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## PROJECT MANAGEMENT AS A TOOL OF STRATEGIC PLANNING OF REGIONS DEVELOPMENT

### ПРОЕКТНИЙ МЕНЕДЖМЕНТ ЯК ІНСТРУМЕНТ СТРАТЕГІЧНОГО ПЛАНУВАННЯ РОЗВИТКУ РЕГІОНІВ

#### ANNOTATION

The essence and the role of project management as a tool of strategic planning of regions development is considered in the article. The necessary conditions for working out the strategy of regional development are researched. The tools of realisation of state strategy of regional development are determined. The current state of elaboration and realisation of target programs of social and economic development of Ukraine's regions is analysed. Problems which arise in the course of introduction of project management in the sphere of regional development are considered. It is offered to use the unified methodology of project management for the purpose of system integration and increase of strategic planning efficiency of regions development.

**Keywords:** project, project management, strategic planning, region, strategy of regional development, target program.

#### АНОТАЦІЯ

У статті розглянуто сутність та роль проектного менеджменту як інструменту стратегічного планування розвитку регіонів. Досліджено необхідні умови щодо розробки стратегії регіонального розвитку. Визначено інструменти реалізації державної стратегії регіонального розвитку. Проаналізовано сучасний стан розробки та реалізації цільових програм соціально-економічного розвитку регіонів України. Розглянуто проблеми, що виникають у процесі впровадження проектного менеджменту у сфері регіонального розвитку. Запропоновано використання єдиної методології проектного менеджменту для системної інтеграції та підвищення ефективності стратегічного планування розвитку регіонів.

**Ключові слова:** проект, проектний менеджмент, стратегічне планування, регіон, стратегія регіонального розвитку, цільова програма.

#### АННОТАЦИЯ

В статье рассмотрены сущность и роль проектного менеджмента как инструмента стратегического планирования развития регионов. Исследованы необходимые условия для разработки стратегии регионального развития. Определены инструменты реализации государственной стратегии регионального развития. Проанализировано современное состояние разработки и реализации целевых программ социально-экономического развития регионов Украины. Рассмотрены проблемы, которые возникают в процессе внедрения проектного менеджмента в сфере регионального развития. Предложено использование единой методологии проектного менеджмента с целью системной интеграции и повышения эффективности стратегического планирования развития регионов.

**Ключевые слова:** проект, проектный менеджмент, стратегическое планирование, регион, стратегия регионального развития, целевая программа.

**Problem statement.** The present stage of Ukrainian economy reforming demands provision of economic growth and steady social development of a society. In order to realise it a qualitatively new state regional policy is needed. The increase of competitiveness at the expense of production factor development and improvement of indicators of regions social development as the basis of functioning of a market economy state is the major purpose of modern regional policy of the state. Provision of domestic economy competitiveness as a whole is possible only due to the task-oriented actions which will help to balance the development of regional business by creation of attractive conditions for its functioning.

Regional development is a dynamic process, a change of internal social and economic structure of a region directed at its improvement and rationalisation. As a rule, it has the progressive support, characterised by progressive changes and as a result should lead to a region formation as a steady spatial system which rationally uses the internal potential and co-exists with its environment harmoniously.

Basically development is defined, planned and performed at a national level with the use of state investments, which, as a rule, are disposed by corresponding ministries and departments. However during the last twenty years many states have started to use more directed individual approach to each region in order to solve concrete regional problems, with an active cooperation of organisations and citizens of a region. Besides, many governments try to improve coordination of all state investments at a regional level to increase their productivity. Many countries realize now that the level of regions development can be very different and consequently pay more attention to the elimination of excessive disproportion.

Today, as never before, each region needs to develop its own strategy of development which would promote the increase of its competitiveness. Such strategy should be based on the new

approach to a management system of a region industrial policy.

**Analysis of recent researches and publications.** The researches testify that a lot of scientific works by S. Gazaryan, O. Kopitko, O. Kravnik, O. Markov, O. Medvedeva, V. Molokanova, V. Rach, O. Rossoshanskaya, G. Sukrusheva, O. Fedorchak, I. Chikarenko, J. Sharov and others are devoted to the problems of introduction of project management toolkit in regional development sphere in Ukraine.

**Defining unresolved parts of the general problem.** Research of theoretical and practical works on a project management problematic allows to assert that the regional aspect is almost always connected with the optimisation of regional projects structure. The complete, scientifically reasonable methodology, and also the system of methods and management tools of regional development projects are not suggested by the authors. There are only general approaches concerning the solution of these actual problems, and the system of methods and tools in each specific case gets out separately. It does not allow to use the potential of regional development projects with max efficiency and determines the necessity of scientific justification of regional projects management in modern conditions.

Thus, there is a number of problems caused by the absence of system integration between levels of strategic, program and design management of regional development in Ukraine that predetermines an urgency of scientific researches concerning the implementation of project management as a tool of strategic planning of regions development and demands the activation of theoretical and practical searches of a given problem solution.

**The aim of the article** is the theoretical justification and development of practical recommendations concerning the increase of efficiency of introduction and use of project management as a tool of strategic planning of regions development in Ukraine.

**The main part.** Today in our country almost all local authorities and local executive bodies take part in the development and subsequent implementation of strategy and target programs of social and economic development of regions and separate territories. It occurs with an active participation of a territorial community. However, the unified methodology and approaches concerning the administration are not used that negatively influences the efficiency and overall results [1].

According to the resolution of the Cabinet of Ministers of Ukraine dated on August 6, 2014 № 385 "About the statement of the State strategy of regional development for the period till 2020" [2] which determines the purpose of the state regional policy and the main tasks of central and local executive bodies and local authorities, and also the coordination of the state regional policy

with other components of the state policy which are connected with territorial development.

Regional development strategy determines the task and tools which should solve social problems, raise economic potential of regions, the efficiency of their economy, profitability of business and the level of population incomes, and is also directed at the creation of conditions for the development of business environment, the increase of social standards and quality of life. At the same time, to perform the given tasks it is necessary to specify and accurately launch the effective fiscal mechanism and the mechanism of redistribution of the GDP because there is a danger of the increase of disproportions between separate regions which have different levels of social and economic development.

Regional development strategy is based on the unified system which co-ordinates strategic planning processes at three levels: central, regional and local. This system of coordination provides [2]:

- synchronisation of processes of the state strategic planning of national economy industries and development separate of regions, considering their basic needs, and also the necessity to increase territories competitiveness. It especially concerns the central executive bodies the functions of which include the development of the long-term target programs directed at the development of national economy sectors and a society as a whole that has an essential influence on regions development. To achieve this purpose at the national level it is supposed to perform an obligatory estimation of strategy implementation and development programs of national economy industries' influence on the development of separate territories;

- the coordination of regional development strategy with the state strategy concerning tasks and measures directed at their performance that provides general activity of local and central executive bodies, and also local authorities;

- the coordination of territorial planning of state development in accordance with the General scheme of planning of territory of Ukraine, schemes of planning of separate administrative and territorial units, and also regional strategy of development;

- mutually agreed medium and short-term state programming of regional development and cities and regions development, based on the accepted strategic documents;

- the agreed realisation of the state strategy by accomplishing the plan of measures according to the concrete stages and action plans on realisation of regional development strategy.

The tools of realisation of regional development state strategy are [2]:

- the strategy implementation actions plan in which all the events provided for each region or groups of regions, taking into account their level of development, are directed at the solution of the problems which prevent the intensive social and economic development of regions, reduce the

disproportions in population and business access to the administrative and other services within the purposes specified by the strategy. The given actions plan, using certain indicators provides the opportunity to perform the estimation of the goal achievement, specified by the strategy, by monitoring and estimating the efficiency of events conducted at a regional and national levels;

- regional strategy of development which prepares regional state administrations with the assistance of regional and city councils, non-governmental organizations and confirms country councils. These strategies are developed for the term corresponding to the term of the state strategy realisation, and contain both private, and specified by the state strategy purposes;

- action plans on the accomplishment of regional strategy of development which prepare regional state administrations structured according to two periods of strategy implementation and action plan on its realisation;

- the agreements concerning regional development which are concluded according to the Law of Ukraine "About stimulation of regions development" between The Cabinet of Ministers of Ukraine and regional councils for the purpose of solution of regional and inter-regional problems of social and economic development that should assist to increase the level of horizontal and vertical coordination of actions of local and central executive bodies, local authorities during the realisation of events for intensive growth of economic activity centres and inclusion of territories with low potential of development (rural districts, small settlements);

- the government programs of overcoming territories depression which are provided according to the Law of Ukraine "About stimulation of regions development". For the coordination of these programs with regional development strategy and action plans on their realisation it is supposed to make changes to the legislation which will expand the list of indicators characterising depression, and will include the indicators estimating the level of social development of the population of a given territory;

- the government programs of development of cross-border cooperation which provide the consolidation of efforts directed at the development of Euroregions, the destruction of administrative and infrastructural obstacles for strengthening the border territories cooperation, general activity in the sphere of small-scale and medium-sized business, increase of particular regions competitiveness, development of their social and production infrastructures;

- the state target programs in particular spheres of social and economic development performed on the basis of the state strategy of regional development with direct involvement of local executive bodies and local authorities;

- the state target programs of certain territories development, performed taking into account

the features of their social, economic and ecological condition with direct involvement of local authorities and associations of territorial communities.

The above-mentioned tools of realisation of the state strategy of regional development should be used in interrelation in order the measures provided by them were not duplicated. It is also necessary to conduct an estimation of events productivity for the purpose of maximization of goal achievement of state and regional strategy of development.

The law of Ukraine "About the state forecasting and development of programs of economic and social development of Ukraine" establishes the legal, organizational and economic principles of creation of uniform system of program and forecasting documents of social and economic development of Ukraine, separate sectors of national economy and administrative and territorial units which are the components the of general system of state regulation of social and economic development [3]. According to this law the program of economic and social development of a region, an area, a city of Kiev for the short-term period should be developed annually and be agreed with the annual message of the President of Ukraine to the Verkhovna Rada of Ukraine about the internal and external affairs of Ukraine.

The components of programs of economic and social development of territories and regions are target programs which represent a complete set of tasks and the events agreed with all the involved contractors on terms and provision of the resources and are directed at the solution of priority problems of development of certain regions, economy sectors or a sociocultural sphere of regions. The realisation of these programs takes place at the expense of local budgets. The programs are developed according to the main principles of the state target programs formation which are specified in the Law of Ukraine "About the state target programs" [4].

As a result of the given research the real condition of target programs of social and economic development of certain regions development and realisation that are the evidence of inaccurate qualitative and quantitative results of the accomplishment of adequate measures, terms of realisation, contractors, volumes and financing sources, the realisation mechanism, and also coordination of these programs on concrete strategic directions in each specific case are insufficiently and precisely determined. These facts are the reasons of poor performance of many programs of economic and social development of Ukraine's regions.

The main problems which arise during the performance of the state target programs are the following:

- inconsistency between the received results and set goals (in official documents there are the programs which do not solve daily life problems of the program participants but only applied to the formal justification in official documents);

- absence of the well-tuned mechanisms of realisation of programs management results which were carried out in previous years (organizational problems which often arise in the course of programs realisation);

- opacity of decision making process, absence of mutual trust to decisions made by the participants of the program, absence of cross liability.

- It is also necessary to consider the fact that in the state target programs the main activity occurs outside the programs realisation, forces of nonparticipants of these programs, subjects of the programs and interested persons who are influenced by these programs (the institutes and infrastructural objects created within these programs) [1].

In modern conditions public administration is widely entered when carrying out the administrative reforms. The importance of successful realisation of government programs increases considerably. According to the concept of public administration, the object of the control is not the abidance of rules by civil servants, but the results of their activity. Thus it is necessary to provide the interrelation between the use of expansionary actions and the results of civil servants' activity.

For the purpose of improvement of the state target program quality, the level of satisfaction of persons concerned in business, the methodology of projects management is widely applied. The necessity for the use of this methodology is caused by the availability of such weak places as inefficient planning and poor preparation of programs, their discrepancy to the real needs of final consumers, insufficient consideration of factors which influence the stability of results and terms of programs viability. These and many other negative factors create the necessity for the improvement of the processes connected with the development and accomplishment of government programs. In spite of the fact that public sector has certain exclusive features in comparison with business sector, the modern methodology of a project-oriented management can also be applied to management of government programs that is confirmed by the long experience of foreign countries. In general, programs and projects can hardly be separated from each other [5].

The project in regional development sphere is understood as a complete complex of logically-structured interconnected measures and tasks which are time-ordered, and directed at the solution of the main problems of territorial communities or administrative and territorial units development, performed under the conditions of scarce material, financial and other resources in definite periods of time [5].

The program is a complete set of interconnected resources, contractors and terms of projects, the realisation of which demands the coordination and management of accomplishment for the achievement of an overall aim [5].

At the heart of any program there are several projects. The program is implemented as a series of interconnected projects. Strategy, in turn, is a number of interconnected programs. Thus, it is possible to draw a conclusion that modern methodology of a project-oriented management can be applied in both the development and the accomplishment of target programs, and strategy of regional and territorial development.

The major principles of a project-oriented management are:

- obligatory consideration of stakeholders interests (each purpose of a project or a program should be formulated in terms of advantages and benefits for a final consumer);

- importance of development cycles, accomplishment and estimation of project or program results (phases necessity of specification of importance criteria of certain advantages and benefits);

- importance of decision-making throughout all the life cycle of a project or a program (efficiency and productivity of all the stages of a project or a program depends on a quality level of decisions made).

Modern methodology of project management provides an opportunity to specify precisely qualitative and quantitative results of accomplishment of corresponding projects and programs, terms of their realisation, contractors, volumes and financing sources, realisation mechanism. It doesn't allow to exceed the costs of budgetary funds due to the systematization and structuration of project process. All the stages of a project are united in a uniform cycle so that the purposes of a project and a problem of its stability remain actual throughout the life cycle of a project. At the very beginning of a project cycle there should be public priorities, the main tasks of a program or a strategy according to which decisions are made that provides the conformity of results to certain strategic targets.

The peculiarity of a project-oriented management is the leading part of potential final consumers who take active part in decision-making. In the beginning of a project cycle the number of persons who involved in the project (stakeholders), and also admissible level of their participation in a project decision-making are determined. Attraction of stakeholders to a decision-making appreciably affects such indicators of a project (program), as productivity, objectivity, transparency, efficiency, responsibility of all the participants, susceptibility of actual needs of a territorial community or a society. At the same time, active participation of stakeholders in a project (program) cannot completely warrant the success and expectational result because there is a high probability of a conflict of interests because of which reaching a compromise will be time-consuming and labour-intensive, and it, in turn, demands an ability to work in a team and skills to co-ordinate general activity from managers of a project.

Project management in regional development needs to be considered as a process of institutionalization in a program-target format of intervention of local or public authorities in public life for the effective solution of problems, connected with regional development.

Project management provides that under the conditions of limited resources and time, the unique products or services which differ from existing analogues are developed and have never been produced before.

Institutionalization process consists of determination of a project structure, development of a strategy, creation of templates and formalisation of procedures connected with management, coordination and financing of project events, forming competences and gaining skills. The main characteristics of projects in regional development sphere are the following:

- existence of a public problem for decision of which it is necessary to draft a project;
- determination of participants, including basic target group and final consumers;
- purposefulness and systemacy;
- interrelation of a main goal, purposes, tasks, events, necessary resources and expectational results from project realisation;
- limitation of resources;
- scheduling of project execution, based on dependence between cost, quality and duration of project events;
- determination of potential risks and ways of their prevention;
- isolation and interrelation of process of a project product development and project management; feedback between purposes, tasks, events, results, project products and resources;
- creation of system of monitoring and estimation of project management process.

Justification of cost efficiency of a project which provides the excess of advantage of a project over the expenses connected with its realisation.

Application of a project-oriented management model in regional development sphere is caused by some negative problems of activity on creation and realisation of projects and programs which make impossible an effective utilisation of best ideas of social and economic development of regions. Among such negative aspects it is necessary to underline the following: inexpressive strategic borders of a project; the situation analysis is mostly superficial; it does not establish cause and effect relationships; availability of planning focused not on the purpose and results, but on events design; impossibility to check up the effect of project accomplishment; the special attention is given to financial resources; short-term vision; design documentation is inaccurate.

The given negative characteristics are also supported by a presence of typical errors which are assumed by program or project developers:

- the determined problems are grounded insufficiently;
- there is no accurate delimitation between a problem, the reasons and problem symptoms;
- there is no accurate determination and description of a project target group;
- it is not researched, whether there was a previous experience of a similar problem solution in other cities, regions or abroad;
- there is no forecast of problem solution consequences;
- project purpose is structured insufficiently;
- there is no logic communication between a problem, a purpose and program or project tasks (the problem description is given very often but the purpose and tasks are formulated in such way that it does not allow to solve the current problem, but concerns the other problem which is not considered in this program-target document);
- program or project purposes and tasks are defined improperly and it is impossible to measure and estimate insufficiently if their achievement is possible;
- purposes do not reflect the advantage got from a project realisation;
- there is no programs and projects monitoring and estimation, absence of estimation indicators;
- there is no analysis of possible threats and risks of failure of project implementation;
- the results of the project to be received after its accomplishment are described insufficiently and unclearly.

The project cycle management methodology provides an opportunity to specify accurately the purpose, tasks, results of the project, simultaneously minimising risks, and provides the following: conformity of local, regional, sectoral and national strategic priorities of European Union strategy; the profound analysis of problems which are solved by means of a project or a program; planning of a project activity focused on a main goal; formulation of the result which can be measured easily; constant attention to a project quality; concentration on a long effect of a project; standardization of a project documentation format.

**Conclusions.** Thus, as a result of the conducted research it is possible to draw a conclusion that the use of unified methodology of project management in regional development will provide the system integration, the increase of productivity and efficiency of strategic management of Ukraine's regions development. Improvement of informational and organizational provision of introduction of project methodology management in regional development can be the prospect of further research in the given direction.

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