

Modern Paradigm of Regional Development Management Based on the Creation of a "Growth Machine"

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ABSTRACT

The article discusses the possibilities of managing regional development based on the "growth machine" creation. The results of a study of the regional stakeholders activity in Krasnodar region are presented. The authors provide recommendations for including regional stakeholders in the strategic management of the Krasnodar region socio-economic development.

Keywords: regional development strategy, public administration network, regional community, stakeholder, socio-economic development, Development Corporation, social activity, involvement in economic development, project site

I. INTRODUCTION

The current stage of transformation of the regional development management system can be described as a transition from administrative management to public network management. For this stage of transformation, the most relevant issues are identifying regional development stakeholders, their institutionalization and inclusion in the system of public management strategy.

One of the features of the current stage of development of regional economic development management methodology is the implementation of the principles of network public administration in practice, which is expressed primarily in the involvement of regional community stakeholders in planning and implementing development plans and programs. The modern paradigm of public administration implies the expansion of the subject of management, involving the regional community stakeholders in the management of regions. The concept of creating a "growth machine" can become a methodological basis for expanding the subject of management.

II. RESEARCH CONCEPT

The Explanatory model for including stakeholders in the development and implementation of plans and programs for socio-economic development of the region is based on the "Economic development as a growth machine" concept. [1]

We can distinguish the following main postulates that based on the principles of the "growth machine".

First, the region is considered as a system. This is a complex, paradoxical, and hierarchical system. We can distinguish social, economic and spatial subsystems. All the elements and subsystems are interconnected and affect each other. For example, the development of individual elements of the economic subsystem (driver enterprises) could lead to a revival of the economy in general; the development of the economic subsystem will lead to the development of the social subsystem, etc.

Secondly, while developing and implementing a regional development strategy, a "black box" effect may occur, which involves the discrepancy between the planning model (ideas about the region based on statistical research and expert assessments) and the planning object (region); the time lag increases this

effect. The "black box" effect explains substantially the discrepancy between long-term forecasts of socio-economic development of regions and the real situation.

Thirdly, the "black box" effect leads to paradoxical results of strategic decisions, to the fact that strategic goals are not achieved. To solve this problem, two approaches are used in world practice. The first one is in the statistical and mathematical models complexity. Good examples of this are the "cyclical and cumulative causation theories" [2] and "dynamically developing innovative and creative areas theory" [3]. These theories suggest the application of a complex methodology for research and interpretation of socio-economic processes in the regional economy. In general, this approach is thought-provoking, but it is difficult for public authorities to apply it in practice due to scientific knowledge and excessive complexity, as well as time expenditures. The second approach is about the creation of the "Development Corporation" ("growth machine").

Four, overcoming the "black box" effect is associated with bringing the model closer to the planning object by clarifying the "key nodes" of the system, i.e. creating the "growth machine". The "growth machine" as a model of strategic development is a coalition of public (state and municipal) regional management bodies, representatives of regional business, and non-profit organizations (especially trade unions). The implementation of the "growth machine" model in practice may be episodic (for example, public hearings on the development strategy of the region, a survey of experts), but it becomes more effective when institutionalization, i.e. the creation of permanent organizations, such as a negotiating body for managing the strategy, project sites.

The key role in the "growth machine" model is played by regional stakeholders, who are the "key nodes" of the region's socio-economic system. Stakeholders have the following characteristics: independence in making economic decisions, availability of resources for implementing economic decisions, and influence on other participants in regional economic processes: the sphere of economic interests is related to the region in the long term.

Regional community stakeholders may be divided into residents (permanently residing in the region) and non-residents (located outside the region), as well as stakeholders may be divided into three degrees of influence: regional (affecting the regional economy in general), transmunicipal (affecting the economy of two or more municipalities) and local (affecting the economy of one municipality).

According to the social and economic position in the region, the following types of regional stakeholders can be distinguished:

- state administration bodies of the region; they are responsible for the system of regional strategic management;
- local self-government bodies;
- people with active citizenship (including public figures); such people play a particularly important role in popularizing the region's development strategy, and their opinions and positions have a significant impact on the perception of the region's development strategy;
- non-governmental non-profit organizations, primarily trade unions and social movements;
- business entities, representatives of large businesses at the regional and local levels.

The implementation of the model of network public management of the region's strategy implies an expansion of the list and a qualitative re-evaluation of organizational and managerial resources.

Organizational and managerial resources occupy a special place in the resource potential of the local community. They characterize the internal capacity and readiness of the regional community for self-organization, self-management and self-development. The issues of involving the population in strategic planning are reflected in the works of such authors as A. Gladyshev, R. Gilot, R. Maer, P. Yudin, S. Voblenko, P. Korsby, and A. Usenkov [4], [5], [6], [7].

It is important not only to have stakeholders in the regional community, but also their willingness to cooperate with public authorities and their social activity.

The activity of regional community stakeholders is determined by:

- the presence and activity of NGOs as civil society institutions;
- other stakeholders activity (including business entities and individual business representatives);
- state of the "information hub" of the regional community;
- the culture of local self-government bodies in the region's municipalities, including the readiness of public administration bodies for a constructive dialogue with the local population [8].

The activity of stakeholders in the regional community depends on not only their internal attitudes (desire and willingness to participate in strategic management), but also on the existing mechanisms of joint management in the region.

III. EVALUATION OF THE POTENTIAL FOR CREATING THE "GROWTH MACHINE" IN KRASNODAR REGION

The prerequisites for creating a "growth machine" in Krasnodar region were analyzed. The methodological approach to the analysis includes 3 components:

- 1) analysis of regional stakeholders ' activity (based on expert's survey);
- 2) content analysis of the Krasnodar region's information space;
- 3) analysis of the Krasnodar region development strategy until 2030.

To analyze the regional stakeholders' activity, we developed a questionnaire consisting of the following questions:

- which stakeholders do you consider most important for the Krasnodar region;
- identify the area of interests of the Krasnodar region's stakeholders;
- what resources do the Krasnodar region's stakeholders have;
- how actively stakeholders participate in the socio-economic development of the Krasnodar region.

The experts survey made it possible to create a "map of social activity" of the Krasnodar region's stakeholders ("Table I").

TABLE I. THE "MAP OF SOCIAL ACTIVITY" OF THE KRASNODAR REGION'S STAKEHOLDERS

Stakeholders	Area of interest	Disposable resources	Activity assessment
the Legislative Assembly of the Krasnodar Territory Administration of the Krasnodar territory	- output growth; - modernization of the regional economy; - increasing the region's contribution to the country's economy; - quality of life of the local population; - positive image for the regional government bodies	powers of authority, the regional budget resources	highly active
Local self-government bodies of Krasnodar territory municipalities	- output growth; - modernization of the local economy; - increasing the municipality's contribution to the country's economy - quality of life of the local population; - assessment of the Local self-government bodies activity by the economically active population	powers of authority, local budget resources	highly active
Economically active population of the Krasnodar territory	employment, income, land improvements	professional skills, willingness to act as volunteers	average activity
Entrepreneurs of the Krasnodar territory	- availability of economic resources; - urban economy; - complementary investments; - positive image; - investment environment.	entrepreneurial skill, financial resources, "commercial" vision of the situation	low activity
Non-governmental organizations of the Krasnodar territory	social activity of the population	experience in bringing people together on an informal basis, social impact , knowledge of the local community	average activity

Thus, we can conclude that representatives of the business community are least active in solving socio-economic problems of Krasnodar region. A content analysis of the Krasnodar region information space confirms these conclusions, although the public authorities of Krasnodar region are trying to build a system of interaction with entrepreneurs and non-profit sector in strategic decision-making socio-economic development of Krasnodar region [9].

Meanwhile, the strategy of development of the Krasnodar region socio-economic development strategy until 2030 involves the active participation of stakeholders in the regional community [9], [10]. It is necessary to search for new forms and methods of involving the regional community in the management of the Krasnodar region socio-economic development strategy.

Versions of trajectories for including regional stakeholders in the regional management system strategy are shown in "Table II".

TABLE II. VERSIONS OF TRAJECTORIES FOR INCLUDING REGIONAL STAKEHOLDERS IN THE REGIONAL MANAGEMENT SYSTEM STRATEGY

Instruments for regional stakeholders inclusion				
<i>Trajectories for including regional stakeholders</i>	<i>trajectory "A"</i>	Creating a strategic planning group	The creation of expert groups	The creation of project sites
	<i>trajectory "B"</i>		The creation of expert groups	The creation of project sites
	<i>trajectory "C"</i>			The creation of project sites
The strategic management process		The pre-planning stage	The planning stage	Stage of implementation of the Strategy

The most effective trajectory is "A", which involves the inclusion of regional stakeholders at the stage of creating organizational prerequisites for strategic planning. At this stage the main initiators goal of the region socio-economic development strategy is to determine the methodology and procedures for working on the strategy, including determining the place of stakeholders in the strategy development and implementation. But since the Krasnodar region development strategy is under implementation, it is advisable to use the "C" trajectory.

There may be a need to develop new projects as parts of the strategy, make changes, and encourage the implementation of already developed projects. To do this, as part of the implementation of the strategy, it is necessary to create project sites.

Project sites are an association of highly skilled professionals, managers, and the regional community stakeholders, whose task is to study, promote the implementation of existing projects and develop new ones within the framework of implementing the strategic directions reflected in the regional development strategy. Project sites can be created for strategic directions or individual projects of regional development. They may work on a permanent basis, or their existence may be limited to the development and implementation of the project.

Project sites can be created on the basis of existing organizations (for example, universities), as a temporary association or a new organization, based on an Internet platform.

If stakeholders are involved only at the stage of implementing the region's socio-economic development strategy (trajectory "C"), project sites allow them to ensure maximum involvement in the strategic management of the region.

IV. RECOMMENDATIONS

To ensure the creation of the "growth machine" and the transition to a networked society in the Krasnodar

region, special attention should be paid to social development goals, subject-subject relations in the planning process, the definition of the management object (social system – regional community), and the inclusion of tools for influencing the external and internal environment of the community.

We have theoretically proved the following principles of public management network of regional development [11]:

- participativeness, i.e. expansion of the subject of regional development management by involving regional stakeholders;
- subsidiarity, i.e. maximum decentralization of management decision-making;
- strategic orientation, i.e. focusing on the region's future, its positioning in the global economic space;
- concentration of resources on achieving strategic goals;
- social efficiency, i.e. orientation to the goals of social development of the regional community (quality of life of the population), due to economic growth in the region;
- adaptability, i.e. the possibility of formalization of procedures and reducing the level of subjectivity.

The proposed principles are universal, and their implementation in the practice of strategic planning will allow us to modernize the technology for developing and implementing the region socio-economic Development Strategy.

In our opinion, it is advisable to use the following participation forms of regional stakeholders in managing the region development:

- a survey of residents to determine the current values and vision of the region future in the long term;

- conducting seminars to discuss and respond to the results of the survey [13];
- development and maintenance of a special interactive website for the dissemination of information about the strategic planning process and communication with residents through this site [13];
- thematic discussions on-line; communication with representatives of public authorities in the region via the Internet (chat) [13];
- public presentations of the strategy and its implementation programs;
- involvement of members of the regional community in the strategic planning group;
- conferences and public hearings;
- inclusion of local communities in expert groups on strategic directions in stakeholders;
- creation of NGOs that participate in strategic planning (development assistance Agency, local community Foundation, etc.) and others.

V. CONCLUSION

We analyzed the possibilities of implementing the regional development management paradigm based on the creation of the "growth machine". In Krasnodar region, there are favorable conditions for creating a development corporation based on attracting regional stakeholders to public management of the region's development. In the Krasnodar region, it is necessary to use the "C" trajectory to include regional stakeholders in the management system of the region's socio-economic development strategy, since the region's development strategy is already being implemented.

The choice of the trajectory for including regional stakeholders in the management system of the region's socio-economic development strategy depends on a number of factors: the stage of strategic planning/implementation of the strategy; the activity of regional community stakeholders; existing strategic planning institutions; and the culture of public administration in the region. The most effective trajectory is "A", which involves the inclusion of regional stakeholders at the stage of creating organizational prerequisites for strategic planning, but in a number of regions, development strategies have already been adopted and it makes sense to implement other trajectories. The use of a variety of tools for network interaction and the institutionalization of such interaction will increase the effectiveness of trajectories.

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