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## IMPROVEMENT OF STATE STRATEGIC PLANNING BASED ON NEW REGULATORY POLICY

*The problem of creating an integrated system of state strategic planning on the basis of regulatory policy and SMART-regulation is examined. It is established that such a system should be based on the principles of coordination and interaction of social priorities, partnerships and interests of businesses, social organizations and government (state administration).*

**Keywords:** state strategic planning; regulatory policy; public priorities; SMART-regulation.

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## ВДОСКОНАЛЕННЯ СИСТЕМИ ДЕРЖАВНОГО СТРАТЕГІЧНОГО ПЛАНУВАННЯ НА ОСНОВІ НОВОЇ РЕГУЛЯТОРНОЇ ПОЛІТИКИ ДЕРЖАВИ

*У статті розглянуто проблему формування інтегрованої системи державного стратегічного планування на засадах розвитку регуляторної політики держави та технології SMART-регулювання. Встановлено, що така система має базуватися на принципах узгодження суспільних пріоритетів, партнерства і єдності інтересів господарюючих суб'єктів, суспільних організацій та органів державного управління.*

**Ключові слова:** державне стратегічне планування; регуляторна політика; суспільні пріоритети; SMART-регулювання.

Табл. 1. Літ. 10.

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## СОВЕРШЕНСТВОВАНИЕ СИСТЕМЫ ГОСУДАРСТВЕННОГО СТРАТЕГИЧЕСКОГО ПЛАНИРОВАНИЯ НА ОСНОВЕ НОВОЙ РЕГУЛЯТОРНОЙ ПОЛИТИКИ ГОСУДАРСТВА

*В статье рассмотрена проблема формирования интегрированной системы государственного стратегического планирования на основе развития регуляторной политики государства и технологии SMART-регулирования. Установлено, что такая система должна базироваться на принципах согласования и взаимодействия общественных приоритетов, партнерства и единства интересов хозяйствующих субъектов, общественных организаций и органов государственного управления.*

**Ключевые слова:** государственное стратегическое планирование; регуляторная политика; общественные приоритеты; SMART-регулирование.

**Problem setting.** The main demarcation line between social groups traditionally present in Ukraine is unfair income distribution. Even deeper differentiation between social stratas has emerged due to the loss of production motivation in industrial activities. It is known that the basis for material well-being for a significant segment of the population is often illegal economic activity. The gap between economic efficiency and social justice is insurmountable, and indeed it is the usual attribute of "post-humanistic" society.

Economic integration is unsustainable without the liquidation of this huge gap between the poor and the rich. And what do the rich and the poor have in common in order to build a bridge over this gap? All social groups are documentary united in

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the State budget of Ukraine. The State budget can be both as an integrator and a dis-integrator of societal and private interests. Individual strategic interest appears to be unable to solve state problems of the society development, since their solution is tightly connected with such parameters as common, joint and universally oriented activity of the majority of population. In our opinion, it is illogical to pay attention just to administrative failures of public policy implementation, because it also involves social relations, global economic tendencies, the market etc.

Informal parameters of economy management (corruption, shadow process of privatization, "continuity of generations" in government etc.) at a certain point have become the catalysts of market-type reforms. The problem is that the implementation of all the programs (state and regional) and plans is performed in the frames of informal economic environment. At the beginning of the 1990s while revolutionary building the market-oriented society there should have been a question: why not take into consideration the system of state forecasting and strategic planning as actual economic parameters that require institutionalization and the most important thing – systematic estimation of multifactorial risks in the branches of economy.

There is a problem of choice of a motive force for socioeconomic development among such categories as: income, commercial benefit and what society wants. This reflects the views of the most of Ukraine's citizens as for the causes for their material and social discomfort (Novikov and Semenov, [www.idss.org.ua](http://www.idss.org.ua)). These problems in the light of the ideological crisis of the postindustrial economy are now under consideration, in particular at the World Economic Forum in Davos. The participants of this forum admitted that it is time to reconsider capitalistic traditions in order to stop economic recession.

**The research task** is to develop the principles of an integrated system of state strategic planning on the basis of regulatory policy and coordination of social priorities of state planning.

**Latest research and publications analysis.** The problems of state forecasting, strategic planning and public budgeting have been broadly and deeply studied in the works of M. Demyanenko et al. (2011), V. Geets (2012), M. Pashuta and A. Kalyna (1998), B. Paskhaver (2013), and other scientists. Questions of the development of conceptual and methodological framework of integration and interaction of public and social institutions for public budget planning remain relevant. Scientific works of O. Haltsova (2014), B. Illyashenko (2011), A. Pokatayeva and S. Davydkov (2014), V. Pryadko (2013) justify the possibility of regulatory policy in Ukraine as one of the necessary conditions for formation of a progressive, intellectual and creative economy in the country, accompanied by a transformation of its institutional environment.

**The object of the study** presents separate processes of state forecasting, strategic and budget planning related to the problem of consolidation, partnership and unity of interests of businesses, social organizations and government.

**Key research findings.** Nowadays there is much tension around the issue of consolidated achievement of target goal within the system of strategic budgeting, issues of co-partnership and unity of interests of economic agents, social organizations, and state administration bodies. Integrated process of financial forecasting should become a unifying basis for common strategic priorities development, especially in overcoming the information non-transparency. Its mechanism deals with the aggre-

gation of financial benefits within the state strategic planning system. The result of integrated financial forecasting in estimating individual, collective multifactorial financial risks, predicted investment background should be found in the long-term strategy of the development of Ukraine, economy branches programme of development, enterprises budgeting system. State strategic planning has to be a system of coordinated interactivity of all institutional units (enterprises, state institution, and households) elaborating regional, sectoral programs of consolidated development. It goes without saying, that such a coordinate interactivity has not got any institutional or legal assistance yet. First of all, it is so because it denies the very essence of the current system of public administration, formed on the grounds of non-transparency and corruption of authorities' decisions. In this regard we set an objective – to integrate state strategic planning into the activity of all economic entities, all civil groups, all territorial Communities, every single person.

Corruption commercialization and parceling of private interests concerns not only big investment projects, but also public administration in the sphere of finance (budget management), land use, state procurement. This situation looks like a general satisfaction by the high level of shadowing of economics, variously estimated from Ukraine from 39% to 50% (Glyha, 2013). It is true that shadow economy was recognized as a convenient way to modernize the post Socialist society, such a system had been developing for a long period of time. But the adaptation time is over now and there should be a report to the world community about the results of legitimization of market and society institutions. On the one hand, investment attractiveness decline requires fundamental changes in tax management. It is referred to the creation of environment for the equitable dialog between taxation bodies and taxpayers, and as a result of it, gradual positive changes in the views of taxpayers. And on the other hand, unshadowing is a step to the destruction of lines between government officials and business entities that had been being built during 20 years, with its shadow job market, slush money and under the table payments. With such a powerful sector of economy it is difficult to discourse upon the system renovation in strategic planning if composition and structure of government budget spendings changes not in concordance with social needs, but are determined by the political power of the majority in the parliament.

"Regional Center of Planning and Forecasting Initiatives" (Kherson State University) conducted a research on the implementation conditions of special programmes on regional or district levels. We obtained the following results:

1. The system of informal relationships in government bodies on the local (regional) level narrows down the potentialities in carrying-out these programmes.
2. Correspondingly, the program does not meet the growing requirements and this serves as a condition for the extension of informal relationships on the local and national levels.
3. Informal relationships nationwide expand conventional strategic priorities and narrow actual priorities. Budget financing of strategic priorities, satisfying individual strategic guideposts, feeds the system of informal relationships on the local and national levels. It turns out that individual strategic priorities of economic agents have the advantage over the state in the process of development plans implementation (the lack of eagerness to cooperate and create producers' cooperatives and servicing cooperatives; indifference, unbelief in mutually beneficial cooperation with government,

indifference towards participation in government programmes of development; collaboration with illegal forces etc.).

That is why carrying out a budget programme is regularly recognized as unsatisfactory due to low level of financial discipline of public finances holders. There is no efficient system of civil control over the use of public funds meant for government programmes.

We would like to offer to compliment the process of state forecasting activity by means of systematic mathematical analysis of the informal environment parameters, in which a programme is supposed to be deployed in. Formalization of particular financial risks will not only promote the rational application of funds, but it will also bring the solution of long-standing issues of information nontransparency, that feeds corrupt relationships and set the economic recovery of Ukraine aside.

With the purpose to create a multi-branch system of consolidated strategic planning it is offered to join the systems of financial forecasting of economic agents in a general knowledge database. The integrated database of the system of financial forecasting will be a part of support expert systems of strategic and current financial decision-making, that contains heuristic rules and imitation solutions as for the analysis of possible external environment risks, management conditions for investment projects, directions and priorities of government planning, local priorities of economic agents, budgeting system development. The basis for expert knowledge representation in the system of financial forecasting is supposed to be formed as a decision block. Every slot is supposed to have a unique code, that characterizes the case according to certain factors. Aggregated financial factors here are the quantification of absolute or relative correlation of financial indicators. Quantitative and qualitative indices of the existing cases will be correlated in the system of intellectual analysis of data: financial indicators are joined together with external environment risks and form the subject sphere for forecasting and planning with decision-making.

The essence of infocommunicational integration is in the union of transaction (incoming messages) of the integrated forecasting system participants with the purpose of their optimization by means of intellectual data analysis and its transfer to the database of knowledge management system. The reverse direction in the support system for the forecasting decision-making provides access for participants to the database, formed by standard and alternative scenarios, coming from the transaction information.

Project participants (forecasting subjects) are supposed to be independent in their estimation of multifactorial risks for finance subsystems, taking into account the necessary level of the risk specified. Actually, the entire massive of the database will automatically have access to the most informative analysis of multifactorial risks. There is a new opportunity of access to the data base: in this case an active participant is not only a founder of some financial case, this participant becomes an active expert of the support system of planning decision. The implementation of the offered project will assist many-alternatives decision of subjects in government programmes of development that are to be carried out in the agricultural sector and other sectors that require urgent budget financing, state and private investment support.

We also offer the technology of the state regulator policy development, based on successful combination of all determined by us strategic priorities. SMART regula-

tion of national economy has to become this technology, in our opinion. In its wide sense SMART regulation is a regulator cycle, that begins from the development of legal provision to its implementation, realization, estimation and revision. SMART regulation is used to build common interest of local community. Using SMART regulation can transform regulatory policy at the local level in the current regulatory system, providing state regulation of the economy is divided responsibly, in which government, citizens and economic agents play an active role. A characteristic feature of smart regulation is taking into account public opinion and at the same time interests and needs of companies and challenges they face in the global economy. Thus, the regulatory system in the application of SMART regulation is a part of a complex global system that requires government, local authorities and independent organizations work better together towards common goals. Let us set the guidelines for implementing SMART regulation at the level of local government in Kherson region (Table 1).

**Table 1. Regional SMART-regulation in the integration process of strategic planning, authors' development**

Regional Areas of SMART-regulation	Components of SMART-regulation	Implementation in the process of strategic planning
SMART-economy	Innovative spirit	Consolidation of region ratios target and strategic development of the state vector
	Entrepreneurship	Development of multidimensional database for operational analysis of economic, legal and administrative levers of business state regulation
		The ability to identify and formalize factors of influence on macro- and microenvironment of the company (common knowledge base)
SMART-governance	Correlation of national and regional plans	Participation of region in the development of regional socioeconomic programmes
	Consolidated planning decision	Combination of local priorities in target-oriented components of development programs
	Transparent governance	Information and communication support for forecasting and planning initiatives
SMART-living	Economic welfare	Systematic mathematical analysis of "informal" environment of government programs
SMART-environment	Ecological awareness	Integrational simulation of forecasting-based planning interests aggregating on social development goals
	Public awareness	Analysis of the priorities of executive agencies under social development objectives and of the needs of regional and sectoral development
SMART-mobility	Local accessibility	Public examination system of targeted and regional programs
	Availability of IT-Infrastructure	Information system providing public examination implementation of targeted programs

Government, local communities and businesses work together to build a national regulatory system to maximize the benefits of regulatory policy for the entire population, enabling them take advantage of new knowledge.

The use of SMART regulation in Ukraine will promote the interests of local communities and ensure the objectives of government social policy and financial stability. In addition, SMART regulation and responsibility for its implementation are shared between the central and local governments. SMART regulation became the basis for the development of intelligent (creative) cities – SMART cities. The concept of SMART cities and SMART region is based on the use of information and communication technologies for more efficient development of resources at lower costs; first of all, this concept includes an open dialogue with local authorities.

For example, the current system of intergovernmental relations does not allow the Kherson community provide quality social benefits at the local level (education, healthcare, housing and utilities) due to insufficient funding and the distorted model of fiscal equalization. Most of local Kherson expenditures go on consumption rather than on development. Increased funding of Kherson community from the state budget depends on the quality of regional socioeconomic development. There should be a mutual solution of forecasting and planned activities by public authorities, businesses and public entities decision-making based on expert fruitful cooperation. In addition, Kherson region should take more part in the formation of proposals at the level of national socioeconomic development. Most of them are now formed in research institutes of Kyiv, and the Ministry of Economy and branch offices. While regions take a passive stance in formation of national priorities of economic, social, technological and scientific development, the financial autonomy of local governments remain low. Aggregate (national and regional) strategic advantages form the conceptual forecasting models in state strategic planning. It is important that strategic advantages only determine the vector of planning decisions, while these new information and communication systems can register the maximum number of integrated process participants, impersonal in terms of individual commercial interest. We believe that public, private and academic support of information and communication processes is able to carry out a complex combination of forecasting methods for multivariate risks. These organizational decisions will establish several new directions in strategic planning: first, government support for consolidated forecasting of multifactor economic risks, and second, the direction to integrate private, scientific and business efforts to monitor the implementation of the agreed forecasting plan.

**Conclusions.** Local governments implement regulatory policy on behalf of the public and in view of our interests in order to achieve the following objectives: to ensure fair and competitive market environment, protect health and ensure safety, stimulate innovations, maintain natural environment. In this context, government regulation of the economy should be seen as an instrument of economic policy. In developing strategies for economic development, the government seeks to maximize the social utility. This should ensure the adequacy of the instruments used. Organizational mechanism of state strategic planning development has provided information and communication means integrating all participants – businesses, social organizations and government. Potential implementation of integrated planning gives access to intellectual resources of qualitative and quantitative analysis of multivariate economic risk, investment risk evaluation system by all participants of this consolidated process: enterprises, financial and credit institutions, insurance companies, research organizations, information and counseling centers, public



authorities. This allows them choose their own targets for participation – from simply raising awareness to the possibility of state participation in program activities.

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