



# Theoretical and Methodological Foundations of the Management by Objectives for the Regional Socio-economic Systems Development

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## ABSTRACT

The article provides an overview of the fundamental bases of program-oriented management of social and economic systems of the regional economy, determining the concept of program-oriented management of social and economic development as well as structural elements are highlighted and complemented by the authors' principles and laws of the target programming demarcated concept of management by objectives and program-oriented planning. The factors constraining the development and application of software and technologies for the management of regional economy's targeted socio-economic targets. In research the principles of justification of efficiency of realization of a program goals management of development of social and economic systems are specified and added: The resource, assuming accounting of branch and territorial structure of resources, and also compliance of the purposes and resources as the defining line of system of a program goals management.

**Keywords:** Program Goals Management, Program and Target Planning, Social Economic Systems, Regional Government

**JEL Classifications:** L51, O18, R58

## 1. INTRODUCTION

In the context of rapid scientific and technological progress and the development of economic globalization, success depends largely on the dynamism, flexibility, the ability to adapt quickly to changing conditions. That is why the specificity of the process of restructuring of the economy based on high technology was the cause of the displacement of the "center of gravity" in the economic growth in the regions. The rapid growth of the Russian economy is only possible based on the strategy of the regional socio-economic systems' innovative development. The leading role of the regions in the economic system for sustainable development is realized through the functions of the reproduction quality resources means construction and infrastructure development.

Meeting the challenges of territorial development requires the improving the realization mechanism for regional economic policy. The effectiveness of regional management of socio-

economic systems is higher if it fully takes into account the actual regional interests, and the clearly established mechanisms of their implementation. In terms of content, management of regional development - the process of reconciliation and the intensification of economic reproductive cycles, social and environmental development in the area. This task requires the cooperation of the three basic types of management - corporate (business), territorial (regional and municipal) and software (Shichiyakh et al., 2013).

Positive dynamics in the economic development of the country and its regions is achieved through the implementation of program-oriented regulation and support principle. Software-target approach is designed to ensure target orientation of resource potential, the achievement of social, commercial and budgetary efficiency, the use of the address on the impact of certain economic sub complexes. The non-contradictory concepts of market transformation program-target methods help to increase employment and stimulate production. In this context, it is urgent

problem of improving the program-oriented management of the region's economic system.

## 2. RESEARCH METHODOLOGY

Program-oriented management is not widespread in the late XX century for the following reasons:

- The efficiency aspect wrongly associated with market mechanisms, instead of government regulation;
- Identified state control of the economy from the Soviet system of sectorial management policy;
- The effect of the implementation of federal and regional programs, as a rule, is not only to make a profit, which does not satisfy the criterion of business efficiency;
- State allocations for program activities are insignificant;
- Managing the implementation of program activities did not consider the program guidelines, which often leads to a lack of positive results (Shichiyakh and Putilina, 2012).

However, program-goals management has significant advantages:

- Indicative programs, the timing of which are directly dependent on them providing the necessary material and financial resources;
- The systemic nature of the main goals and objectives of the program to complex integrated (cross-sectorial) issues of industry development;
- Ensuring the unity and methodological approaches to the solution to the industry's problems;
- The ability to focus limited material and financial resources on solving the fundamental issues (conducting structural policies, the implementation of investment projects in priority areas, the development of science-intensive industries, promoting employment, and others);
- The emergence of a multiplier effect in the targeted use of limited budgetary resources through additional extra budgetary resources;
- The possibility of combining in the course of public administration at all levels of program-target method territorial hierarchy with the methods of the regional forecasting and indicative planning;
- Ensuring public control in the goals and objectives formation of software development and use of financial resources (expertise and the implementation of various commissions, etc.) (Shichiyakh and Putilina, 2012).

Also evident are the economic advantages of software-oriented management, the concentration of limited resources on the most important strategic directions; a clear target orientation; targeted use of resources and an sources indication; activities complexity; avoid programs duplication, while ensuring their relationships and so on.

A variety of conceptual provisions on the management of geographically localized systems, regional business unit and its sub-sectors, using a target-oriented approach, highlights the complexity of this problem (Osadchy and Akhmetshin, 2015). An analysis of scientific monographs and journalistic literature, fundamental and applied research on this topic

suggests a significant degree of development of theoretical and methodological foundations of Management by Objectives meso-level economic environment. The essence of the program-target method is to select the priority objectives of economic, social, scientific and technological development, the development of interrelated actions to achieve them within the given timeframe with maximum efficiency while ensuring the required level of resources (Pchelintsev, 2004).

Fundamental problems of program-oriented management of the economy are reflected in the works of T. Babashkina, L.P. Vladimirova, V.I. Kushlina, B.A. Raizberg, V.S. Rappoport, I.G. Ushacheva etc. (Babashkin, 2005; Vladimirova, 2006; Kushlina, 2006; Rayzberg et al., 2006; Rapoport and Rapoport, 2008; Ushachev, 1999).

Many scientists consider the program-targeted management as a way of forming a system of planning decisions macroeconomic problems through targeted programs, as well as a way to concrete implementation of a comprehensive program in a specific field of application (Babashkin, 2005; Osadchy and Akhmetshin, 2015; Vladimirova, 2006).

M.Y. Krivosheyeva (Krivosheyeva, 2003) describes the program-target method as a selection of basic goals and objectives of economic, social, environmental, cultural and spatial development, the development of activities connected to implement them in a timely manner.

V.S. Rapoport, L.V. Rodionova (Rapoport and Rodionova, 2008) and I.G. Ushachev (Ushachev, 1999) consider the program-target method of management as an organizational form, the use of which is necessary to perform the work (programs), and assumes a definite type of matrix management structure. What is important is they made emphasis on the need to use a dedicated institutional mechanism for implementing the programs.

O.S. Pchelintsev (Pchelintsev, 2004), considering targeted programming, divides program-targeted management and program-oriented planning. In program planning, in contrast to the control, it is about the allocation of resources, focused not on the current structure of the economy, and directly on the structure of social needs. On territorial administration rests mainly current activities of the regions, and on the software - the problem of regional development. No other organs (branch, functional), and no other control mechanisms are suitable for the purpose it is because they do not exists a rigid focus on the result. Figuratively speaking, "the program without software control - is a shell without a gun. It can carry from place to place, it can even be blown up, but they cannot hit the target."

Methods of program-oriented management can determine the optimal set of strategic objectives, taking into account factors external and internal environment, to identify the effectiveness of targeted programs, technologies and facilities, as well as to focus on the strategic objectives of all available resources, to organize effective monitoring, management and motivation of all stakeholders.

According to B.A. Rayzberg and A.G. Lobko (Rayzberg and Lobko, 2002), program-targeted management in the broadest sense, is seen as a way to solve large and complex problems through the development and implementation of policy measures aimed at goals that provides a solution to the problems.

### 3. RESULTS AND DISCUSSIONS

The purpose of the study is to develop a theoretical understanding of the process-oriented management software regional economy and on this basis to develop practical recommendations for improving the methodological tools of development and implementation of regional programs of development of the industry.

An analysis of the attitudes and opinions of various authors, investigating the essence and nature of the program-oriented management, we determined term program-oriented management of social and economic development and it makes the following structural elements (Shichiyakh and Putilina, 2012; Bjarne, 2007):

- The establishment of development goals;
- Development of actions aimed at achieving the objectives;
- Ensure that the objectives and activities;
- The motivation of the agents of economic activity;
- Monitoring the implementation and resource support of policies.

Program-target method, developed in the 60s by Soviet and American scientists, is realized in the following main categories: Problem - purpose - goal-achieving complexes with the resource allocation system a system of measures. With program-target method is in the form of plans for the program, which is a set of tasks and activities, united by one goal and confined to certain terms.

Target program is a document containing a set of socio-economic and other tasks and activities aimed at solving specific problems (Lomidze, 2009) and linked by resources, performers and timing of implementation. The most common programs are an integral part of the forecast or plan on priority issues of economic development (providing the population with the most important types of products, the development of individual modes of transport, industrial production, etc.). Sometimes programs have an independent value, such as when you need to solve particularly important national tasks (providing energy savings, improvement of the economic structure, improving product competitiveness, etc.). In our view, the difference between the program and the plan is that it is usually formulated in terms that reflect the direction of the achievement of program objectives by providing a specific "field of activity" for the performers, and includes plans for blocks (Shichiyakh and Putilina, 2012; Cattani et al., 2011).

According to I.M. Vereshchagin (Vereshchagina, 1974), the definition of the program is one in which it is treated as part of the plan, agreed on the timing, results and resource maintenance of the complex actions of the performers to achieve the objectives.

However, in our opinion, the most accurate definition of the program, taking into account the factors of the market economy

and modern features of development of agrarian relations, is formulated by V.V. Kuznetsov and V.V. Garkavy (Kuznetsov et al., 2006). The economy subject's development program (often social and economic), in their opinion - is a specially developed document suggesting a series of measures for the concentration of forces and resources, their rational use, rigid alignment of the necessary actions to achieve a particular result in a certain time frame.

According to V.I. Kushlin (Kushlin, 2006), targeted programming is at the core of strategic management and market economy performs the following functions: Detection of nodal points (priority) socio-economic development that address large strategic objectives; concentration of forces and resources on a limited number of strategic objectives; mutual coordination programs between themselves and with other sectors of the economy. The new tools of state regulation of social and economic development are national projects (Serov, 2005), concentrating resources on priority social issues.

Application Technologies program-oriented management should be based on modern methodological basis, meeting the requirements of the new trends in management.

Laws of program-oriented management of socio-economic systems that define a set of the most important links and relations systems to ensure stable trend or direction in its various transformations, including contacts with the external environment revealed by P.I. Kanonenko (Kanonenko, 2003). We present them in the block diagram form (Figure 1).

Characteristic features of management by objectives:

- Can be developed only on the condition that the basis of the system will be based on some recurring and interacting quantitative and qualitative parameters characterizing the state of internal and external environment;
- Provides a global goal if there is an optimum relationship of the whole system of local purposes;
- Based on an integrated approach that allows us to solve the problem with all of its aspects: Economic, social, psychological, organizational, etc.;
- Is sure to use the criteria of the theory of a systematic approach in the development and operation of the program-oriented controls that allow you to abstract from particulars and to consider any effects and all their set with the same position;
- Has the characteristics of the target and program management, justifies new approaches to ensure their combination;
- It describes the maintenance of the optimum ratio of simple and management by objectives;
- Must have the organizational and functional unity. You must have all the elements that objectively required for the purposes and objectives of the program-oriented management. The functional integrity involves the implementation of all functions to achieve the objectives of the system. unity of management by objectives means that it is something whole, not the sum of parts, fragments, blocks;
- It has stable relationships and dependencies between quality and solving problems in the use of information existing in the operation of program-oriented management;

- Records that the result of the planned action depends on whether it meets its objectives, which is reflected in the performance criteria. This law requires unity and subordination used performance criteria, and these local criteria (criteria for evaluating private events) should follow from the criteria used at higher levels.

The principles of creation of system of a program goals management (them also call rules of improvement of system of a program goals management) are presented in Figure 2 (Kanonenko, 2003).

The principle of multi-functionality is the mandatory use of the design and operation of the program-oriented management of flexible multi-function approaches.

The principle of target-oriented technical, economic and social values reflects the requirements of the use of modern methods of feasibility justification, taking into account the system of economic and social values.

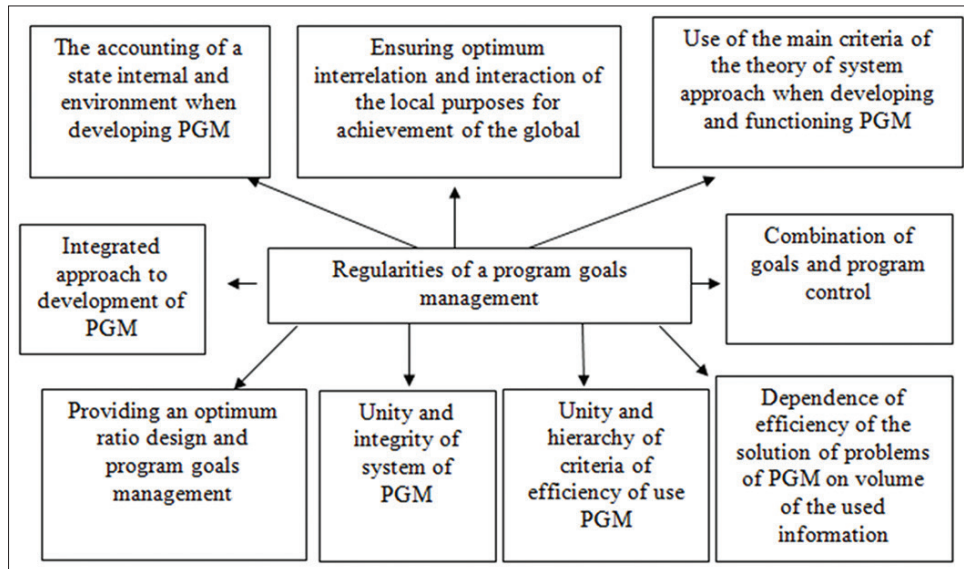
The principle of collegiality indicates the need for the presence in the decision on the development and functioning of the program-oriented management of a wide stakeholders group.

The principle of the scientific target validity of the strategic points to the widespread use of scientific approaches to the justification of the strategy of the entire system and software management by objectives.

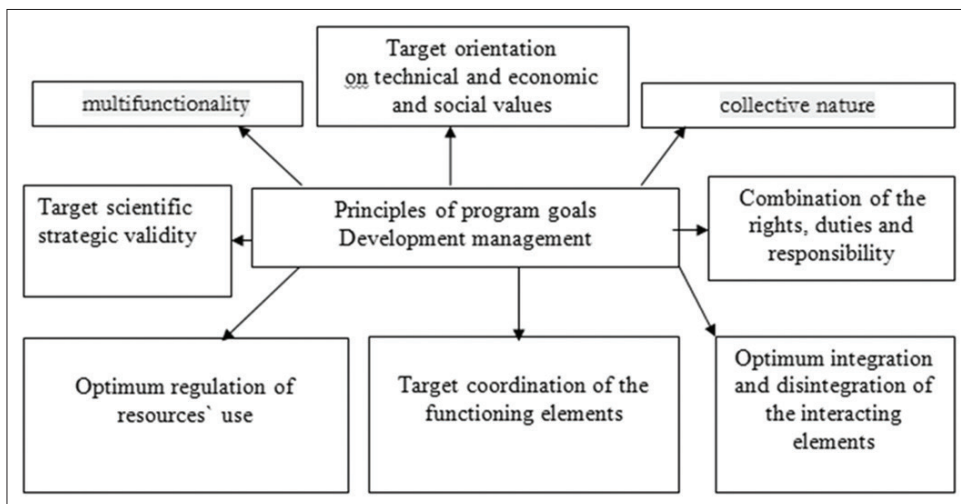
The principle of rights combination, duties and responsibilities reflects the need to ensure an optimum combination of the rights, duties and responsibilities in the development and operation of the program-oriented management (Shichiyakh and Putilina, 2011).

The principle of optimal integration and disintegration of interacting elements indicates the importance of the optimization of these processes in the design and operation of the program-oriented management. Meaning the union and separation of operating elements of the target program management system.

**Figure 1:** Regularities of a program goals management



**Figure 2:** Principles of development of a program goals management



The principle of the target operating elements ensure coordination of their relationship and interaction.

The principle of optimal regulation of resource use provides effective strategic development of the industry.

Based on the analyzing the works (Kushlin, 2006; Vladimirova, 2006), we propose a set of principles to complement the implementation of program-oriented management of the following items (Shichiyakh and Putilina, 2012).

- Target principle highlights the country's development priorities as initial elements;
- Resource accounting principle points to the sectorial and territorial structure of resources, and for compliance with the purposes and resources as a defining feature of integrated management system (Vasilev et al., 2013);
- The principle of variance expressed as subject to the limitations and interchangeability of resources, which calls for the development and analysis of alternatives;
- The principle of certainty requires the incomplete account of the possibilities of achieving the objectives at each development stage;
- The principle of phased implementation program involves mutual coordination of long-term, medium-term and short-term goals;
- The principle of succession planning involves consideration of the initial state and the development of socio-economic system, technological progress and other factors affecting the determination of the ways to achieve goals.

#### 4. CONCLUSION

Summing up, it should be noted that in the present conditions, the program-purpose management serves as a tool for ensuring the coordinated development of the territory. However, in the new paradigm of development, globalization of the economy there must be a comprehensive approach to solving problems of social and economic functioning of the systems in the region through the application of program-oriented management requires improvement of methodological approaches to the development of targeted programs, mechanisms for their implementation and evaluation of its effectiveness.

The effectiveness of the programming can be improved by expanding the set of principles for its implementation (resources, multi-variant, incomplete certainty, continuity). Methodical scheme of the process of developing the regional program should include elements of balance, comprehensiveness, continuity and systematic problem solving territorial development.

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