



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

Papers downloaded from AgEcon Search may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

DESIGN OF THE REGIONS' ECONOMIC DEVELOPMENT STRATEGY

OLGA PATSUK, PH.D.

Assistant Professor, Management Department
M. Reshetnev Siberian State Aerospace University

JEL Classifications: R11, R58; **UDC:** 332.1

Key words: Social and economic development of the territories, regional economy.

Abstract: At present Russian economy is undergoing the same trends of the modern economic development, which take place in developed countries. These processes comprise globalization, advanced development of the service industries, post-industrial society formation, intellectual component expansion in the results of any industry, informatization of the society, running out of traditional sources of social and economic growth. In such conditions search for new ways and factors of the regional self-development is critical.

ISSN: 1804-0527 (online) 1804-0519 (print)

PP. 82-85

Introduction

In recent years regions in Russia have become more independent. They are more responsible now for the results of their economic development. Their social and economic development is determined by the objective factors (macroeconomic conditions, region's position in the social division of labor, production structure, geographical location, natural resources) and subjective ones, and in the first place by the methods of the regional management. Economic reforms showed that regions, which use advanced methods of management, are less influenced by crisis tendencies.

Regional development

Strategy of the country's regions' development is not uniform in relation to the different regions. This is caused by their significant differences in natural resources provision, economic structure and level of development, achieved by the region's economic system. That is why this strategy sets general goals and objectives for a certain period of time and becomes a base for design of mutually balanced strategies of the region's development. These strategies are a set of measures aimed at implementation of long-term goals of the country's social and economic development. At the same time it is important to take into account that rational contribution to solution of those problems made by the regions. Regions' economic development strategy is a general direction for achieving the goals and should be expressed in tactical actions and programs, which will promote regions' development in the right direction.

When analyzing the quality of the regions' development, a conception of growth stages theory is often used. According to that theory, economic development goes through three main stages: pre-industrial, industrial and postindustrial. Prevailing branches of the pre-industrial development are extractive industries, agriculture, fishing, timber and mineral resource industries. At the industrial stage manufacturing industries dominate: machine building, chemical, timber and woodworking industry, light and food industries etc. At the postindustrial stage the main branches are those of non-material production - that is science, education, trade, finance, insurance, healthcare etc. The main features of the postindustrial society are relative decrease in goods

production and increase in services production, science-intensive production, personnel's advancement.

At present in Russia there are two opposite processes: deindustrialization and growth of the services' sector. The first trend is demonstrated by the decline in manufacturing industries and strengthening of the extractive ones. In the first years of the economic reforms in the country a certain situation established in the raw materials sector. It was the export of oil, gas, ferrous and non-ferrous metals and timber that provided the most significant currency earnings and did not allow the whole industrial potential of the country to be destroyed. This trend is somewhat forced, but, viewed from the country's economic development perspectives, is negative as it moves the society from the industrial stage of development to the pre-industrial one, so demonstrating regress. At the same time Russian economy has some features of the postindustrial society, i.e. growth of the services' sector, trade and financial institutions. To assess the depth of these directions it is very important to describe not only the production structure, but also the degree of information technology spreading.

Worsening of Russia's regional development problems is related to the unjustified inequality of the regions' social and economic conditions. That does not require the ecological balance maintenance, improvement of the economic territorial structure, population employment. That is why it is necessary to put in practice the new effective methods of influence on the economy, in particular program and target forecasting, which allows to solve a single region's development problems in relation to the regional policy of the country.

Regional programs are a kind of complex target programs and serve as a tool of regulation and management of the regional economic, social and technological development strategy. They are also a method to prioritize the resources concentration for solving the most urgent problems. Regional programs can be of the following types: interstate, federal, regional, created according to the manufacturing characteristics and complex. Focused programs are usually designed as a part of target federal programs. Complex programs of the regions' social and economic development usually comprise all the focused programs with the predominance of socially oriented programs. Such programs for a certain region allow to connect all the focused programs

according to the needs in different kinds of resources and prioritize them in terms of solution.

Regional programs are classified in terms of region's location, functional orientation, problems solved, significance of the program's objective, etc. Defining the characteristics and corresponding programs' classes is one of the main provisions for finding general features in the process of their design and implementation. Classification characteristics reflect the essence of the problem, describe the objects of the programs, peculiarities of managing them. A regional program may have several characteristics. The main objectives of the regional programs include:

- creating an optimal territorial and branch structure of the economy;
- equalizing of interregional differences in economic, social and technological development;
- effective use of natural, material and labour resources of the region;
- environment protection;
- overcoming the consequences of natural and anthropogenic disasters;
- spiritual revival of the regions, saving their historical heritage, strengthening of their cultural potential, stabilizing of social, political and legal situation.

The process of selection of the regional problems, requiring program solution, has three main stages:

1. Consideration of the regional problems, requiring program solution, which includes the following steps:
 - complex research of the adopted conception and forecasts of the region's economy functioning;
 - analysis of the social and economic situation (economic potential, internal and external development trends, market dynamics, main funds movement, level of the needs satisfaction etc.);
 - determination of the factors which cause problem situations;
 - determination of the problems, which require immediate solution.
2. Justifying the possibility to solve the problem with a program method includes:
 - design of the recommendations for using a target-program method through defining program features in the problem, that is certain time of termination, determination of a problem's object etc.;
 - Analysis of advantages and disadvantages of using a target-program method in elimination of the problem situations in relation to the region's conditions.
3. Independent expert assessment of suitability of the problems; solution with a target-program method includes the following procedures:
 - preliminary resource assessment of each problem to be solved in terms of different resources;
 - determination of the region's resource opportunities and their correlation with the needs to solve the problems;

- determination of economic effectiveness of the problems' solving using a target-program method.

Region's administration, in order to improve the territorial social and economic development, should use different management techniques: regional industrial policy tools, including a wide range of methods of investments mobilization; benchmarking methods. The most effective methods of the region's economic development management are strategic planning and regional marketing. Strategic planning and management are modern management methods. Practice of using strategic planning not only in industry, agriculture, construction, transport but in other spheres of human activity proved to be highly effective. All the procedures of strategic planning are applicable in the regional planning. It can be used not only in designing complex programs of regions' social and economic development but also in implementing anti-crisis measures, in managing large infrastructure projects and other directions of regional development.

Regional marketing is one of the most successful conceptions of the modern management, as it allows to direct all the enterprise's activity to the customer's needs. Many marketing methods are successfully designed and developed within regional marketing, implemented by the regional administrative bodies. A region's promotion plan may become its tool. This is a set of measures which create and maintain the region's long-standing competitive advantages.

Region's development strategic plan allows to find a way out of crisis, increase the living standards. The plan's starting point should include assessment of humans in all aspects of their activity; degree of their compliance with the modern world's development trends and correspondence with the goals set. A region's social development level is determined by its economic state as the living standards are determined by the level and effectiveness of the production. So, economic development should be planned first and the main objectives of such planning should be the following: production structure renovation, attraction of the new industries to the region, development of the existing ones, development of the infrastructure for people's life and activity support; creation of the new working places.

A development plan should be based on a clearly formulated set of development goals, which meet the standard requirements of measurability, attainability, time orientation and consistency. As a rule, there are general and concrete goals and objectives. General goals characterize a region's necessary state in certain periods, so they must be clear and relatively concise. They serve as a development criterion and allow to determine suitable measures for their achievement. After that they are transformed into more concrete goals, which provide detailed quantitative guidelines and suitable assessment criteria, that help to control the level of the region's social and economic development [1].

At the stage of the analysis of the region's external environment development favourable and unfavourable factors of its development are defined, external social and economic opportunities and threats are analyzed. Using qualitative and quantitative analysis of the economic, ecological and institutional external environment, external resources, that can be used in the region's economic development, are evaluated; key social and economic features

of the external environment are studied, comparative analysis of the similar regions' economic development is conducted, which leads to the determination of the territorial development external factors. When distinguishing the region's strengths and weaknesses, results of the previous social and economic development programs are assessed, with finding the reasons for success and failure. The region's internal advantages and disadvantages are also analyzed to define the stage of the region's development.

At the conception design stage final conclusions about the goals of the region's social and economic development are made, this development's factors and mechanisms are analyzed, as well as methods of its management. At the same time new trends of the regions' social and economic development are taken into account, alongside with the characteristics of the present stage of Russian economic development and local conditions. The conception is based on the design of alternative strategies, their economic assessment, prioritizing the directions of the region's development and defining of the territorial competitive advantages. On the basis of the region's social and economic development conception a plan of concrete measures is developed, including the goals, terms of their achievement, responsible persons, expected result, volume and sources of finance, methods of interim control and getting a feedback, possible consequences of the plans and programs' implementation.

At the stage of effectiveness of the considered variants analysis and goals and methods correction not only working actions plan is studied but also continuous monitoring of the region's social and economic development is conducted, comparison with the goals and development criteria is made, effectiveness and success of the measures taken are evaluated. The suggested strategy's compliance with the resources is studied, as well as its ability to solve the main problems of the region and residents' support.

One of the characteristics of social and economic systems is that they are goal-oriented. Therefore, the goal is the desired state of the economic system, which has a certain period of existence. Wrong choice of goals when creating a system leads to solving of the non-urgent problems, which can cause more harm than use of an ineffective system for achievement of the goals chosen. When analyzing the frameworks of goal-setting for any studied system it is important to remember that the goal of a particular system can fully correspond with or be a part of a goal of a higher system and strictly comply with the objective needs of the environment. The process of goal-setting is divided into three stages: environment analysis, assessment of the studied system's opportunities, and goals formulation.

In the process of goal-setting economic systems are characterized by conservatism and sluggishness. Very often the goal is defined in abstract, as a final change state of the studied economic object or process; it is very important to understand what the goal is and what its alternatives are. From the positions of different subjects the goal and alternatives can exchange places, so interaction of goals and alternatives is clearly illustrated with a "goals tree" method. Goals systems and means for their achievements are similar in structure and mutually determined, as the first-level goals are the

alternatives for achievement of the main goal, but in relation to the second-level goals they serve as goals. [2].

Thus, goal-setting plays an important role in search of a suitable variant, as it helps to make a conclusion about the possibility of the initially set goal's achievement. In the process of clear formulation of goals and objectives, goals prioritizing and preferences defining system analysis and different kinds of modeling are used. An analytical picture of the region's state is constructed for comparison with the similar problems in other regions.

Complex program

The Complex program of the region's social and economic development is the means of the set goals achievement and a form of the economic activity and social territorial organization management. This program contains the volume, pace, proportions and main directions of the region and its structural subsystems' social and economic development. The program also has the substantiation for the system of measures, aimed at rising production management effectiveness; rising of living standards level is also explained. A single region's development strategy, however, should comply with the country's development strategy and be its integral part.

Sections of the program's project should be designed using serial-parallel method, that is design of each next section starts before the end of designing the previous one. Necessary corrections are made in the previous sections for their better compliance with the next following sections. On the whole, there is a logical succession from the goal to the ways and methods of its achievement, then through the goal-achieving activities to the necessary resources, means and sources of their receiving. The Complex program's composition and structure are a list of certain sections, which reflect the contents and functions of the accepted program project, for example:

Section 1. Analysis and assessment of the region's existing social and economic state. Here the territorial social and economic state and its consequences are described; the most crucial problems to be solved with a program are defined.

Section 2. Assessment of the natural resources and environmental state. The region's natural resources, their quantity and quality, opportunities to use and export them are described, alongside with the existing ecological situation and measures to improve it.

Section 3. Region's demographic conditions and labor market. This section analyzes the territory's economics and sociology of labor and defines the priority problems.

Section 4. Conception of the region's social and economic development. On the basis of the conducted investigation the conclusions about the region's existing economic situation and structure are made; its material and production base is studied and economic disparities are defined. This section also forecasts the opportunities to use natural resources potential of the territory and formulates the conception (forecast) of the region's social and economic development, taking into account the technological progress trends and the region's economic objectives.

Section 5. Main target subprograms. In this section the main target subprograms for the region are determined. These are based on the production, function and problem characteristics. Such programs have goals, objectives and final results, which will be achieved after the programs implementation. Each program's action is assessed with a number of qualitative and quantitative indicators.

Section 6. Program's implementation scheme. Here a set of mutually related measures, actions and economic tools, that can solve the problem defined by considering and comparing alternative options, is presented. A forecast model of the program is also developed.

Section 7. Program's resource supply. This section contains calculations of the main financial, material, climatic, labour and information expenses. Out of the whole volume of the resources a part from the region's own sources is separated.

Section 8. Program actions coordination. At this stage harmonization of actions of all the organizations, taking part in the program's implementation is conducted. The region's cooperation with the neighboring territories and foreign countries in implementation of the program is substantiated.

Section 9. Assessment of the program's implementation efficiency. The program's economic efficiency is calculated.

Section 10. Organization, forms and methods of the program's management. In this section organizational and functional structure of the complex program's management is developed in accordance with the territorial special features.

Conclusion

All the program's sections should contain the necessary substantiation and explanations; they are formed for the whole period of the program's implementation and are specified for each year of fulfillment. For long-term programs the first layout is made for each year, then – for longer periods. As a result of the Program's analysis and structuring the defined problems are sorted out, which allows to build a system of goals.

References:

Gaponenko, A., 1999. "Design of the territorial self-development," In: Alekseev, Y., Shnilev, B. (Eds.), Region: Local self-development resources, M., Issue 8.

Samofalova, E., Kuzbozhev, E., Vertakova, Y. (Eds.), 2008. "State regulation of the national economy," M.: KNORUS.