

STRATEGIC PLANNING FOR REGIONAL DEVELOPMENT ON THE BASIS OF THE CONCEPT OF "POINT OF GROWTH"

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Abstract: *This study analyses determinants of the concept of "points of growth" at regional level as the basis for strategic planning of local development/. In accordance to definition of concept and characteristics of strategic planning of local development, the basic issues of preparation of strategic plan, its place in the general system of the main types of local development plans were examined. Been determined the basic stages of the strategic planning process of local development based on the concept of "growth pole".*

Keywords: *FDI, "Growth Poles", regional development, strategic planning*

INTRODUCTION

The issue of local economic development planning is one of the priorities for local public administrations in Eastern Partnership countries, including Ukraine and Moldova. As the basis of relevant programs approach based on identifying and promoting "Growth Poles" can be laid (François Perroux, 1955). Its theoretical foundation is neoclassical growth theory, formulated (James E. Meade, 1951) and further developed in the works (Robert M. Solow, 1956) and (Trevor Swan, 1956).

The task of determining the possibility of laying the concept of "point of growth" in the basis of strategic plan is usually the responsibility of local public administrations, which then use it in the relevant programs of local economic development. The specific features of such programs are:

- determining the direction and priorities of local development;
- prolonged nature of practical implementation (both the strategy and development programs);
- capability to assess the effectiveness of the strategy using quantitative and qualitative indicators;
- reflection of application of "point of growth" concept by localization of business;

- possibility to adapt the main provisions of strategy and development programs to external changes.

Therefore, implementation in local public administrations work the methodology of strategic planning for local economic development using the concept of "point of growth" is important and promising area for the research. At the same time, the strategic planning process of local development itself as an integral component of public administration certainly should include appropriate control mechanisms.

THEORETICAL BASIS OF STRATEGIC PLANNING FOR LOCAL ECONOMIC DEVELOPMENT BASED ON THE CONCEPT OF "POINT OF GROWTH"

The issue of strategic planning and public administration local economic development based on application of the concept "point of growth" considered in works (John B. Parr, 1999), (John B. Parr, 1973), (Morgan D. Thomas, 1975).

In (Blakely E., 1994) and (Local Economic Development / World Bank, 2003) noted that the development of strategic plan should also take into account the application of relevant mechanisms of public control. Such mechanisms should be designed to achieve specific goals identified in local development strategies. The list of local development governance mechanisms can consist mechanisms such as economic, legal and motivational those are means of targeting of public administration on the progress of the regional economic development. In this case the scheme of governance mechanisms shall include: goals, decisions, influences, actions and results, which must be reflected in the relevant model (Blakely E. , 1994), (Local Economic Development/ World Bank, 2003), (Trousedale, William, 2003).

As for the definition of strategy development, modern approaches to the implementation of the concept of "point of growth" consider two options:

- initiation of "point of growth" on the basis of target state funding (state development program);
- the definition of "point of growth" as a result of market concentration of resources, existence of the necessary infrastructure, consumer market, etc.

Outside the differences in these approaches, they are based on general model of local economic development, theoretical ground of which are the theory of growth poles and development centres (François Perroux, 1955) and the international division of labour. This approach allows determining such a pole of gravity factors of production, which will provide the most effective use and as a result, the formation of local "point of growth".

STRATEGIC PLANNING AND MANAGEMENT OF "POINT OF GROWTH" BY LOCAL PUBLIC ADMINISTRATIONS

Any strategic planning process and its implementation on the basis of respective program - a set of logical relationship and items such as strategy goals, management objects and links between them, practical activities using appropriate methods of

influence, material and financial resources, organizational potential etc. Taking into account all these factors encourages public administration body to make management decisions. Since the factors of strategic planning have economic, social and legal framework, mandatory constituent elements for the strategic planning process are the system of public administration and set of legal rules regulating their function and local development.

One outcome of practical implementation of the strategic planning process of local development is the current strategic plan. The content and process of preparing such a plan must meet the following requirements:

- strategic plan - a document defining the framework for business, government and the community for operational decisions taking into account the adopted development priorities of the region (in the "point of growth");
- sense to develop a strategic plan exists only when all parties interested participate in joint activities, which should begin in the interests of the local economy and society, and the result is strategically important for the future of local residents;
- in the strategic plan timing of long-term vision and concrete ongoing actions are combined. Included positions are such that in most cases should be carried out in real time with the assistance of necessary resources.

There are different approaches to the goals and objectives of the Strategic Plan. Strategic Plan can become the organizing pivot around which will be grouped all the planned activities under the program of local economic development. They interact on a certain hierarchy that is defined by the main types of plans for local economic development, Figure 1. Itself plan can carry out at the same time respective functions for program planning, including:

- determining the order of monitoring program by phases and deadlines, financial resources, organizational and management capabilities of direct and indirect effects, etc.;
- distribution of competence and responsibility for implementation of the plans included in the program of economic development between local and state authorities.

THE POLITICAL COMPONENT OF STRATEGIC PLANNING

The process of strategic planning of local development usually starts with political decision. That is why putting a question about beginning of the strategic planning of "point of growth" has no sense until the pending appropriate political decision. Reasoning from the fact that a local authority always politically rational there is a possibility to define two approaches to the development of the strategic plan and related development programs.

The first is a "rational" model of strategic planning and decision-making, which provides coherent approach to making decisions. Usually it includes the following steps: goals defining; developing of related strategy and action plan; direct project activities.

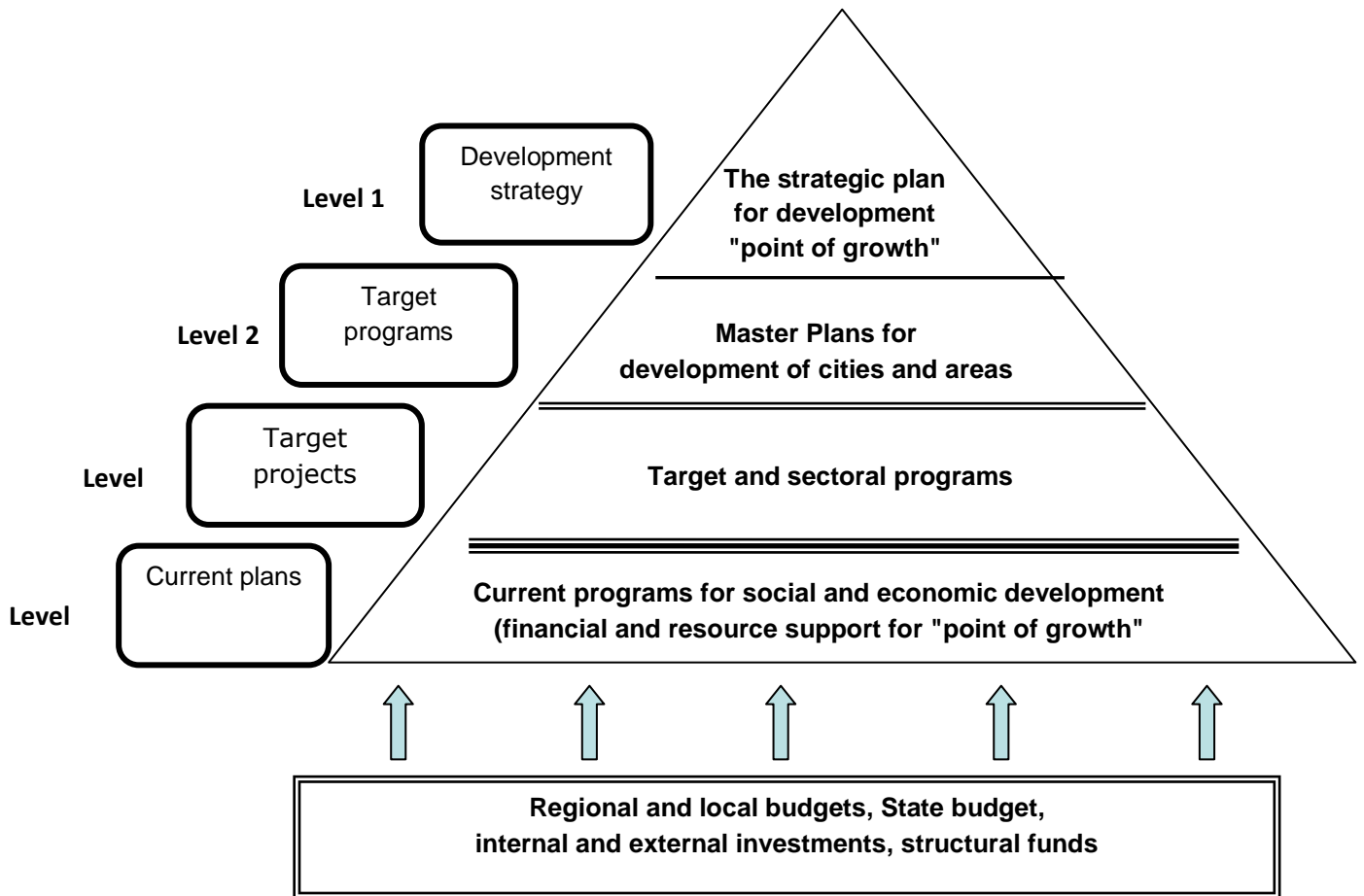


Figure no.1 The strategic plan for implementing the concept of "point of growth" in the relationship system for the main types of local development plans.

A feature of this model is the assumption that the fragmented environment with the division of powers inherent in the system of public administration already exists consensus on goals, strategies, programs and actions needed to ensure its sustainable development. But in practice, this assumption is rarely acknowledged.

The second alternative is a political model of strategic planning. It should begin with a review of issues related to the definition of "point of growth", including goals, methods, timing, location, political benefits, etc.. In realization of attempts to settle controversial issues there are options appear for strategies and programs which are inherently politically rational, acceptable with the consent of all involved groups of influence. Such various strategies and programs, even if they do not mean a full consensus, at least would testify to certain level of agreement between them.

Identification and harmonization of matters which are strategic for local development, underlying the strategic planning process, is the subject of political consensus, with the objective of identifying and solving within the strategy. Considering

that practically all decisions on local development always adopt with a political way it can be argued that such planning is preferred.

In this case, increased public attention allows to get as a result an optimal solution on the principles of combination of pragmatic and political components (content and process).

The stages of strategic planning.

Usually as the basis for any strategic planning process serves so-called cycle of strategic changes. This is a repeating and dynamic process that causes quite orderly, transparent and effective approach to achieving the strategic goal, Figure 2.

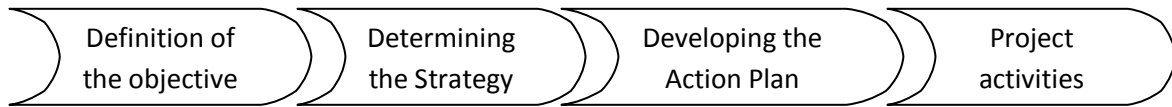


Figure 2. The rational model of strategic planning.

Generally following stages of the strategic planning of local development based on the concept of "Pole of growth" can be identified, Table 1.

Table no.1 Stages of the strategic planning based on the concept of "Pole of growth»

	Stage	Contents of stage.
1	Initiation of strategic planning process	Political decision to develop a strategic plan and determine its format in accordance with the objectives, available resources and specific features of the social environment
2	Stakeholders involvement	Identification and involvement of all parties interested in the implementation of the strategic planning process, who can support the process and provide the implementation decisions taken
3	Evaluation of the current state of the environment	Body of public management evaluates its internal strengths and weaknesses and the external environment with a view of potential opportunities and threats (SWOT-analysis methodology)
4	Determination of strategic direction and main objective	Formulation of values, vision and mission. Must be wide but clearly defined, which reflects the goal of public administration body existence
5	Defining the problems	On the basis of evaluation of environment transition to identification of problems that need to be addressed
6	Setting priorities	Setting priorities and determine the most important and most urgent issues
7	Developing goals, tasks, performance indicators	Setting goals and interim steps (which are quantifiable). Finally performance indicators are developed that allow to establish an important link between objectives, actions and tasks set out in the strategic plan as well as program and activities funded from the budget
8	Working out strategies to achieve the objectives	Developing the Action Plan, which describes the adopted strategy and activities for its implementation, related costs, responsibilities, priorities and timeframes within which public administration body reaches strategic goals
9	Approval of Strategic Plan	Persons who take political decisions should formally approve the strategic plan to ensure further policy and budgetary decisions are

		taken in the context of the plan
10	Implementation of Strategic Plan	The strategic plan should be the basis on which current budget, the development budget and other activities related to financial planning are elaborated and carried out by the authorities of public administration
11	Monitoring of the achievement of strategic objectives	During strategic planning, assessment serves as feedback. It completes the cycle from planning to implementation

CONCLUSIONS

Proposal for laying the basis for strategic planning of local development concept of "point of growth" implies a combination of functional and situational principles, presentation of objects and subjects of administration as the whole organizational structure. This approach allows considering the possibility of changes in the conditions of management system, ensuring its flexible response to changing external environment by switching to alternatives. Meanwhile, the use of political model in the development of strategy, allows optimizing budget and resource support for "point of growth" and its compliance with the expectations of local people.

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