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METHODS AND TOOLS FOR TRANSFORMATION OF REGIONAL DEVELOPMENT STRATEGY CONCERNING GLOBAL TRENDS

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Abstract

This article touches upon issue of selection and justification of methods for the creation of a regional development strategy, designating targets, indicators and priorities in the transformation of a regional development strategy with regard to trends of global economy, coordination, and development trends of regional and local society. Results of the comparative analysis of national and international research in the field of the development and transformation of a regional development strategy are presented. The article investigates requirements for the implementation of principles of sustainable and balanced development and the principle of succession are indicated. The nature of the emergence of the contradiction in targeting during the transformation of a regional development strategy, problems of succession of experience in the implementation of a regional development strategy are researched. From the position of a systematic approach, the initial parameters are proposed for the selection of methods and tools and the algorithm for the transformation of a regional development strategy. The position of the authors is determined with the respect to the basic prerequisites for the selection of tools and methods for the development of regional development strategy. According to the results of the study, the authors come to the conclusion that it is necessary to distinguish two groups of methods and tools. They are as follows: the methods for the development of the strategy itself (SWOT analysis, PEST analysis, brainstorming, collaboration with experts) and the methods for adjusting the strategy (stakeholder involvement, public hearings, conferences, expertise performed by expert community).

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1. Introduction

The issues of the development and modification of regional development strategy are considered by many authors (Mishurova, 2012, Antonescu, 2014; Szpilko, 2014; Ismial & Shukur 2016, Jukha, Sinyuk, & Lee, 2017; Aganbegyan, 2017).

It is necessary to note that the relevance of this direction is determined by the dynamic processes of social development, socio-economic processes and the influence of local and global trends. The open direction of research is the approach and methodology of the development of regional strategy, its integration into the federal strategy, the development of mechanisms for the assessment of the implementation of a regional development strategy, and the selection of indicators for the assessment of the effectiveness of its implementation. According to the authors the most frequent problem is the impossibility of carrying out a subsequent comparative analysis, which allows evaluating the intermediate and final results of the implementation of regional development strategy. It is necessary to note that the complexity is also reasoned by the fact that there is no existing statistical mechanism for monitoring the targets outlined in strategic documents.

Thus, for example, in the document (On the main directions of the strategy of socio-economic development of Rostov-on-Don for the period up to 2025, 2012), the target indicators are fixed, which reflect the implementation of the strategy and allow evaluating its effectiveness.

However at the same time, it is necessary to note that there exist a number of indicators for which there are no statistical records, and accordingly a comparative plan-factor analysis is not possible. They include:

- the share of newly created small and medium-sized businesses during the year that were supported under the municipal program for the development of small and medium businesses;
- the increase in the share of construction in previously developed territories;
- the share of new, including energy-saving technologies, etc.

Thus, it is not possible to track implementation and, moreover, to evaluate the effectiveness of these targets.

The most popular measure is the use of “the succession of experience in the implementation of regional strategy”, but it is necessary to note that this raises the question of the limitations of its multiplication.

It includes:

- the comparison parameters (regions have different climatic conditions, the legacy of the Soviet and post-Soviet period);
- the set of key parameters and target indicators of regional development can be so heterogeneous that it is not possible to conduct a comparative analysis between the objects of comparison;
- the rate of development of social and economic trends at the global level has recently increased significantly. It leads to the rapid depreciation of the accumulated experience and knowledge, and therefore, requires rapid response in a previously unknown situation, which, in turn, complicates the planning process and forecasting regional development strategies.

An equally important aspect is the question of the principles of coordination and succession with strategic documents of federal significance and sustainable balanced socio-economic development.

In this context, it is fair to understand that during the formation of the development strategy of a constituent entity of the Russian Federation, it is necessary to take into account:

- the quality of life of the population of a constituent entity of the Russian Federation (implementation of the principles of sustainable and balanced development);
- the innovative development of the subject of the Russian Federation (the implementation of the principle of succession);
- the economic and environmental component of the development strategy of a constituent entity of the Russian Federation (implementation of the principles of sustainable and balanced socio-economic development);
- the investment component (implementation of the principle of succession);
- the organizational component and the directive approach to management - on monitoring the assessment of the activities of the executive bodies (the implementation of the principle of succession).

Recently, the influence of global trends on the development of national economies has increased significantly, which confirms the need to take them into account in the development strategy of a country. Thus Klimanov, Budaeva and Chernyshova (2017) indicate the significance of the influence of the global economic crisis on changing the tools of strategic planning.

2. Problem Statement

The problem of the modification of a regional development strategy under the influence of a dynamic environment is that there is no single mechanism for the development of regional development strategy and its subsequent adaptation to changing conditions.

The system approach to management defines the region as a system and as an element of the system at a time, which requires uniform parameters of comparison and evaluation. However at the same time, taking into account the characteristics of the research object it is necessary to take into account specific target parameters for the development of a particular region. Thus, a contradiction arises, due to the nature of the conflict of interests of higher and lower order, which makes it difficult to integrate the target parameters of the lower order into the system of targets of a higher order (Fig. 01). According to the authors this is the basic reason that determines the future set of tools and methods used by developers to transform the regional development strategy.

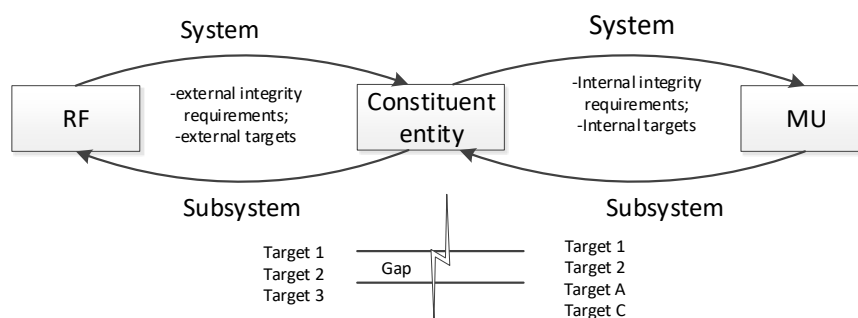


Figure 01. Contradiction in targeting during the transformation of a region development strategy (according to the authors)

The importance and significance of the compliance with the principles of unity, integrity and balance in the strategic planning of the development of a region are designated by Klimanov et al. (2017). Mishurova (2012) emphasizes the importance of expanding the role of entrepreneurship, considers the business model of managing strategic development of entrepreneurship at regional level, including targets, objectives, methods and priorities of territorial level of support for small and medium businesses, defining the parameters of interaction with large business and overcoming territorial inequalities in the development of entrepreneurship in the region. Bondarenko and Kundryukov (2017) prove the possibility of the development of elements of innovation infrastructure with the involvement of business in investment process for the creation of innovations speaking about the equalization of the capabilities of Russian regions, as well as the inclusion of small and medium enterprises in the production of high-tech items.

3. Research Questions

The research object is the region as a system and element of a higher order system. However at the same time, it is necessary to note that, on the one hand, a “narrow” semantic interpretation of the concept of a region was formed, when a region means a part of a separate administrative territory, and on the other hand, an “extended” interpretation of this concept, when and the economic region and macroeconomic zones, “Euroregions” or even global economy can be evaluated as a system of interacting regions of different levels. A region may coincide with the borders of the territory of a constituent entity of the Russian Federation or unite the territories of several subjects (Jukha et al., 2017).

The subject of the research is defined as the choice of methods and tools for the transformation of the development strategy of a region taking into account global trends.

The difficulty is in the fact that it is necessary to take into account the influence of trends on the development of a region, the type and levels of trends that set the system of requirements and constraints and allow further interpolation and extrapolation of the development trends of a region as a system.

4. Purpose of the Study

The purpose of the research is to identify the tools and methods for the creation and transformation of the development strategy of a region, taking into account the influence of global trends.

5. Research Methods

During the study, such methods as literature review, the analysis of legal acts, the comparative analysis and content analysis method were used.

The review of theoretical and methodological aspects and concepts of the transformation of a regional development strategy allows distinguishing three most frequently used approaches. The first one is a systematic approach when the development strategy of a region is considered by developers in the context of the unity of the strategic planning system, which implies the need to comply with the principles of succession, integrity and take into account a number of limiting factors enshrined in a variety of regulatory acts. The second one is a programmatic approach, when a regional development strategy is

viewed as a set of short, medium and long-term programs aimed at the achievement of strategic goals. The third one is a mixed approach to the creation of a regional development strategy.

In addition, Seliverstov (2018) identifies a problem-oriented approach to the creation of a development strategy, while the authors give a negative assessment of this approach, since the approach is focused on the solution of highly specialized problems of a particular region.

It is necessary to note that neither Russian scientists, nor foreign authors have a single point of view on the choice of the concept and methods of the transformation of regional development strategy. The empirical base of the research was the legislative and regulatory acts, analytical notes, the works of national and international authors, the researchers in the field of the creation and transformation of the regional development strategy.

6. Findings

The authors give the results obtained in this study.

Szpilko (2014) examines the methods of strategy development from the point of view of the comparison when they are used further for forecasting. The author focuses on the problem of subjectivity in the creation of a development strategy, which means that the success of applying even standard methods of strategic management depends largely on the competence of a person who will develop and implement the strategy. Szpilko (2014) argues that during the development of a strategy, it is necessary to study the most promising long-term projects presented by the scientific community, reflecting not only promising planning trends, but also new tools, methods, and approaches used to support strategic decision making.

The most interesting one is the method used in foresight projects (Szpilko, 2014), which the author proposes to use in order to select methods and tools for the development of a regional strategy. "Diamond of foresight" (Szpilko, 2014) involves the complex use of 24 methods, while the author notes that only 10 methods are most often used, including 9 methods based on qualitative assessments and 1 method based on quantitative estimates. The author considers SWOT analysis, scenario forecasting methods, interviewing, polls and public discussion as the most frequently used methods.

Podorozhnyi, Boldizhar, and Sofilkanich (2018) in their study also propose the use of a scenario and differentiated approach, partly elements of the SWOT analysis (advantages and disadvantages, opportunities, threats), partly elements of the management cycle (the determination of priorities and corrective impact), and also confirm the need to take into account the global development vector for the formation of a development strategy, since this can create not only positive opportunities, but also pose a threat to the development of the region. It is necessary to note that in the final version, the authors come to a single quantitative integral indicator reflecting the effectiveness of the achievement of the main goal.

Antonescu (2014) in the study confirms the need to apply a systematic approach in the development of strategies and adhere to the SMART system when targeting, since this creates new opportunities for the development of the territory.

Genç, Kabak, Özceylan, and Çetinkaya (2018) suggest using the MCDM approach to develop a strategy for SWOT-ANP approach. They indicate the need to take into account political risks (part of PEST analysis). In addition, in the study, the authors present the fact that the SWOT-analysis can be supplemented also by such tools as TOPSIS, DELPHI, VIKOR, A'WOT method that is one of them is an integrated

method of AHP with SWOT analysis, ANP, ELECTRE, PROMETHEE. The undisputable advantage of the work of Genç et al. (2018) is the description of the advantages and disadvantages of these methods, as well as a comparative literature review of the principle of the use of their combination, identification of problem areas and solution of these problems. As a result, the authors come to the conclusion that the strategies should be decided on the basis of mathematical approaches, but not conventional decision making methods (Genç et al., 2018).

Ismial and Shukur (2016) note a significant influence on the strategic development of the region from economic and political factors and global trends (part of PEST analysis).

The Russian scientist Aganbegyan (2017) proposes to use the program-target approach, since this, according to his opinion, makes it possible to justify the target with a specific system of measures ranked by priority in the achievement of this target.

The research showed that recently a public discussion of regional development strategies, the participation of the expert community and focus groups in the development of strategies has become an increasingly frequent practice. Thus, for example, about 3,500 people took part in the discussion of the strategy of the Republic of Tatarstan, the strategy of the Volgograd region was examined by more than 100 focus groups (Klimanov et al., 2017). It is necessary to note that the set of tools and methods for the creation of a regional development strategy differs significantly from subject to subject. During the creation of the development strategy of the Sverdlovsk region, such tool as a “tree of goals” and project management methods was used, the structuring of external factors by geographical scale (macro factors, mesofactors, microactors) was used during the creation of development strategy of Ivanovo region, for the Republic of Tatarstan - analyzing the external and internal contour of the regional economy, for the Ulyanovsk region - scenario method, for the Republic of Crimea - scenario method and risk management methods, for the Rostov region - SWOT-analysis, PEST-analysis and brainstorming.

Kourtit, Nijkamp, and Soushi Suzuki (2017), propose using cluster analysis methods for the creation of development strategies, the methods of comparative analysis of internal situation, the analysis of political influence, the methods of economic and mathematical analysis of big data, since, according to the authors, this will take into account competitive advantages and factors of “smart specialization”.

Kozlova, Terentyeva, Makarova, and Lan (2016) predetermine the success of the implementation of the regional development strategy through the synthesis of cluster and agglomerative technologies. The authors note the importance of taking into account development trends at the macro-region level, the need to take into account the regional internal potentials and prospects for the development of interregional and inter-municipal cooperation (SWOT analysis elements, PEST analysis), the principles of succession and consistency, the principle of integrity in the use of sectoral and territorial technologies of the region.

Seliverstov (2018) argues that the successful implementation of a regional development strategy depends primarily on the effective activation of stakeholder engagement mechanism, which will make it more reasonable to choose key strategic principles. The author also indicates the importance of taking into account internal and external factors, opportunities and threats (SWOT analysis elements), the significant role of integration processes at the level of macro-regions (PEST analysis elements), the need to ensure the principles of publicity, public-private partnership and dynamism. Seliverstov (2018) notes that despite the correct reflection of strategic priorities, a properly formulated mission and strategic decisions, their real

impact on the regional economy may be insignificant due to the lack of effective mechanisms for implementation, monitoring and control.

Kondrashev, Nikitenko, Trofimova, Trofimova, and Gotsko (2016) in their study note that the differences in regional development strategies are reasoned by national interests and opportunities, international cooperation trends, risks, threats and opportunities (elements of SWOT-analysis and PEST analysis). The authors cite the experience of foreign countries on development strategies and the size of documents is notable - from 12 to 50 pages.

Summarizing the research data, it is possible to say that taking into account trends is the basic prerequisite for the choice of tools and methods for the creation of a regional development strategy (Fig. 02).

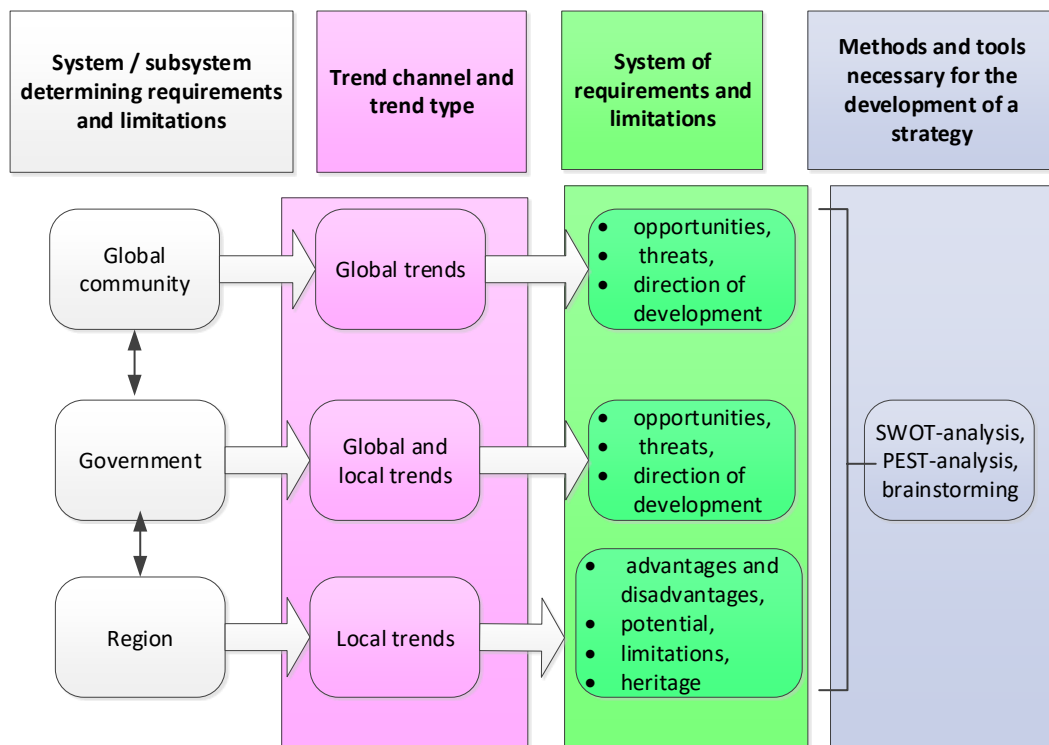


Figure 02. Determination of the initial parameters for the selection of methods and tools for the transformation of regional development strategy (according to the authors)

Based on the theory of cycles in management, it is possible to propose the following algorithm for the transformation of a regional development strategy (Fig. 03)

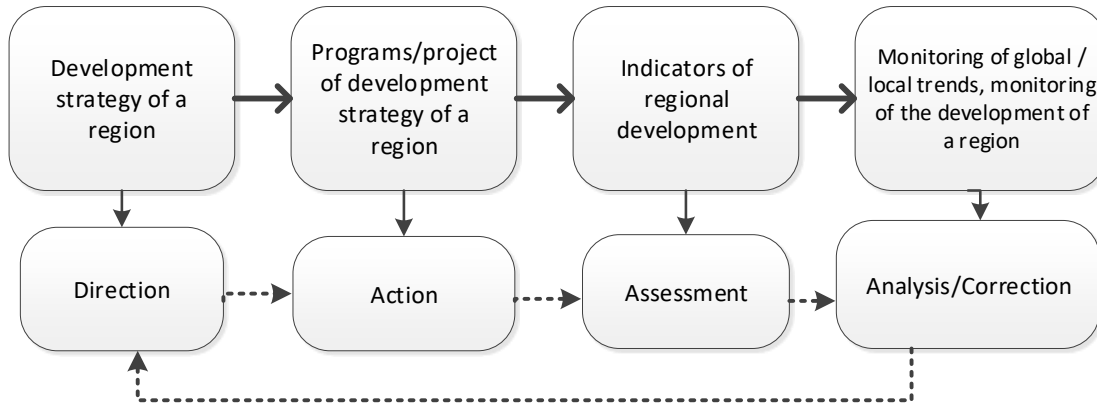


Figure 03. Cyclical formation of a regional development strategy (according to the authors)

The authors suppose that it is necessary to divide the methods according to the stages of strategy development, i.e. initially, the methods are used to develop the strategy itself (SWOT analysis, PEST analysis, brainstorming and collaboration with experts) and to adjust the strategy (stakeholder involvement, public hearings, conferences, expertise performed by expert community). It is advisable to consolidate the minimum set of methods and tools that should be used by the developers of the regional development strategy, which will, on the one hand, comprehensively elaborate the regional development strategy, on the other hand, will set a single image of the strategy of the Russian Federation and allow conducting comparative analysis at the level of constituent entities of the Russian Federation, and finally, will contribute to the improvement of the quality of the elaboration of regional development strategy.

7. Conclusion

As a result of the research, it is necessary to note that the development of a regional development strategy is a complex dynamic process that requires a systematic approach. The choice of tools and methods for the transformation of a regional development strategy is largely determined by the initial parameters of the micro-, meso- and macro-environment (Fig. 2), which set the trend channel, determining the prerequisites for the transformation of the regional development strategy.

The main problems in the field of transformation of the regional development strategy for the subjects of the Russian Federation are associated with:

- resolution of the contradiction between primary and subsequent targeting;
- consistency of the targets of the higher and lower levels;
- the implementation of the principle of unity and integrity in the transformation of the strategy, which implies taking into account the requirements of many strategic documents that are often not coordinated with each other and not integrated;
- the determination of the format and horizon of a regional development strategy;
- the establishment of the necessary time lag for the transformation of the regional development strategy;
- the content, structure and degree of detail of the regional development strategy;

- the explanation and choice of the concept, approach(es), methods for the development of a regional development strategy.

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