

Strategic Planning Of The Socio-Economic Development Of Ukraine: Conceptual Aspects

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Abstract: The development of an effective strategy for dynamic and sustainable social and economic growth ranks high among the critical factors of effective management of the state economy. Analysis of key policy documents, legislative acts and development programs for ensuring sustainable economic growth in Ukraine has shown that the main challenge is economic breakthrough and improving public welfare. However, the majority of legislative and regulatory acts and policy documents are non-systemic. Through strategic programs of economic and social development were developed earlier in Ukraine, neither has been implemented. It calls for developing a system of mechanisms for forming and implementing such programs, and for an effective strategy of socio-economic development. The marriage of such mechanisms and strategy will boost the effectiveness of strategic management of the country's economy. It will result in economic growth – the strategic goal of every country.

Keywords: Effective Strategy, Public Welfare.

1. INTRODUCTION

The theoretical aspects of developing and implementing the strategy of socio-economic growth for boosting the economic development of the country have investigate in the academic papers of Ukrainian and foreign economists, in particular, O. I. Amoshi, V. D. Bazylevych, O. V. Baranovsky, V. F. Besedin, O. D. Vasylyk, V. M. Heits, O. S. Yemelianov, I. G. Mantsurov, V. M. Oparin, L. S. Sytnyk, M.G. Chumachenko and others. However, despite all the above achievements, domestic research at the present stage of economic development has not yet worked out a system of mechanisms for forming and managing the strategy of socio-economic development from the standpoint of legal, institutional, informational and staffing support. There is lack of emphasis on such issues as in-depth analysis of strategic forecasts of economic development; the mechanism for monitoring the implementation of the strategy of socio-economic development of the country; the logical and structural mechanism of the strategy of planned regulation of the country's economy; and the mechanism for developing and implementing the strategy of socio-economic development for ensuring sustainable economic growth. It is because presently, there is also a lack of effective mechanisms for working out planning documents and state regulatory programs for the stable functioning of the economy. The purpose of the publication is to address issues in improving the system of mechanisms for forming and implementing the strategy of social-economic development by improving the efficiency of strategic planning and forecasting for macroeconomic stabilization in the country.

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2. PRESENTATION OF THE PRIMARY MATERIAL.

State policy formation is linked directly to using a variety of mechanisms for implementing public policies. One of the most versatile mechanisms in this context is strategic planning, which embraces a variety of forms and combinations of using causal links. In the first place, such a state of things demands an understanding of how to use this mechanism. It has a flexible hierarchy of implementation – a repetitive, though vaguely regulated algorithm of the implementation process. It is also characteristic of the general course of functioning of complex socio-economic systems (societies). Hence, one faces the problem of elucidating and determining the essence of strategic planning to understand its applicability in complex socio-economic systems through the state administration structure. Today, it is necessary to develop a comprehensive system of strategic planning in the State. Its components have shown in Fig. 1.



Fig. 1. System for strategic planning of economic development

In particular, this requires working out and introducing into practice the National Strategy of Socio-economic Development of Ukraine with account of forming and implementing the State Regional Policy Strategy, the procedure of using the strategic plans of operation of enterprises, and other strategic documents, which define the organizational, legal and economic aspects of enterprise activities. In the long term, this will yield the prerequisites for working out effective strategic plans and effective means for their implementation. Considering public administration strategic planning in terms of public policy, it is worth mentioning its link with strategic management, or more specifically, with strategic management in governance of public affairs. The decision of governments to introduce strategic management into administrative practice will serve as an impetus for applying strategic planning in the administration process. The formation of a holistic comprehension of planning brings up the issue of its potential uniformity and versatility regardless of the conditions of functioning of any structures and organizations at different levels of public administration in various social environments. However, even when a priori defined parameters have met, algorithms are not always practical. Therefore, there are areas and principles, which have no hard dependency on environmental conditions, though they support the implementation of such planning per se. The United States of America (the U.S.A.) was the first to introduce strategic planning at the national (federal) level in 1993 by the law On the Effectiveness and Results of Government Activity (The Government Performance and Results Act; further, GPRA). It concerned budgetary administration, calling for long-term planning of the activity of public organizations. The Act was not introduced at once at all administrative levels and structural units of the central bodies of executive power; however, this was done by establishing a pilot four-year period until 1997. The purpose of introducing GPRA was to create a clear and strong relationship between financial resources and the performance of federal agencies and institutionalize strategic planning in public administration as planning oriented to a result along with an effective system of accountability for ministries and separate departments (agencies). As to political grounds, the introduction of GPRA has geared not so much to establish a resources-performance relationship in the system of agencies of federal administration in the U.S.A. as to establish and secure the accountability of these agencies for public policy in areas of their competence. Today, along with the Act as mentioned above, the National Security Strategy for 2002 and the Strategic Plans for Ministries and Agencies are the framework of the system of strategic planning in the United States [1, p. 26]. A feature of this framework is its external orientation about the competitive environment (other countries, organizations, industries). That is, inherently, the Federal Government's policy has no provisions for strategic planning as such everywhere. Instead, it has handed over to subjects of administration with an account of the feasibility of its application under changing environmental conditions, except for cases of direct budgetary financing or national security issues. However, in the first and the second case, all strategic plans are focused on cutting down on resources irrespective of the area of their utilization (power engineering, ecology, saving resources).

Moreover, the strategic plans in the United States may have different names depending on plan features and focus, and the area of its application. For example, general/basic plans; facilities (solutions) plans; operational plans; policy (action) plans; functional plans, or actually, strategic plans. However, they all are identified in the Federal Budget classification by one operational code [2, p. 19]. In so doing, practically every State works out and follows its guidelines based on the recommendations of the Administration of the President of the United States [3, p. 17] and the above-mentioned Federal law. Substantially, strategic planning in the United States coincides with the concept of quality planning in the strategic management system [20, p. 4]. Consequently, strategic planning in public administration in the U.S.A. has acquired the features of one of the flexible mandatory mechanisms of state governance in the United States. Recently, it has received a standard procedure for working out strategic documents (plans) distributed by the State Department and the U.S. Agency for International Development (USAID) [4, p. 29]. In general, the American approach to the application of strategic planning in public administration has based on reinforcing in-house planning in ministries and federal executive agencies. This approach is manifested by general procedural guidelines, allowing any institution, depending on its specific activity and internal structure, to apply strategic planning at its discretion to build a controlled relationship between goals, tasks, results and strategies for implementing concrete state policy. Hence, the disjointed system of public administration in the U.S.A. acquires the standard features of an integral system and shapes the system of state administration agencies into a full-fledged state organism. Today, in the European Union, strategic planning as a mechanism of state administration has become generally accepted for the collective security of the Union. The European Security Strategy has worked out: secure Europe in a changing world (as of 12.12.03 – not published in an official edition). This strategy, with account of the Union's organizational form, shall be the final document on security issues in the European community and its effect outside the Union. The authority for its implementation is within the competence of the national governments of the Member States [5, p. 44]. In this case, security is interpreted rather broadly and extends not only to the military area but also to other areas with an interstate nature. Such interpretation has made in terms of immediate protection of the E.U.'s internal market and its humanitarian environment, including relations with neighbouring countries and the world in general. At the same time, I. Propeller [6, p. 157] identifies specific features. Thus, the European Union has no unified strategic planning procedures or any of them close to being unified. Instead, there are requirements for assessing the implementation of specific general European programs and programming as an instrument in the state policy of separate countries. Their majority uses the results-based management formula. As I. Hrytsiak [7, p. 40] has noted, this condition is natural for the Union countries and depends on the fundamental political principles of its formation and functioning. That is, in long-term planning, the emphasis is placed not on integrated strategic plans in terms of achieving specific common goals of the Union, but rather on narrow development and implementation of a specific policy in some area according to agreed indicators

taking the form of E.U. Directives. These Directives are then implemented depending on the algorithm of working out these policies in the conditions of the policy-forming environment of an E.U. member state [8, p. 27]. Hence, in contrast to the United States, the European Union lacks not only standardized strategic planning procedures as a mechanism of state administration but also a system of strategic planning in terms of explicit regulatory provision of requirements to its implementation. Emphasis was placed on the end requirements to the future results of a specific policy and its assessment as performance and effectiveness indicators, provided general parameters of the framework of realizing a policy are in place. In the new member states of the European Union, in particular, Poland and Latvia, strategic planning has different characteristics and a level of implementation and commitment. It ranges from mandatory introduction at all levels of management with a precise algorithm of interrelated documents Government Action Strategy – Institution Action Strategy - Annual Plans (Latvia) and to a recommended, procedurally provided, though not a mandatory one (Poland). In both countries, when the introduction had started, the focus was on harmonization of budgetary relations and administration of expenses of state institutions, and optimization of budget accounting and control at the national level [9]. Hence, as regards implementation, development and expansion of the strategic planning system, and its influence on the system of state administration, separate countries share common trends and features. They are a result of growing worldwide competition, the emergence of new challenges and the natural consequence of scientific and practical developments in this field, the need to save available resources, and their practical and reasonable utilization. It was due to gradually transferring commercial management practices to state administration and modelling its new flexible structure. A characteristic feature of initiating strategic planning is the revision of the budgeting system according to the goals of state institutions and a country or its regions. It calls for further elaboration of program and plans documents, the concentration of resources, their stringent accounting and control, identifying clear quantity-limited goals and tasks, and raising the awareness of strategies and their formulation. A characteristic of each of these strategies built around former laws (actually, the strategic vision of the future of countries) is their external orientation and positioning of states in the international community. However, the differences can be traced actually in two aspects, namely: the level of commitment and the availability of standardized procedures for introducing strategic planning in public administration. It, in turn, suggests incompleteness of developing application parameters for using strategic planning in public administration, which more likely prefers using strategic planning elements rather than its holistic process. Thus, the comparison of existing practices of introducing strategic planning in public administration in countries worldwide demonstrates a bias toward standardization of approaches with different instrumental content. The methodology of Ukraine's economic policy is also built around specific approaches and principles and provides for a logic of managing the country's social and economic development. The market mechanism and economic policy are in dialectical unity. Rational synthesis of an active market

mechanism and economic policy allows addressing society's critical social and economic problems, and tactical and strategic goals. The economic policy and market self-regulation of the economy are often complemented with the functioning of the social partnership institute to harmonize the interests of all subjects and achieve economic and social goals. State intervention in the economy should be reasonable because excess state activity can lead to negative trends and consequences and undermine the State's financial capacity. At the same time, an invariable criteria component of the level of state administration is the speed of response and pro-activeness in addressing emerging public threats and challenges. It has directly linked to the unambiguity of identifying indicative public interests (threats to that), their direct relation to values and the level of component breakdown – from the national level to local administrative ones. The country needs a formulation of a strategic vision and identification of a national development strategy. Technologically, this comes hand in hand with introducing strategic planning at all management levels to meet specific interests. The appearance and usage of strategic planning techniques in public administration are associated with management technologies in the commercial sector [10, p. 33]. However, the cause of such appearance is reduced mainly to the escalation of external threats and economic agents' awareness of expanding competition [11, p. 126]. At the same time, such actions have first traced in the behaviour of big enterprises, which, unlike small companies, grow on a different competitive footing [12, p. 9]. For them, as a rule, steady income flow takes precedence, this condition by the organization's structure. It also induces the need to resort to strategic planning elements. Therefore, as an established institution, the State is also interested in the continuous development of society; identifies the necessity of strategic planning as a procedure by accumulating specific rules and norms of the internal public organization concerning a long-term vision of its future through substantive focusing of lines of development in legal acts. Ukraine has legalized several documents on strategic planning. Legislation in this area can be divided conventionally into several conceptual blocks. The first block contains documents for forming strategic planning in Ukraine at the national level. The second block contains legal acts aimed at developing the regional development strategy. The third block contains documents for the industrial branch development strategy. In the entire complex of the regulatory and legal framework for strategic planning, and accordingly, the procedure of strategy formation, it is worth dwelling on the executive order of the Cabinet of Ministers of Ukraine of October 4, 2006, № 504-p. On Approving the Concept of Improvement of the System of Forecasting and Program Documents on the Socio-economic Development of Ukraine. Today it defines the general parameters of the planning system in Ukraine. According to the above order, the system of forecasting and program documents includes long-term, medium-term and short-term forecasting and program documents. These documents, according to the socio-economic and socio-political processes taking place in the State, and with an account of the impact of external economic and other factors and expected trends, specify the goals and priorities of socio-economic development and actions to be taken to achieve them. According to the

above-mentioned executive order of the Government, long-term forecasting and program documents specify the lines of development, strategic goals and the structural proportions of the economy and the social sphere. Note that, with its existing diversity and lack of structure, current legislation requires ordering, significant adjustment and coordination as regards the formation of strategies and strategic plans both at the national and regional levels and at the level of development of local communities [13, p. 42]. On the one hand, the situation can be characterized by that executive authorities and local self-administration bodies demonstrate their willingness to introduce advanced management practices (a practically countrywide setting up of functionally responsible departments and agencies for strategic planning). On the other hand, the majority of public servants fail to understand with what they should actually operate, leading to a loss of comprehension of forms and goals of activity. The methodological impact on the understanding of strategic planning in the public administration system is evident. Discernible systemic violations in programming and budgeting exist (NSDC decision of March 27 2009 On the Performance of Central Executive Authorities in Planning and Executing State Target Programs). To address these shortcomings, the Cabinet of Ministers of Ukraine, according to the Decree of the President of Ukraine of June 22, 2009, № 474 On the Decision of the National Security and Defence Council of Ukraine of March 27, 2009, On Performance of Central Executive Authorities in Planning and Executing State Target Programs of September 23 2009, has approved the draft Law of Ukraine On State Forecasting and Strategic Planning in Ukraine worked out by the Ministry of Economics of Ukraine [14, p. 43]. Its focus, in general, is on standardizing the methodological framework of strategic planning in Ukraine to introduce its actual application countrywide by executive authorities and state enterprises, institutions and organizations. The draft law contains many positive and constructive novelties aimed at both expanding the prospects of state forecasting and strategic planning, and clarifying the content of relevant documents and the procedure of their elaboration. However, the main objective of the draft law – creating a comprehensive and useful system of state forecasting and strategic planning – has not yet been achieved. The draft law requires a significant refinement.

3. CONCLUSIONS

Consequently, strategic planning is the exclusive right of political leadership structures. They affect the entire society through a system of state governance. The main factor of such an impact is the development and implementation of the state policy in the relevant area. State policy is proclaimed by appropriate highest state authority agencies and implemented by the entire state governance system. To establish the general procedure of elaborating, approving and executing forecasting and program documents for economic and social development of Ukraine, and separate branches of the economy and administrative-territorial units, and determining the rights and responsibilities of the participants in this process, the Law of Ukraine On State Forecasting and Working Out Programs for Economic and Social Development of Ukraine was adopted. The rapidly changing socio-political and

economic conditions, under which public administration has effected, call for appropriate adjustment and continual adaptation of plans developed. The dynamism of these processes makes it mandatory to coordinate executive authorities' plans with the environment. To adapt to the environment, planning an organization's capacity should be complemented with its strategy (perspectives) planning based on such external factors as population and gross domestic product, the balance of national expenditures and revenues, the state budget and even international relations. Summarizing, one can say that forecasting is a means of the reasoned choice of a strategy and adoption of concrete decisions by executive authorities on regulating socio-economic and cultural processes. In spite of the fundamental difference in areas of application, forecasting shares a common goal, viz. determining the nature of the process in the future. The variety of methods for addressing the task of forecasting have one idea in common, viz. identifying extrapolation relations between the past and the future, and between information about the process over a controlled period of time and the nature of the process in the future. Every executive authority should put in much effort to determine the needs to meet, and how much will it have to adapt its means, structures and methods therefor. The executive authority will also have to compare continually how much its previous forecasts meet actual conditions. That is, the measure of adaptation of an organization depends directly on the forecasting accuracy. Therefore, the strategic plan should elaborate to be both cohesive for long and sufficiently flexible to be modified if required. Today Ukraine is facing the task of finding adequate forms of such planning. The socio-economic reforms of the early years of independence ruined not only the rigid state planning system inherited from the USSR, but also liquidated the system of current and long-term national regulation in all public life areas. The immaturity of the mechanisms of planning economic, political and social processes often leads to the adoption of financially baseless, incompetent and populist governmental decisions. One of the factors of ineffective state policy implementation in Ukraine is that the Cabinet of Ministers of Ukraine is involved scantily in state planning. According to the Constitution of Ukraine, the Cabinet realizes the internal and foreign policy of the State and executes Governmental programs, which are a form of the doctrinal underpinning of the state policy. Today they remain legally and functionally vague. The Government's activities are mainly executive or advisory. Hence, one of the tasks of the administrative reform must be reinforcing the role of the Cabinet of Ministers of Ukraine in the mechanism of state planning because the current constitutional and legal basis of activity of the highest body in the executive authority system creates a conflict between existing competencies and the scope of responsibility. Ukraine has accumulated a multitude of multilevel target-oriented documents and has developed and implemented advisory standards for strategic planning in different public administration areas. According to formal indicators, one can say that such a planning system has formed. However, the lack of specific content transforms such a system to a flawed restrictive framework with a different influence where the structural transformation of public administration links of the system requires a substantial overhaul. It encourages building a

regulatory and methodological basis for implementing strategic planning. The grounds for addressing this issue will be revising the procedure of developing the procedural links of strategic planning to identify goals, tasks and actions, and analyzing the environment within the scope of the existing analytical and instrumental component of the process. Also, combining this with the evaluation process in strategic planning will speed up a substantive introduction of strategic planning in public administration in Ukraine, and improve the qualification of administrative management personnel. It will also bring a higher level of overall development of public organization in the country and an understanding of strategic planning as a category. Hence, the agenda of future research will include the search for options of optimizing the strategic planning process in methodological terms to reduce the range of procedural nonlinearity (defining clear lines of priority) and limit the level of variability in choosing a policy. It will also include an attempt to overcome the technological complexity of the strategic planning process and simultaneously achieve indicators of strategic planning effectiveness in public administration better than those currently existing.

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