigated in the works of our national scientists, among which special attention should be paid to the paper of A. Berdanova and B. Vakulenko. They determine strategic planning as a tool of coordination of the long-term priorities in stable development supporting territories, system technology of grounding and approval of the most important decisions concerning local development [Berdanova, Vakulenko 2011, p. 5].

When considering the works of these scientists, we should state that within the conditions of changes of the world development paradigm and the increasing system instability, it is necessary to improve strategic planning technologies. The planning has to maintain the use of adequate tools of supporting territorial development, as well as to help in solving the challenging problems of the modern globalized world.

2. Specifics of the use of strategic planning: Ukraine and the global experience

Poland's experience in strategic planning is quite interesting, since during the past six years there has been the reform of strategic management with the creation of the appropriate institutional framework, based on the Act on Development Policy, dated December 6, 2006, Green Paper "Poland 2030. Development Challenges" (2009), Long-Term Development Strategy in Poland – "Poland 2030" (2012). 250 government policies and programs, developed in Poland during the last 10 years, were integrated around nine strategies: innovation, human capital development, transport, energy security and the environment, effective government, the development of social capital, regional development, sustainable rural development and agriculture, national security, (Poland 2030 Report), and, in fact, determine the priority of the long-term development of the country and its regions.

The legal basis for the use of planning tools in Ukraine was established by the Law of Ukraine "On State Forecasting and developing programs for economic and social development of Ukraine" (no. 1602-III dated 23.03.2000). However, this law has no ties with regional development strategies and schemes of planning, because during the past 12 years this law has not made any significant additions to the planning of regional development.

Strategic planning for the regional development in Ukraine was introduced by the Law "On the promotion of regional development" issued on 09.08.2005, no. 2850-IV, according to which the State Strategy of Ukraine to 2015 was developed, which in its turn identified the key issues of regional development:

- 1) lack of investment and innovation activity;
- 2) significant regional disparities of socio-economic development;
- 3) weak inter-regional relationships;
- 4) inefficient use of human potential, which is considered to be a factor of development that may provide a new quality of economic growth.

Four strategic objectives: increasing regional competitiveness and strengthening their resource potential, development of human resources, establishing inter-regional cooperation, the creation of institutional conditions for accelerated development of regions, were supposed to solve these problems. These priorities were considered dominant in most regional strategies adopted in almost all regions of Ukraine. Meanwhile, the approved regional strategies focused on the development conditions specific to the pre-crisis period – the extensive nature of regional economic growth, cost approach to the use of available resources – and could not take into account the new challenges. In addition, there is a need to overcome institutional barriers that are inherent to the modern mechanism for strategic planning at the meso level. In particular, there is no proper securing of the strategic documents' legal status, an excessive level of their declaration, the lack of unified information and analytical

support development of strategic plans at regional level and local communities, baseline binding of scorecard strategic plans for strategic budgeting, lack of categories combination of national and regional interests, lack of coordination of the planned action, involved as a result of ignoring economic and mathematical methods to optimize the use of the available resource potential. This situation greatly distorts the real benefits of using strategic planning to achieve the objectives and development priorities which would ensure competitive development.

Therefore, the strategic planning process in Ukraine should be subjected to significant institutional changes to adapt to the requirements of a dynamic market environment. First place should be given to the question of identifying strategic priorities and development of the region, taking into account the potential of the internal market and maximizing the benefits of the use of regional and international cooperation regions, supporting structural reforms that will ensure the stability of the progress of the region; we should also talk about finding “points of growth” for regional level and effective instruments of their promotion. The following things are traditionally considered to be “growth points” at the level of the regional economy in the world: transportation, road construction, communications, energy sector, environmental projects, including environmental energy projects, research and innovation, which stimulate the growth of competitiveness of domestic production in the post-crisis period. These priorities call for a search for new sources of financing the implementation of regional strategies and adapting proven global practices of regional development of organizational and institutional mechanisms for their implementation.

Conceptually, the use of tools for strategic planning in local government should be equivalent to the rational use of substantially increased municipal resources. This can be used in several approaches:

- vertical: defining a mission of local community and strategic objectives, which the available resources are aimed at achieving;
- compromise: pursuing the achievement of social balance through strategic partnerships between sectors;
- rational: based on specific calculations (information arrays using modern technologies’ strategic analysis) to substantiate the feasibility setting and achieving strategic objectives;
- vision for success: based on consideration of best practices of strategy making, development and implementation of strategies, accumulated experience of certain investment projects and programs in certain industries or sectors;
- compliance with the parameters of sustainable development and economic security in setting and achieving strategic objectives;
- creation and maintaining a positive image and branding of the area.

When designing these approaches on the level of the national economy, it should be recognized that most prevalent is the compromise approach – as in the Ternopil example in the development of the strategic plan of the city up to 2025, implemented

by means of: resolution on cooperation of NGO activists, scientists, clergy, government, business representatives, deputies, creating an inter-university research laboratory of the city development, holding public discussions, mutual solution (integration strategies) of the interests of the state and the region, cooperation in the framework of the memorandum of Ukrainian platform of intercultural cities. Using this approach will be more effective if its other forms such as: the pact between the parties on joint strategic intentions, the public signing of a social contract for 10–20 years on the choice and implementation of realistic investment projects and their stakeholders support, joining EUniverCities network, which aims at the exchange of experience and knowledge of European scientists in order to introduce innovative developments and effective economic growth, cooperation with other cities and figures, and solving the problems of a European city.

With the reduction of central financial transfers and insufficient tax revenues for local budgets, modern Ukrainian cities face the challenges of resourcing local infrastructure development for the effective delivery of services and the implementation of economic and social long-term projects. The solution to these problems lies in the intensification of the use of public-private partnerships in territorial administration, information and communication tools for territorial marketing, which is an important part of branding [Soskina (ed.) 2011]. This makes it possible to express territorial identity, combine territorial interests, successfully position a competitive advantage in the territory of international cooperation to ensure the image area to diversify the financial resources of the territory by attracting additional investment resources to strengthen the economic, social and cultural potential of the territory. The main components of branding areas that could enhance their competitive position can be the implementation of structural projects (such as the reconstruction of housing, transport infrastructure), the development of festival brands, improving the quality of tourist services.

Analyzing the existing approaches to strategic area development management, an approach pursuing the compliance vector of sustainable development areas, which allows mutually coordinated economic, environmental, social development, maintain and increase the potential areas for future generations through sustainable use of resources (natural, human, industrial, scientific, technical, intellectual, etc.), technological upgrading and restructuring, improving the social, industrial, transport, communication and information, engineering, environmental infrastructure, improve living conditions, leisure and recreation, conservation and enhance biological diversity and cultural heritage, deserve special attention. The orientation of strategies for achieving the priorities for innovation development and the transition of regional production complexes in higher technological modes, may be an important source of the competitiveness of the regional economy and the economy as a whole.

In Ukraine, despite numerous studies for diagnosing the level of sustainable development, there is no good practice of development strategies for the sustainable development of regions and cities [White 2011]. So far the strategy of long-term

sustainable development has only been developed in the Kharkiv region, while a model of sustainable development has been realized only in the framework of cooperation with the EU for the small town of Ukrainka [*Sustainable Development Strategy...* 2010]. However, mechanisms to ensure the balanced development of regions, cities and villages in the implementation of these strategies have not been worked out.

3. Conclusions

In order for strategic planning to improve the competitive advantage of the areas, take their interests into maximum consideration and facilitate the increase of administrative-territorial entities resource potential, it is necessary to provide the following in the development of strategies:

1. Use of the modern methodological base of long-term development management. Its basis is neuro-planning, heuristic modeling using fore-sighting technology, simulation of macroeconomic risk with the use of econometric models, identifying opportunities for national economic development, adequate broad range of future potential threats, developing strategic matrix development, the use of adaptive strategies. To level the factor of uncertainty in the development of strategies, it is appropriate to use a model predicting the risks associated with the functioning of the institutional sectors. In conditions of macroeconomic instability and limited financial resources, it is appropriate to use the methodology of the strategic planning model based on the capacity of the efficient management of the available resources according to the strategic objectives identified threats and opportunities for their neutralization (Capability-Based Planning). A distinctive feature of this model is the option of functional support in neutralizing each hazard during routine calculations. This takes into account not only the institutional capacity of state and local governments, but also private efforts as well as real and financial sectors in solving the tasks.

2. Compliance with the conditions of balanced territorial development by stimulating structural changes that will ensure a new quality of economic growth, the conditions for sustainable development, economic, social and environmental security, ensuring harmonious spatial development (improvement of transport infrastructure for peripheral areas, using the potential of international transport corridors, support the creation of growth poles based on leading cities of the region) cluster model of territorial cooperation (we should talk about high-tech clusters or clusters that work in the areas of innovation-based research institutions), deepening regional cooperation.

3. The progressive nature of structural changes should be reflected through: the development of industries of fifth and sixth technological structures, growth in regional GDP share of services, information industries, the increasing pace of the

development of eco-friendly high-tech industrial production, increase productivity through the introduction of modern technology.

4. Application of these structural priorities selection criteria:

a) technological level of production, i.e. its compliance with the industries of fifth (pharmaceutical, automotive, chemical, tool industry) and sixth technological structure (biotechnology, new materials, optoelectronics, artificial intelligence systems, microelectronics, photonics, microsystem mechanics, information superhighways, software tools and simulation, molecular electronics, human resource management system) that will ensure the competitiveness of products in the domestic and foreign markets;

b) commercial efficiency, within the framework of which it is appropriate to consider the budget efficiency (additional revenue for state and local budgets), marketing effectiveness, i.e. the ability of innovative products and services to meet the real needs of citizens and occupy certain niches (for example, in the market of raw materials – renewable energy, energy saving technologies, nanomaterials, in the real sector – innovative equipment, biotechnology, nanoelectronics, photonics, information and communication superhighways, molecular electronics, etc.);

c) nonprofit efficiency, which reflects the social (use of human resources), environmental importance of innovative products and services, the ability to address issues related to national security, compliance requirements of sustainable development,

d) noospherization level, i.e. the presence of the results of fundamental research, domestic inventions, equipment, materials and dual-use technologies.

5. Supporting the economic diversification of rural areas, increasing agricultural productivity, development of logistics infrastructure, strengthening of control over land use, the development of environmentally friendly agricultural production and its sales markets, restoration of rural infrastructure. Using GIS technology of obtaining, processing, storage and distribution of information based on the semantic relationship of data objects with their spatial characteristics that make it possible to predict the level of productivity, performance, breeding, optimize the use of agricultural land area, obtain information necessary for agricultural business like environmental pollution, soil fertility, ecological network, water etc.

6. At the regional level, long term strategy should basically contain the so-called strategic matrix of development [Zhelyuk 2010, p. 147]. This is an information-analytical generalization assessment and prediction of six factors:

- demographic (size, growth and dynamics of population growth, migration processes);
- natural and ecological (natural resource endowment, level of pollution, environmental and technological disasters);
- technological (technological level of production, level of innovative activity, noospherization level of economy, the competitiveness of the economy);

- economic (the volume and dynamics of the gross regional product, the level of economic development (gross regional product per capita, economic structure, the degree of integration into the world);
- humanitarian (level of development of science, education culture, moral state of society (the number of registered marriages and divorces).

7. The communication of strategy should be based on the principles of innovative partnership between the state, science, education and business. The state in this partnership is to create a proper legal framework, to overcome the negative effects of destructive social and economic development, quality of public services, support strategic priorities, creating technological corridors, which will provide the continuity of strategic development priorities, promotion of “VIP-projects” in the fundamental science, be involved in the implementation of mega projects in high-tech sectors.

Geographic information system – a modern computer technology, allowing to combine model image area (electronic display maps, charts, cosmic and aerial images of the surface) with an information table type (various statistics, lists, economic indicators, etc.), manage the spatial data and their associated attributes, use saving, editing, analysis and display of geographic data.

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PLANOWANIE STRATEGICZNE JAKO NARZĘDZIE DO ZWIĘKSZANIA KONKURENCYJNOŚCI TERYTORIALNEJ

Streszczenie: Artykuł poświęcony jest cechom szczególnym i barierom instytucjonalnym planowania strategicznego na poziomie regionalnym na Ukrainie. Autorka wskazuje w nim drogi udoskonalenia metodologicznej bazy planowania strategicznego poprzez wykorzystanie modelowania heurystycznego, foresightingu, modelowania makroekonomicznego ryzyka, tworzenie strategicznych matryc rozwoju oraz stosowanie strategii adaptacyjnych. W artykule określone zostały również sposoby aktywizacji mnożników rozwoju społeczno-gospodarczego oraz mobilizacji zasobów dla wsparcia innowacyjnych form rozwoju i współpracy międzyregionalnej.

Słowa kluczowe: progresywne zmiany strukturalne, innowacyjne formy rozwoju, współpraca ponadnarodowa i regionalna, partnerstwo strategiczne.