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CHANGING PRIORITIES IN STRATEGIC MANAGEMENT OF REGIONAL DEVELOPMENT**Halushka Z.***Doctor of Economics, Professor**ORCID: 0000-0003-0597-5221***Yevchuk K.-I.***PhD student**ORCID: 0000-0001-9446-5674**Yuriy Fedkovich National University of Chernivtsi*

Abstract. *The article identifies the necessity, essence and methodology of developing socio-economic priorities in regional development strategies. Studied the experience of applying strategic approaches to regional development management in European countries and, in particular, in Ukraine. Substantiated the reasons for changing priorities in the development of new strategies for socio-economic development. Proposed the principles followed in setting priorities in regional strategies. Based on the alternative analysis, an algorithm for determining priorities in the strategic development of regions, focused on achieving global goals and specific conditions for their implementation in each region. The main conditions to be met by the general logic of determining and changing the priorities of regional development, which include: limited number of regional development priorities, their focus on achieving global goals in the region; adequacy of priorities in the conditions of the region's development; specificity and achievability of goals; focus on achieving competitive advantages; innovative solutions; stimulating those industries that can ensure long-term economic growth and increase the competitiveness of regions. The study uses a comparative analysis of approaches to determining the priorities of strategic development of separate regions of Ukraine. The conclusions are based on the necessity to use a strategic analysis of the strengths and weaknesses of the functioning of individual regions, as well as to identify opportunities and threats that exist in their external environment.*

Key words: *regional development, strategic management, strategic priorities, goals of regional development, efficiency of strategic management.*

Introduction. Strategic approaches to regional development management were formed in European countries in the late XX century (each country was considered as a separate region), and at the beginning of the XXI century, these approaches have formed an important methodological basis for managing regional development in most post-socialist countries.

The reasons for the transition of European countries to strategic management in local government are explained by new patterns and specific features of economic processes, in particular: «... growing uncertainty about future development, significant changes in the structure of demand for services and products; the growing demands on the quality of services and the need to refocus on the use of total quality management systems, partnership or competition to better meet the requirements of key customers; the need to coordinate plans for different areas and areas of activity; great difficulties in obtaining the necessary resources "(Regarding the improvement of regional development priorities in the process of modernization of medium-term strategies of economic and social development of the regions of Ukraine). At the same time, each country has its own specific conditions and urgent tasks for successful development.



The basis of strategic management is to determine the priorities of socio-economic development. In Ukraine in 2006 (according to the Law "On Stimulating the Development of Regions" of 08.09.2005 №2850-IV) was developed the State Strategy for Regional Development for the period up to 2015, in which the main priorities are the need to increase the competitiveness of regions; restructuring the economic base of the regions based on new technologies; improving the efficiency of human resources use; ensuring high standards of education; intensification of cooperation in the field of education and science; ensuring full employment of the working population; expansion of interregional economic cooperation (State strategy of regional development for the period up to 2015). Based on this Strategy, according to the methodology and programs of international grants, strategic plans for socio-economic development of regions, cities, districts of Ukraine were developed, which identified these priorities as dominant.

Approaches to strategic management of regional development are laid down in the works of famous scientists who introduced the theory of strategic management of corporations (I. Ansoff, J. Bober, R. Miles M. Porter, A. J. Strickland, A. Thompson, J. Freeman, P. Friesen, M. Hann and others). Their methodology and methodology is still used to carry out strategic analysis of the external and internal environment, identify strategic alternatives, compare them and ensure the choice of priorities in strategic planning. Based on these approaches, since the 2000s, a number of documents aimed at ensuring the balanced development of the regions have been developed and to some extent implemented in Ukraine. Their scientific substantiation represented in the works of the following scientists: L. Antonyuk, O. Humenna, A. Poruchnyk, S. Taruta, G. Kharlamova, N. Chala, E. Gorokhovets, J. Zhalilo, S. Kovalivska, A. Maksyuta, V. Nikolaev and others. [1; 2; 9; 11]. The experience of applying these approaches shows that in different periods there was a need to change strategic priorities in the management of regional development. While the first models of European regional investment used resources for large-scale infrastructure projects, such as transport networks and utilities, since the 1990s there has been an urgent need to address the environmental consequences of economic growth, and more attention has been paid to development. Social-economic problems, and already based on involvement of local communities in this process.

The substantiation of strategic priorities has changed in line with the new conditions of development. Thus, in the framework of the so-called Lisbon Strategy in 2000, European countries agreed that the highest priority of EU policy should be economic growth and job creation. Since 2005, a new priority has emerged in regional strategic management - the focus on improving competitiveness. It is associated with increasing the level of innovation and improving the productive employment opportunities of Europeans. Regional policy is no longer seen as a mechanism to help regions achieve EU averages. The Regions for Economic Change initiative (RfEC), launched by the European Commission in 2006, focused on the latest strategic ideas to be integrated into regional strategic programs. It is clear that the implementation of these strategies should be provided with financial opportunities and involves the presence of strong administrations (institutions), the development of mechanisms for effective management of development programs - a reliable



administrative system, transparent legal framework, civil servants use modern management approaches.

In the "Europe 2020" strategy, as the main priorities were defined the achievement of the following tasks: "the employment rate of the population aged 20-64 should be 75%; investment in research and development should account for 3% of EU GDP; reduction of carbon dioxide emissions up to 30%; the share of people who left school early should not exceed 10%, at least 40% of young people should have higher education; reducing by 20 million the number of people at risk of living below the poverty line. At the heart of this strategy is man." (Bryson J. M., Alston F. K.).

Since 2015, the Global Sustainable Development Goals have become a guideline for the development of regional strategies for socio-economic development. In particular, Ukraine is currently implementing the "Strategy for Sustainable Development of Ukraine until 2030", the priorities of which are the solution of 17 global goals. At the same time, the mechanisms and tools for implementing the set goals of strategic regional development in Ukraine are not clearly defined; there is a need in adapted strategies with a set of appropriate measures specific to each region.

Main text (*may consist of several subsections standard for scientific articles*).

In terms of developing regional development strategies, the formulation of the priority involves answering the question "why is it necessary to meet this priority, what goal will be achieved and what effect will achieve this goal in the long run?". In strategic management, priorities should be understood as "... tasks, the solution of which is extremely important for the implementation of the strategy; as a way, mechanism, path or option that provides unique solutions to the problem; as a sector, industry or type of activity that plays an exceptional role in the socio-economic development of the country" (Ostrovsky I.A., Stadnyk G.V.).

Priorities in the strategies of socio-economic development of the regions are one of the fundamental components of the mechanism of strategy development, which includes substantiation of the strategic platform, development and coordination of plans, determination of framework conditions for their implementation (Fig. 1).

As we see from Fig. 1, strategy formation and development of the region's socio-economic development plan begins with the development of a strategic platform containing a thorough SWOT analysis, definition of competitive advantages, mission, goals and development concept (vision), where understanding the priorities allows to balance the requirements for short- and long-term results. Priorities must set specific and achievable goals. The goals should be based on current and future competitive advantages, based on the analysis of regional potential for innovation of its development (Global Environment Facility).

Using the classical methodological principles of strategic management, each country has formed its own approaches to determining the priorities of socio-economic development (Table 1).

On steps of the implementation of strategies of socio-economic development revealed certain shortcomings that must be taken into account when developing the following strategies. Thus, the experience of formulating priorities in regional development strategies in Ukraine shows the existence of errors that led to the need to change these priorities. The key shortcoming of the vast majority of Strategies is



the lack of specificity: stereotyped and defocused strategic goals, blurred wording of operational goals and objectives, lack or insufficient elaboration of performance indicators and performance monitoring plan, lack of assessment of several development scenarios and necessary resources to implement strategies. development of the region between the regional administration, business and the public.

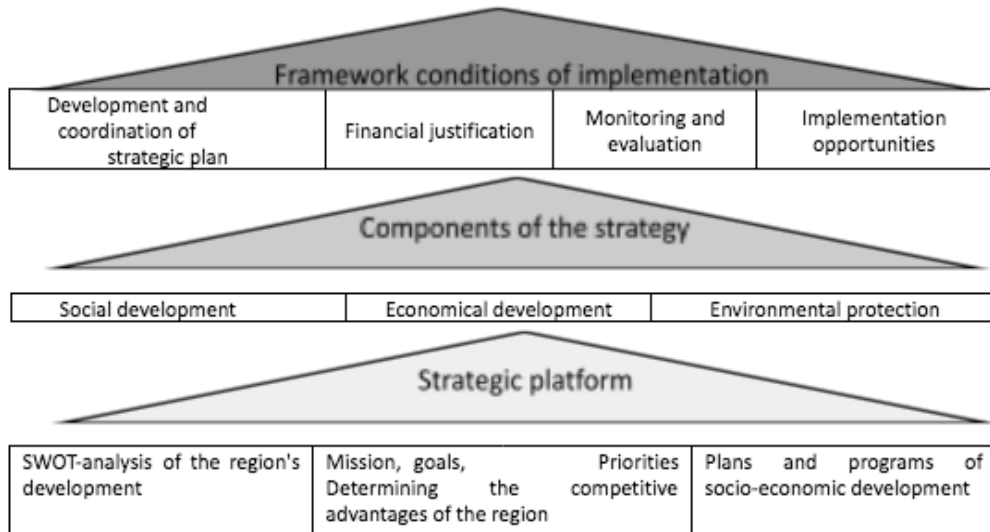


Fig. 1. The place of priorities in the development strategy of the region

Table 1. Features of regional policy of different countries, presented in the Regional Development Strategies in force in 2020

Country	Priorities of strategic development of regions
Germany	The priority of the national economic policy is to support structurally weak regions in the economic development of the country. But the main responsibility for regional policy lies on lands and districts.
France	The government sets regional policy priorities, and regional prefects prepare draft contracts that are agreed between the regions and the state.
Poland	Priorities and goals formed on their basis should show national interests and form the national, public and cultural consciousness of citizens; to promote the growth of economic activity; to ensure an increase in the level of competitiveness of territories and innovative development of voivodship farms; to promote the preservation of the values of the cultural and natural environment, taking into account the needs of future generations; to support spatial development in accordance with the Law on Voivodship Self-Government.
Kazakhstan	Formation of cities and regions - leaders of the national and Central Asian levels - growth poles integrated with regional and world markets, through the priority development of leading cities and reference cities, promising industrial and innovative regions that generate the development of new clusters.
Ukraine	Orientation of regional development strategies to increase the level of competitiveness of regions, ensure territorial socio-economic integration and spatial development, increase the efficiency of public administration in the field of regional development.

As for the strategies developed for individual regions, special studies (Galushka Z.I., Sobolev V.O.) show that the choice of priorities of individual strategies was justified not by logic but by subjective factors. The main problems and shortcomings



in the mechanisms of regional development strategies were as follows: descriptive unreasonable nature, uncertainty of mechanisms for ensuring priorities and achieving goals, inability to predict accurate figures of industry development at the end of the Strategy, lack of funding for draft strategy and implementation of its priorities (Resolution of the Cabinet of Ministers of Ukraine, p. . 5-20).

There were regarded many problems with the organizational mechanisms for implementing regional development strategies. Experience studies show the following shortcomings: insufficient public involvement in setting priorities; too wide range of priorities; predominance of political interests in setting priorities (The doctrine of balanced development).

The biggest mistake of the previous period was that the regions selected projects to finance funds aimed at the development of funds, rather than creating new jobs and increasing budget revenues. "Of the almost 1,500 projects funded by the Ministry of Regional Development and implemented in previous years, 82% were not aimed at fulfilling the tasks of regional development strategies and increasing the competitiveness of regional economies. 35% of projects were not envisaged at all by the relevant action plans for the implementation of regional strategies. The area of influence of 63% of projects did not exceed the size of one community "(The doctrine of balanced development).

There were also methodological errors. Regional development strategies did not provide a unified approach to defining the very concept of priorities and revealed their inconsistency with the strategic dimension of regional development. Priorities were often replaced by short-term development goals for a region or industry. In fact, the priority identified in the regional strategy should contribute to the long-term development goals of the region and combine sectoral, spatial and managerial aspects, providing a comprehensive mechanism for influencing regional development.

The priority is to solve an important problem. An example from the experience of EU countries in the field of regional development can be the implementation of the priority of environmental protection through its concretization in the development of secure energy, transport network, improving the quality of life, the formation of the knowledge economy. These priorities are formulated taking into account local peculiarities and are aimed at solving specific tasks of regional development. Priorities should take into account the place of the region and the regional economy in the national division of labor, the need to use mechanisms of interregional and cross-border cooperation, the availability of sources of resources for their implementation.

The Europe 2020 strategy, which is currently being implemented, declares three main priorities: smart development (based on knowledge and innovation); sustainable development (more efficient use of resources, environmental protection); development that promotes social and territorial cohesion. Priorities include their concretization in the development of key initiatives to improve research funding, increase the efficiency of education systems, lifelong learning, modernize labor markets, ensure social and territorial cohesion, support the poor, modernize the transport sector and increase energy efficiency. use of renewable energy sources,



improvement of the business environment, etc. The budget of the Strategy is 336 billion euros. The financial instrument for its implementation is the "Cohesion Policy for 2014-2020. Investments in European regions "(Bryson J. M., Alston F. K.).

The goal of the 2030 Strategy is to ensure the high level and quality of life of the population of Ukraine, create favorable conditions for current and future generations and stop the degradation of natural ecosystems by introducing a new model of economic growth based on sustainable development. Achieving this goal is in line with the worldview values and cultural traditions of the Ukrainian people and Ukraine's international obligations"(Strategic priorities of economic development of the region. Monograph).

If we try to unify the approaches to setting priorities in regional strategies, it is necessary to ensure compliance with the following principles: a combination of sectoral, spatial and managerial approaches to the formation of priorities; active participation of local authorities in the formation and implementation of priorities; ranking the problems of regional development in the distribution of priorities according to their importance; structuring the system of priorities and maintaining a balance between the problem and the significance of the priority; setting priorities through standardization / unification of approaches to the preparation of regional policy documents with EU documents (including creative use of the experience of EU countries in the development of strategic documents for regional development).

Summary and conclusions.

However, most strategies were characterized by insufficient specification and coherence of identified priorities. During the implementation of these strategies, certain problems emerged, initially also related to the economic crisis of 2008-2009. This has led to the need to reorient strategies to more efficient use of existing regional and economic potential in the regions and to improve interregional and international relations, as well as the formation of stable business relations between central and regional authorities. This approach required the use of more modern, proven by the world practice of regional development, organizational and institutional mechanisms for implementing regional strategies, changing priorities, finding new sources of funding for the implementation of regional strategies. The methodology and methodology of their use was proposed by European development programs (Mamonova V.).

Therefore, the general logic of determining and changing the priorities of regional development must meet the following main conditions:

- the choice of a limited number of regional development priorities;
- the focus of priorities is determined by the ability to achieve global goals in the region - to include economic, social, environmental aspects;
- priorities must define specific and achievable goals;
- goals should be based on current and future competitive advantages and a thorough analysis of the economic and managerial potential of the region;
- the priorities of regional development should be based on the innovative model of this development, stimulating those industries that can ensure long-term economic growth at the local level, address pressing issues of increasing the competitiveness of regions.



Thus, the priorities show the direction of development of the region. They should be justified based on the analysis of available resources and specific conditions of functioning of each region (identification of their strengths and weaknesses, as well as opportunities and threats that exist in the political, economic, social environment). Ways and mechanisms of implementation of strategies of social and economic development of regions should be adequate to the chosen priorities.

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