

APPLICATION OF METHODOLOGY OF STRATEGIC PLANNING IN DEVELOPING NATIONAL PROGRAMMES ON DEVELOPMENT

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Actuality: The main purpose of strategic planning is that long-term interests of sustainable development of a market economy require the use of effective measures of state regulation of economic and social processes. Objective: The aim of the article is determined to analyze the development of strategic planning methodology and practical experience of its application in the design of national development programs. Methods: When writing the article the following research methods were used: analysis and synthesis, target-oriented and monographic. Results: In Ukraine at the level of state and local government authorities strategies of development of branches, regions, cities, etc. are being developed but given the lack of state funding a unified investment strategy of the country is not developed. After analyzing development of the strategic planning methodology and examples of its application in the design of state development programs we identified the need to develop an investment strategy of the state (sectors, regions, etc.), as due to defined directions and guidelines of the activity it will increase the investment level in the country and ensure national strategy "Ukraine-2020".

Key words: strategic planning, research schools, strategies, "Europe-2020", Strategy for Sustainable Development "Ukraine-2020", investment strategy.

Scopul principal al planific rii strategice rezid în faptul, c dezvoltarea durabil a unei economii de pia pe termen lung presupune ac iuni eficiente de reglementare de stat a proceselor economice i sociale. Scopul acestui articol const într-o analiz a dezvolt rii metodologiei de planificare strategic i a experien ei de aplicare practic a acesteia în elaborarea programelor na ionale de dezvoltare. În procesul de realizare a acestui articol, au fost utilizate urm toarele metode: de analiz i sintez , de orientare- int i monografic . În Ucraina, la nivelul administra iei de stat i a celei locale se elaboreaz strategii de dezvoltare a diverselor domenii/ramuri, regiuni, ora e etc., îns din cauza insuficien ei finan rii de stat nu este elaborat o strategie investi ional unic pentru r . În conformitate cu analiza dezvolt rii metodologiei de planificare strategic i a exemplelor de aplicare a acesteia în procesul de elaborare a programelor de dezvoltare de stat, am identificat necesitatea de a dezvolta o strategie investi ional a statului (pe domenii/ramuri, regiuni etc.), deoarece pe anumite direc ii i activit i de orientare, ea va permite o ridicare a nivelului investi iilor în ar i va asigura realizarea strategiei na ionale "Ucraina-2020".

Cuvinte cheie: planificare strategic , coli tiin ifice, strategii, "Europa-2020", Strategia de Dezvoltare Durabil "Ucraina-2020", strategie de investi ii.

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Introduction. Need for stabilization policy and updating national economy objectively requires not only additional investment resources but also the use of new advanced management methods, one of which is a system of strategic planning.

The main purpose of strategic planning is that long-term interests of sustainable development of a market economy require the use of effective measures of state regulation of economic and social processes. Strategic planning is a system of institutions and management instruments whose purpose is to direct activity of management bodies at all levels to achieve long-term goals of socio-economic development and providing necessary resources.

Development of strategic planning as well as the general development of scientific thought in the field of strategic studies took place mainly in the USA and countries of Western Europe and was caused by new requirements that were set to management by owners of large companies. Before the advent of strategic planning in management practice of the enterprise instruments of long-term planning were used which were based on the fact that the future can be predicted by extrapolating historically formed trends of growth and turned a reaction of enterprises to the rapid growth, size and complexity [1].

Basic content. Historically the beginning of scientific research in this area is considered to be 1960 when books of founders of this chapter of management theory were published: A. Chandler Treatise "Strategy and Structure" [3], Collective Textbook of Harvard Business School "Business Policy" [10] author of analytical text of which was K. Andrew and work of I. Ansoff "Corporate Strategy" [1].

In these scientific studies a number of classic definitions and concepts about strategic management have been proposed. At the beginning of the twentieth century directors of large US companies showed interest to the problems of strategies – "Managerial Revolution" of A. Sloan for General Motors is revealing. Since 1910 leading business schools began to study this issue in the training course "Business Policy". However, sufficient conditions for the development of scientific achievements in this area have developed only after World War II.

The first scientific studies of founders of strategic management theory have a pronounced applied nature in the form of comments to the educational cases of IBA programs. This stage of studies lasted from the 1960s to the mid 1970s and is defined as analytical. Later scientists exploring strategic planning began to use statistical and econometric analysis methods.

In 1965 in the book of A. Chandler "Strategy and Structure: Chapter of History of the Industrial Enterprise" and Harvard Textbook "Business Policy" for the first time questions were examined: "organizational compliance" of the company to tasks of its strategic development; development of concept and instruments for achieving this status. Thus A. Chandler on the basis of ideas of A. Faiol and Charles Barnard interpreted strategy as the integration of organizational functions and K. Andrews understood it as "organization accordance to its external environment". In both studies the researchers used an inductive method and their conclusions were regulatory in nature.

The first analytical results were obtained by A. Chandler according to data of four largest US companies, later the sample was expanded to 200 firms, scientific achievements were published in the book "The visible hand: administrative revolution in American business" [4]. Next academic work was devoted to a comparative analysis of becoming "big business" in the USA, Germany and the UK and was called "Scale and diversity: dynamics of industrial capitalism" [5].

In these works following the method of induction A. Chandler for the purposes of conceptualizing reasoning was the first to determine the definition of "strategy" and "structure". He stated that: "The notion that different organizational forms is the result of different growth models can be formulated more precisely if planning and implementation of such growth will be understood as a strategy, and organizational form designed for administrative management of these growing activities and resources in volumes – is like structure. The strategy can be defined as the establishment of major long-term goals and objectives of the company and developing programs of action and allocation of resources needed to achieve these goals" [11, p. 15-16]. These terminological definitions became classics because of their

capacitance and conceptual consistency. Approach of A. Chandler was original, especially on the methodology of comparative analysis effective in the study of strategies and organizational forms.

The advantage of the work of K. Andrews "Business Policy" is that he first proposed a clear distinction between strategies of corporate and business levels. Under the implementation of the strategy the scientist saw mainly a set of administrative actions including an adequate organizational structure and organizational processes and providing leadership on the part of top management. The scientist also formulated an approach to the assessment of strategies proposing a set of "10 important issues" and the general logic of the concept of K. Andrews "formation – implementation – evaluation of strategies" has been reproduced in the content of most published textbooks on strategic management since that time.

All this leads to the conclusion that the first designs of strategic management were made in the 1960s by scientists of Harvard Business School who laid the foundation for further development and identified the main directions of development of this theory.

The emergence and development in the theory of strategic management of so-called "planning school" occurred in parallel with the development of "designing school" and classical works for these schools were published in the same year. The fundamental monograph of I. Ansoff, the founder of "planning school" – "Corporate strategy: an analytical approach to the policy of growth and expansion of business" is also widely used as a textbook at leading business schools in the US and Western Europe [1]. To developing its own model of strategic decision-making process I. Ansoff was encouraged by dissatisfaction with existing analytical approaches and methods of long-term planning.

In the book "New corporate strategy" the scientist emphasized that the strategy is one of several sets of rules for making decisions regarding the conduct of organizations which provides: regulations of result measurement, development of company relations with the external and internal environment, management of daily affairs, etc. (target, business, administrative and operational strategies, respectively) [1]. For that period of time it was quite innovative problem statement of strategic planning. I. Ansoff insisted on consistent process of strategic decisions. He distributed all management decisions of the company on three groups: "strategic" (products and markets), "administrative" (concerning organizational structure and resource allocation) and "operational" (on budgeting and controlling).

Summing up the initial research stage of the theory of strategic planning we note that it was "determining long-term goals and objectives of the company, adapting course of actions and resource allocation needed to achieve the goal" [3].

The relevance of this method of research in the 1980s Porter noted, he thought "there are no substitutes for strategic planning". Improving quality is meaningless without knowledge of what quality is significant in each case. Formation of corporate culture becomes impractical if the company does not try to be a leader. Entrepreneurship without strategic perspective will lead to failure likely than to success" [13].

Process of planning strategy was interesting for scientists for a long time; systematization of studies of this theory was carried out by H. Mintzberg, B. Alstrend and D. Lempel [11] in the book "Strategy schools". Scientists summarized the experience in the development of strategic management and identified 10 scientific schools that were responsible for the development of the theory and practice of a certain period (Table 1).

Table 1

Systematization of scientific approaches of strategic management at strategy schools

Scientific schools (representatives)	Vision of strategic process	Methods used in the development of the strategy
Group I has the administrative nature – its supporters are interested in theoretical strategy formation process than its development.		
Planning (design) , W. Newman (1951) K. Andrews (1965)	Strategies as a process of thinking	Maximum accounting of peculiarities and factors in the development of the company; SWOT-analysis
Planning , I. Ansoff (1965)	Strategies as a formal process	Structuring and formalizing the decision-making process within the framework of companies; scenario planning
Positioning Shendal L., K.	Strategies as an	Analysis of the competitive position of the company;

Scientific schools (representatives)	Vision of strategic process	Methods used in the development of the strategy
Hattena, M. Porter (1980, 1985)	analytical process	assessment of the relationship between strategy and result; matrix analysis methods
Group II – its supporters are interested in the actual process of strategy development		
Entrepreneurial , Y. Schumpeter (1950) A. Cole (1959)	Strategies as a process of prediction	Operational modification strategy; use is limited because of high error rates compared to business units
Informative (cognitive) , H. Simon (1947, 1957) J. March (1958)	Strategies as a mental process	Dependence of strategy content on cognitive style of developer thinking, identifying bottlenecks that impede adequate assessment of the position of the company
Training , C. Lindblom (1959) G. Hamel (1990)	Strategies as a developing process	Active management of changes; maximum mobilization of individual potential to implement company policies
Authorities , G. Allison (1971) G. Astley (1984)	Strategies as a process of negotiation	Supplement of promising strategies to reduce aggressive internal and external environment
Cultures , E. Renman (1968) R. Norman (1968)	Strategies as a collective process	Justification of mission and global objectives of the company development; identifying intangible resources of the development; mechanisms of social consensus in substantiating strategies
Environment , D. Friman (1977), D. Pyu (1979)	Strategies as a reactive process	Detection and forecasting environmental characteristics that limit the strategic choice of the company
Group III – its supporters summarize theoretical and practical experience in strategy formation as a process of transformation		
Structural (or configurations) , A. Chandler (1962) H. Mintzberg (1978)	Strategies as a process of transformation	Description for consistent implementation of the strategy within sustainable conditions that are violated by random and quite dramatic jumps into the new state

Source: [11].

The emergence of new views on the strategy is primarily associated with different stages of development of strategic management and impact of the external environment on it. Depending on the time and development of the economy views of scientists have changed concerning using foundations of the theory of strategic planning. According to authors of the book “Strategy schools” some schools experienced a heyday and are in decline, others are “gaining momentum”, others “make their way to the surface in the form of thin but important streams” of publications and reports on the practical application of the proposed concepts [11].

The peculiarity of the current state of using strategic planning and implementation of strategies of socio-economic development in Ukraine is that in the system of “national economy – macrostructural industry – region – city – urban village – village – company” integrity must be traced. Strategies of socio-economic development of subsystems of micro, meso and macro levels should not contradict each other. Only if there is a mutual solution of development and implementation of strategic plans at all hierarchical levels you can ensure effective functioning of the entire system of strategic planning in the context of national economy management [12].

At the same time foreign experience of applying strategic management becomes important to build a hierarchy of objectives, priorities, principles of planning and more. For example, the development of “European strategy of stability and growth” or the EU Lisbon Strategy in 2000 for 10 years was to strengthen the competitive positions of the EU in the world through the development and implementation of reforms in the EU member states. Its mission is “to become the most competitive and science intensive

economy in the world, capable of sustainable economic growth with more and better quality of working places and greater social cohesion” (15).

The strategy included all spheres of the EU activity aimed at increasing economic efficiency and improving quality of life. However, its disadvantage was that it was not consistent at all levels ranging from executive bodies and ending with EU member countries.

In 2005 Lisbon Strategy was modernized. There was a mechanism that was intended to subordinate national programs to the general strategy of the Union development, to increase the responsibility and competence of various economic and social bodies at national and regional levels.

The renewed Lisbon Strategy in 2005 revealed weaknesses of the EU functioning as a single economic and political system and actualized the need for structural reforms in EU member countries and the need for measures to strengthen the political and economic convergence between EU member countries (17).

Analyzed the mistakes of previously developed strategies by the European Commission the strategy “Europe 2020” was developed and adopted which provides three main factors improving the economy (basic strategic goals):

- Smart growth: economic development through knowledge and innovations (strengthening interaction of scientific development, research and innovations with economic growth and development of the EU);

- Sustainable growth: creating economy based on the appropriate use of resources, environment and competition (construction of a stable and competitive economy, Europe’s leadership in the development of new processes and technologies, including green technologies);

- Comprehensive growth: promoting employment, achieving social and territorial agreement (creation of new employment opportunities for the citizens of the EU through investments in knowledge and skills, fighting poverty and improving labor market, education and social security which together will build a cohesive and socially homogeneous society).

The strategy “Europe 2020” identifies the following guidelines that the EU intends to achieve by 2020:

- 75% of the population aged 20-64 should be employed;
- 3% of EU GDP should be invested in research and development;
- Reducing greenhouse gas emissions by 20% compared to the level of 1999, GDP energy efficiency should be increased by 20% and the share of renewable sources in the energy balance should be increased up to 20% (including 30% reduction in environmental pollution);

- The share of students who have no school education should not exceed 10%. Not less than 40% of young people should have higher education;

- Reducing the number of poor people by 20 million.

Defined basic directions of activity are a priority for the EU and for Member States. However, political, economic and social instruments of the EU, including internal market, financial levers, instruments of foreign policy, should also be involved in removing obstacles and achieving the objectives of the strategy “Europe 2020”.

In Ukraine the system of strategic planning of socio-economic development is regulated relatively at the legislative level and is based primarily on the Law of Ukraine of March 23, 2000 No. 1602-III “On state forecasting and elaboration of programs of economic and social development of Ukraine” [6], the Budget Code of Ukraine [2] and the Laws of Ukraine “On the National Bank of Ukraine” [7], “On state targeted programs” [8] and relevant regulations of Cabinet of Ministers of Ukraine.

The Law of Ukraine “On state forecasting and elaboration of programs of economic and social development of Ukraine” regulates foundations of medium- and short-term planning, timing of development of the relevant documents, their consistency, general order of development, approval and implementation of forecast and program documents of economic and social development etc. [6].

Of particular note is adopted by the Resolution of the Supreme Council of Ukraine the draft Law “On State Strategic Planning” (No. 9407) of 03.11.2011, which defines legal, economic and organizational bases of forming integrated system of strategic planning of development of the country, establishes the general order of development, approval, implementation, monitoring, evaluation, control of documents of state strategic planning, as well as authorities of members of such planning (14). In our opinion, this normative document complements the Law of Ukraine “On state forecasting and elaboration of programs of economic and social development of Ukraine” because the latter document proved only principles of

medium- and short-term planning. Draft Law “On State Strategic Planning” clearly regulates the time periods of development (long, medium and short), it is determined that strategy is developed for the long term (five years or more).

This project defines the principles of strategic planning, namely: integrity, inner balance, scientific validity, transparency, effectiveness, compliance with national interests, equality, continuity, completeness of decisions, partnership and responsibility. The disadvantage of this Law of Ukraine is that it was sent to the second repeated reading in December, 2011 and is still received only as a draft.

Today the main document regulating the development of the state is “Strategy of sustainable development” Ukraine-2020” [18]. In developing the latter document the negative experience of national and European strategic planning was taken into account and therefore Strategy defines the purpose of its implementation and four vectors, roadmap was developed that provides implementation of 62 reforms and programs for state development. This document clearly indicates means and indicators of implementation of the developed strategy similar to the strategy “Europe-2020”.

Implementation of the Strategy envisages achieving 25 key indicators that evaluate the implementation of reforms and programs we note ten key ones that affect the investment climate of the country:

- 1) Entry of Ukraine into the first 30 positions in the World Bank Rating “Doing Business”;
- 2) Credit rating of Ukraine – rating on obligations in foreign currency by scale of Standard and Poors Rating Agency must not be below investment grade “BBB”;
- 3) By global competitiveness index which calculates the World Economic Forum (WEF) Ukraine should enter the top 40 countries in the world;
- 4) GDP (purchasing power parity) per one person which calculates the World Bank, should be increased to 16 000 dollars;
- 5) Net inflow of direct foreign investments for the period of 2015-202? according to the data of the World Bank should be more than 40 billion dollars;
- 6) The maximum ratio of the budget deficit to gross domestic product according to estimates of the International Monetary Fund should not exceed 3%;
- 7) The maximum ratio of total state debt and publicly guaranteed debt to gross domestic product according to estimates of the International Monetary Fund should not exceed 60% (according to the Maastricht convergence criteria);
- 8) By the Corruption Perceptions Index which calculates Transparency International Ukraine will join the top 50 countries in the world;
- 9) On the results of the survey level of confidence of the expert community (attorneys, lawyers) to the court will be 70 per cent;
- 10) On the results of a nationwide survey public trust in law enforcement agencies will be 70 percent [18].

Strategy identified the priority implementation of ten reforms and programs. To support investment activity and protection of investor rights in the strategy events are defined aimed at deregulation and enterprise development, including:

- Ensuring effective protection of private property rights, including judicial authorities;
- Harmonization with EU legislation for provisions of the legislation of Ukraine on protection of national and foreign investors and creditors;
- Protection of economic competition;
- The introduction of incentive mechanism of investment activity based on the best world practice.

In the agricultural sector by the Resolution of the Cabinet of Ministers of October 17, 2013 “Strategies of development of the agrarian sector of Ukraine till 2020” were approved [16]. The aim of the strategy is to create organizational and economic conditions for the effective development of the agricultural sector by ensuring the unity of economic, social and environmental interests of society to ensure the population with stable, qualitative, secure, affordable national agricultural products and industry with agricultural raw materials. Implementation of this strategy will be developed through the introduction by Ministry of Agrarian Policy and Food of Ukraine of Concept of state program of development of the agrarian sector for the period until 2020 [9]. However, the strategy, and accordingly, the program determine that for its implementation about 101 billion UAH is required of which only 71.6 billion UAH is public funding. Other funds are private investments and other sources not prohibited by law.

Conclusions. Today at the level of state and local government authorities strategies of development of branches, regions, cities, etc. are being developed but given the lack of state funding a unified investment strategy of the country is not developed. The above strategies point to problems of investment and solutions but they all do not have a common structure – in Ukraine there is no systematic investment strategy formed on the basis of clearly defined priorities for the development of leading industries.

The consequence of this situation is worsening investment environment in the country and a significant backlog of investment per capita, in the period from 2010 it was invested in the economy 11 times less than in EU countries, by 2.5 times less than in China and even three times less than in Russia.

Consequently, analyzed the development of strategic planning methodologies and examples of its application in the design of government programs we identified the need for the development of the state investment strategy (sectors, regions, etc.) as due to defined directions and guidelines of activity it will increase the level of investment in the country and ensure implementation of the national strategy “Ukraine-2020”.

Regarding the agricultural sector which is one of the main sectors, application of the methodology of strategic planning in the development of industrial investment strategy will contribute to effective development and will consist of the following:

1. Investment strategy will ensure implementation of long-term and general investment objectives of the future economic development of the sector and the state.

2. Application of strategic planning in the development of investment strategy will simulate capabilities of the industry to the maximum of its internal investment potential.

3. Investment strategy will provide a clear interconnection of strategic, current and operational management of investment activity of the industrial enterprises.

4. Developing the strategy will allow implementing quickly new promising investment projects that arise in the process of changing investment environment factors.

5. In developing the investment strategy value of main criterion assessments to choose real investment projects and financial investment instruments will form.

6. In addition to improving economic indicators of applying developed investment strategy there are changes of general organizational structure of management and organizational culture of industrial enterprises.

All this determines the need for methodology of strategic planning in the development of national programs.

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