

## UPGRADING THE INSTITUTIONAL STRUCTURE MANAGING THE DEVELOPMENT OFA COMPREHENSIVE STRATEGY FOR SOCIO- ECONOMIC DEVELOPMENT AND ITS IMPLEMENTATION

**Problem statement.** The prospects of economic growth renewal in Luhansk region are determined by the current realia such as the economic policy state, its legislative environment, political environment stability, social standard of living etc.

**The urgency of recent research and publications.**

Issues of strategic planning regions and strategic development discussed in many works of both Ukrainian and foreign scientists regionalist. Among the diversity of work can be identified L. V. Shinkaruk [1], M. I. Dolishniy, L. T. Shevchuk, Ya. V. Shevchuk [2], M. M. Podorovskaya [3], A. I. Akmayev, B. T. Kliyanenko, O. P. Osyka, Ye. M. Akhromkin, I. F. Fesenko [4] and other researchers.

**The main research purpose** is the to substantiate the strategic planning directions for improvement of socio-economic development.

**The main material:** Contemporary domestic economy is characterized by the long economic crisis of primary origin, consolidating not only typical signs of a crisis, including loss of the sale market, mainly in the manufacturing sector, resulting in the drop of production volume, reduction of produce market, and the degradation of economic pattern, but also by the signs of a crisis of derivative nature, including as follows: growth of the government debt (both internal and external), reduction of a taxation base, financial instability and weak investment activity [1, p. 61 – 70].

The existing imbalance in the development of Luhansk region in terms of gross domestic product, investment activity, welfare protection, and employment rate, describe the current situation in the region as facilitating the destruction of the territorial economy.

Such strategic direction, focused on the creation of powerful economic framework of the territory via the implementation of market model of regional policy in Luhansk region, may have a positive effect on the economic recovery of the region.

This model is based on the social theory of regional development and acts as an individual political and economic category, which is at the same time one of the main elements of the national strategy of social and economic development in Luhansk region. When forming the model of regional development in Luhansk region, it is necessary to take into account the Post-Keynesian Theory of regional development (its main principles) as well as the life cycle theory.

Based on the described theories of regional development in various parts of Luhansk region, it is necessary to form basic manufactures for the whole

national complex, which could determine the structure and become one of the main sources, enhancing the economic growth of a single region as well as the whole state.

In order to implement the above mentioned strategic objective at the present stage, it is necessary to meet two mandatory conditions. The first condition is to preserve the territorial integrity of the economic complex in Luhansk region; the second one is based on the Concept of constant development, the main objective of which is to meet the principle of balance in economic and energetic development of the region.

The subject matter of the balance principle is that the level of possibilities of the region is determined by its resource potential and its generating capacity. It is also necessary to consider that while implementing the measures, directed at the achievement of manufacture stabilization in the region, it is necessary to implement them in social and environmental sphere with minimum negative effects [2, p. 3 – 14].

Human capital is one of the most essential elements, which should be used to full extent in the market model of regional policy in Luhansk region. In conditions of the economic activity drop of the population, resulting in the drop in the living standards, this constituent, determining the starting potential of the region, is severely affected. This fact can be easily proved by the fact that the market of public needs is always limited; when the income of the population is decreased, there will always be such categories of people, who need social help; health deterioration is also detected etc.

It is worthy of note that the specific character of demographic, professional and qualification processes of the parts of Luhansk region is one of auxiliary landmarks, when the industrial specialization of the region has been determined as well as the structural territorial transformation of the economic complex.

Accounting of ethnical and historical peculiarities not only affects the regulation of the occupational level, but also plays an important role at the determination of certain measures, focused on the enhancement of the economic activity of population, as well as resolves the problem of placement and the efficient use of labour forces, when the correction of the economic specialization of the region takes place.

In order to overcome the destructive effects in the development of Luhansk region and efficiently implement the market model of the regional policy, it is necessary to apply general and specific approaches for its realization,

which would take all individual characteristics of the region into account according to its peculiarities.

Particularly it includes the concessional taxation and crediting of crisis territories, implementation of regional investment programs together with the reorganization of the operating enterprises and the creation of new ones; mobilization of internal financial resources for the priority of mortgage relationship development; granting privileges to foreign investors; promotion of private industry development; turning the social policy into the aim of all economic conversions, implementation of long-term regional social and economic programs with administrative support; modernization of the system of informative and statistical validity of objectives, and the levers of the regional policy; decision making on the allocation of national resources among the enterprises and the regions.

The preferred directions for the scheduling strategy development of the economic regional growth determine the model role for the development of the country as a whole.

Elaboration of the strategy with regard to internal development of the region should be characterized by new standards in the economic activity and the life quality. This direction stipulates full reevaluation of the role of natural recourses, making the potential of the region (natural resources are considered not only as a means of production but also as a living base); as well as implements the settlement of infrastructure within the territory.

The next step is finding the spheres, where the main strategic vectors of development include the implementation of advanced technologies, innovative investigations, as well as the use of new more qualitative and energy-intensive power sources [2, p. 107 – 110].

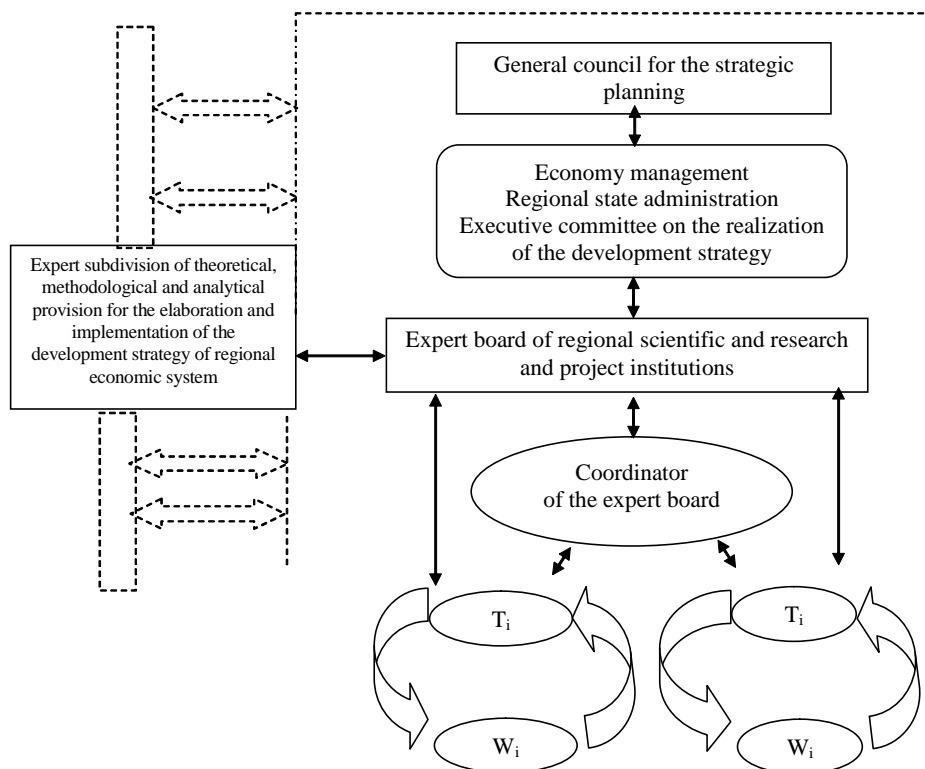
The third preferred direction includes the development of institutional infrastructure of the innovation-driven economy. Such infrastructure should provide support for the development of innovation system, which concerns both the system of management of the regional economic and social systems, and the economic entities and their relations.

The fourth direction consists in the provision of the economic security of the region, based on the initiated management strategy of current and projected needs of the regional economic and social systems in the key resources.

The sphere specialization should single out the base complex of the regional economy, which can provide main employment and the most part of the income in the regional budget.

The next direction is the implementation of regional leadership policy, based on the totality of the key regional competence, its political and economic ability to influence the definite area and the ability of the regional leader to conduct a constructive dialog, interacting with the macroregions.

Taking into account all the above mentioned, the advanced institutional structure for the management of the development process and implementation of the



**Fig. 1. Institutional management structure for the development and implementation of strategy complex of the economic regional growth**

complex economic growth strategy of the region will look as follows (Fig. 1).

Strategically the directions of economic interest are reflected due to the main objectives, measures, social and economic strategies, their subsequent implementation, the totality of which makes the organizational, restricted and specific parts of the strategic plan.

$T_i$  – thematic committee of the direction of complex economic growth of the region;  $W_i$  – work group on the direction of activity implementation within the strategy of complex economic development of the region

A demonstrative example for the implementation of tasks of complex economic growth within a region, determined by the Development Strategy of Luhansk region until the year of 2015, is the elaboration of the Program for the economic and social development of Luhansk region for the year of 2013, approved at the Session on December 29, 2012, No 16/13, dated January 2, 2013. The main objective of the Program is to secure the stable growth in the real sector of economy, and improve the life standard on its basis.

It is impossible to solve the problem for one year, but having completed certain tasks of the Program for the economic and social development of Luhansk region for the year of 2013, we can give grounding for the settlement of both crisis and systemic problems, accumulated for the past years. Luhansk region and all Ukraine should raise their competitiveness and make the firm grounds so that the economy could consistently grow, and a negative impact of financial economic crisis would be minimized, which is currently projected.

**Conclusion.** Thus, we may conclude that topical problems, connected with the organization of strategy planning for the social and economic development of the region have a demand for the restoration of systemic mechanisms, the main task of which is the elaboration and implementation of the strategy at the regional level, which should be based on the enhancement of coordination process efficiency, as well as systemically attract active regional groups into the planning process, and detection of the role and place of the regional level in the institutional mechanism of development.

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#### **Саєнко О. О. Модернізація інституціональної структури управління процесом розробки стратегії комплексного соціально-економічного розвитку регіону та її реалізації**

Обґрунтовано напрями удосконалення управління процесом розробки стратегії комплексного соціально-економічного розвитку регіону. Запропоновано сформувати базові виробництва для всього національного комплексу, які б мали структурно-визначальний характер та стали б одним із головних джерел, що підвищують рівень економічного розвитку як окремого регіону, так і держави в цілому.

*Ключові слова:* регіон, стратегія розвитку, соціально-економічний розвиток регіону.

#### **Саєнко О. А. Модернизация институциональной структуры управления процессом разработки стратегии комплексного социально-экономического развития региона и ее реализации**

Обоснованы направления совершенствования управления процессом разработки стратегии комплексного социально-экономического развития региона. Предложено сформировать базовые производства для всего национального комплекса, которые должны иметь структурно-определяющий характер и стали бы одним из главных источников, повышающие уровень экономического развития как отдельного региона, так и государства в целом.

*Ключевые слова:* регион, стратегия развития, социально-экономическое развитие региона.

#### **Saienko O. O. Upgrading the Institutional Structure Managing the Development of a Comprehensive Strategy for Socio-economic Development and its Implementation**

The ways of improvement of process control strategy development of complex socio-economic development. A basic form of production for the entire national complex that would structurally defining the nature and would become one of the main sources that increase the level of economic development of a region and the state as a whole.

*Key words:* region, strategy development, socio-economic development of the region.

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