

# The Mechanisms of Implementing the Strategy for Regional Socioeconomic Development in the Context of Public Network Management\*

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**Abstract**—The present article studies the issues of managing the socio-economic development strategies of Russian regions. The authors present the findings of the research on 24 development strategies and other strategic documents of the constituent entities of the Russian Federation and propose recommendations on improving the mechanisms and tools of implementing regional strategies.

**Keywords**—regional development strategy; network public management; regional community; stakeholder; organization and management mechanism; socioeconomic development; transformation; local community; social network; collaborative management; horizontally integrated management networks; change management

## I. INTRODUCTION

The practice of state and local government in the Russian Federation has been exercising strategic planning for several decades. Russian methodology and technology of strategic planning have their special features, but may well be valuable to analyse and further introduce into the world practice of spatial development. The current stage of the development of strategic spatial planning methodology is characterized by concepts transformation: decomposition of development goals and objectives, enhancements to the development management system, and the search for new mechanisms for implementing development tools. The principle drawback of the Russian regions' development

strategies is the insufficient instruments for their implementation. The problem may be overcome by introducing the model of public network strategy management, which presupposes creating vertically and horizontally integrated management systems based on the principles of participativity and subsidiarity.

## II. THE CONCEPT OF RESEARCH

Strategic planning is widely applied in current management practice of Russian regions. The following four stages describe the development of the strategic spatial planning methodology in Russia:

1990s – 2005: At this stage, the methodology for the strategic planning of spatial development in the conditions of market economy was formed (S. Glazyev, A. Granberg, B. Kuzyk, V. Leksin, A. Shvetsov). This stage was characterized by the introduction of the USA and European experience in strategic planning, the availability of a variety of approaches and the absence of the unified regulatory framework. During this period, the strategies for socio-economic development or other long-term strategic plans were developed in practically all regions of Russia: in over 200 Russian cities (75 of them - small towns) and in individual rural regions. [1]

2005 – 2014: During the second stage, the unified methodology and regulatory framework for strategic planning was being shaped in the Russian Federation. In October 2005, at the instruction of the Prime Minister of the Russian Federation, the Ministry of Economic Development of Russia organized works upon the strategies for the socio-

\*Fund: The study was carried out with financial support from the Russian Foundation for Basic Research in the framework of the scientific project No. 18-410-230026 p\_a "The model of public network management of the strategy for socio-economic development of Krasnodar Krai".

economic development of individual industries, as well as the strategies for the socio-economic development of the country in general. They also initiated creating strategies for socio-economic development of the constituent entities of the Russian Federation and their municipalities. When developing strategies, local governments were to cover all the regional municipalities, including rural areas. Those municipal entities, already having the approved development strategies updated them in accordance with the regional development strategies ("top-down" strategic planning). [2]

In 2014, at the third stage, the Federal Law 172-FZ, dated June 28, 2014 "On Strategic Planning in the Russian Federation" was adopted. It consolidated the system of state and local government forecasting and planning [3] and defined the system of regulatory strategic documentation, which is as follows:

- The strategy for socio-economic development of the region: the fundamental document outlining strategic advantages and points of weakness in the regional socio-economic system, strategic goals and long-term development priorities, and target indicators;
- the plan of actions to implement the regional strategy, which includes the description of the mechanisms and tools for strategy implementation, activity charts, areas of responsibility and allocated resources;
- medium- and long-term forecasts of socio-economic development that reflect the dynamics of the main socio-economic development indicators;
- the long-term budget forecast for the region;
- state programs for regional development;
- the scheme of the region's spatial planning.

Prior to the enactment of the Federal Law 172-FZ, the plan of actions to implement the regional strategy had been commonly integrated into the strategy of socio-economic development. However, the new planning methodology implies creating a separate document. This is provided by the fact that strategies of regional socio-economic development tend to be unrealizable as they lack mechanisms and tools for their implementation.

The analysis of the regional development strategies designed in 2005-2014 allows identifying their main features:

- detailed and reliable socio-economic diagnosis, often excessive;
- well-developed systems of goals and development directions for the regions;
- the description of strategy monitoring and correction, mechanisms and development tools is missing.

The current, the fourth stage of the development of the strategic planning methodology of socio-economic spatial development has the following characteristics:

- the subject of regional development management is transforming: there is a growing perception of the

development strategy of the region as a social contract of the regional community; regional stakeholders and local governments are also becoming the subjects of regional development management;

- the abandonment of administrative methods of influencing the economy, using soft economic regulation methods;
- digitalization of management processes, ensuring strategy flexibility, attracting a network society to managing the strategy using modern technologies;
- the emphasis on mechanisms and tools for implementing development strategies, the search for innovative instruments.

The methodological approach to assessing the strategies for regional socio-economic development has been designed by the authors. It includes the criteria and the algorithm for strategy evaluation and provides two assessment methods: analysing strategic planning documents and information environments, and the method of expert evaluations (surveys in focus groups).

The algorithm for strategy assessment consists of the following steps:

- analysing the institutional preconditions and the planning model;
- analysing the Strategy for socio-economic development (its compliance with the principles of strategic planning, the quality of the consideration of individual issues, the representativity of the strategic doctrine);
- analysing the documents regulating the implementation of the regional development strategy.

The results of the performed analysis are to be arranged in tabular and graphical forms.

### III. EXPERIENCE OF RUSSIAN REGIONS

In the research, the authors analysed strategies and strategic documents on socio-economic development of 24 Russian regions, including Arkhangelsk Oblast, Moscow Oblast, Krasnodar Krai, Stavropol Krai and others.

When analysing the strategic documents of the above-mentioned regions, the focus was on three aspects:

- the model of the subject of strategy management (monocentric or network) and the engagement of the regional community in strategy management;
- digitalization of the processes of strategy development and implementation, and the availability of interactive electronic platforms that enable online interaction between the participants of the planning process;
- the mechanisms and tools for strategy implementation.

The analysis allowed making several conclusions:

First, the strategies for Russian regions socio-economic development differ considerably in terms of planning models, quality of implementation and content. The Strategy for Arkhangelsk Oblast socio-economic development until 2035 [4], for instance, pays significant attention to the development of civil society, social partnership and project management methods modernization.

Second, the conception of the subject of regional development strategic management is transforming. Regional authorities engage regional stakeholders in the planning process and implement the principles of collaborative management. Public hearings for strategies have been conducted, with the participation of civil society and business community representatives. For instance, the Strategy for Samara Oblast socio-economic development until 2030 was collaboratively developed by the Ministry of Economic Development, Investments and Trade of Samara Oblast and CJSC Strategy Partners Group with the participation of municipal entities authorities, the representatives of large, small and medium-sized businesses, universities, the public [5]. Thus, local government participation enables building a vertically integrated management network, while the participation of local communities contributes to developing a horizontally integrated management network when implementing the development strategy.

Third, digital technologies were applied when developing all regional development strategies under analysis. To ensure the development and discussion of some of them, special Internet environment was created, for instance, the Strategic Portal of Krasnodar Krai (within the development of the Kuban-2030 Strategy), which contains [6]:

- the description of the original methodology for developing a “live” development strategy for Krasnodar Krai based on the “Galaxy AV Dynamic System of Future Management” - the theory of inter-regional and global competition and spatial development;
- the description of economic zones and complexes of the region;
- strategic directions of regional development (7 areas of competitiveness: markets, institutions, human capital, innovation and information, natural resources and sustainable development, territory and real capital, investment and financial capital);
- project sites;
- interactive sites (forums) on three areas: competitiveness, economic and social development, and spatial development. Discussions can take place in social networks (e.g. <https://www.facebook.com>, <https://vk.com/kuban30>).

In order to implement regional development strategies effectively, the following mechanisms are available:

- organization and management mechanism, which implies creating institutional conditions for strategy implementation and a strategy management system (identifying the subject of management, its functionality), designing a set of programs and projects for strategy implementation (implementation plan, monitoring plan, etc.);
- legal mechanism, which implies legitimizing strategic documents through formal procedures;
- economic and financial mechanism, which implies attracting budgetary and extra-budgetary funds, private investment resources, and implementing public private partnership projects.

Almost no strategy describes the social mechanism for regional development strategy implementation, providing instruments for managing social changes the strategies will result in.

In the present research, the authors have analysed the instruments for the implementation of Russian regions’ development strategies, including:

- traditional: state programs, measures provided by state policy, spatial planning schemes, monitoring systems (in 100% of strategies under analysis);
- market: investment projects, public private partnership projects (in 97% of strategies under analysis);
- innovative: change management, place marketing, communication platform (in 50% of strategies under analysis).

The Russian experience of strategic planning at the regional level is generally positive; nevertheless, there are a number of challenges to highlight:

- the engagement of the regional community in shaping and implementing development strategies is often a formality;
- strategic documentation does not contain the description of social mechanism for implementing regional development strategies;
- such tools as plans of place marketing, change management projects and public private partnership projects are not applied;
- the system of strategy implementation management is fragmented.

#### IV. RECOMMENDATIONS

To enhance the methodology and practice of strategic management of regional socio-economic development, the authors propose implementing the model of public network strategy management based on leading scientific schools and concepts:

- strategizing spatial development [2];

- the Kuban School of Local Community Development [7];
- collaborative management [8].

The model involves designing vertically and horizontally integrated management systems based on participativity and subsidiarity principles, and expanding the available instruments for strategy management by means of developing a social management mechanism.

The vertically integrated system incorporates public authorities at the regional and municipal levels. It allows coordinating the goals and directions of the socio-economic development of the region and its municipal entities. The main mechanism of such coordination is the interaction of public authorities when formulating development strategies for the region and municipalities. Coordination is both “bottom-up” and “top-down”. The coordination is “bottom-up”, when local government representatives take part in designing the region’s development strategy, and it is “top-down” when the developing municipal development strategies are focused on the region’s strategy implementation. In the second case, the development strategy of the municipality is considered as a tool for the regional strategy implementation. Krasnodar Krai can serve an example in this respect: its development strategy sets strategic priorities for the development of economic zones and individual municipal bodies of the region. [9]

The horizontally integrated system comprises public authorities, business community and civil society representatives. Two main forms of strategic interaction of the system elements can be distinguished: engaging stakeholders in the development and implementation of regional and local development strategies through public hearings, conducting joint conferences, developing regulatory initiatives, spatial public self-government and other forms of civil society structures self-organization; ensuring stakeholders’ participation in the development and implementation of regional and local development strategies by expanding strategic planning groups. [2]

Change management projects are likely to become the key elements of the social mechanism for managing regional development strategies. Change management is understood as managing people in socio-economic transformations, which are aimed at involving people in changes, eliminating the negative perception of changes and ensuring internalization, i.e. the highest involvement of people in the process of change [10]. The main objective of change management projects is to overcome change resistance caused by misunderstanding and fear of change. Change management projects are supplementary documents developed simultaneously with strategies.

## V. CONCLUSION

In the article, the authors analysed the experience of strategic planning of socio-economic development in Russian regions. The adoption of the Federal Law 172-FZ “On strategic planning in the Russian Federation” has resulted in changes to the methodology and technology of

strategic planning. In general, taking into account the improved quality of strategic documentation at the regional level, there are still some points of weakness: the engagement of the regional community in shaping and implementing development strategies is often a formality; social mechanisms of strategy implementation and such tools as plans of place marketing and change management projects are not applied; strategy implementation management is fragmented.

To minimize these weaknesses, the authors propose implementing the model of public network management of the regional socio-economic development strategy. It implies building vertically and horizontally integrated management systems according to the principles of participativity and subsidiarity and expanding the available instruments for strategy management by means of developing social management mechanisms.

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