

# Strategic Management of the Socio-Economic Development of Macro Systems of Public and Regional Levels

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## Abstract

The article is devoted to the study of the features of strategic management of socio-economic development of macro systems at the state and regional levels. The essence and structure of macro systems of state and regional levels are studied. It was found that a macro system consists of microsystems, which are its elements and in turn are characterized by complexity, diversity and different functionality. It is established that the allocation of macro system boundaries depends on certain conditions, circumstances and goals, and the process of establishing them is determined by a number of features, which distinguish geographical, regional, economic, political and market boundaries. The main conditions and factors influencing the process of forming and choosing a strategy for socio-economic development of the macro system are identified, among which are: spatial and temporal boundaries, form of government, characteristics of a particular object, subject and object of management, the level of various resources. It is proved that the main feature of strategic management of macro systems is that it is based on forecast models and macroeconomic indicators for the application and receipt of which requires forecasting.

## Key words:

*strategy, management, strategic management, socio-economic development, macro systems, state-level macro system, regional macro system.*

## 1. Introduction

At the present stage of world development, more and more attention is paid to the application of strategic approaches to address issues and problems related to the functioning and development of macro systems at various levels. The development of strategic documentation is today one of the leading processes in the activities of governments of different countries, regional and local authorities. They have been actively pursuing a strategic approach in recent years, despite warnings from a number of experts about the significant challenges associated with the use of these management tools in the public sphere. The warnings are explained by a significant number of factors and conditions that ensure the effective implementation of strategic plans

and decisions. That is, a strategic approach that is well studied and used effectively in the commercial sphere can be used in public administration under certain conditions and restrictions. However, the widespread use of a strategic approach to the application of development models at different levels, from global to local, proves that this approach brings results and has potential benefits for the management subsystems that implement it. The aim of this article is to explore the principles of this potential benefit, the process of its implementation to achieve the goal and the expected result, the features of strategic management of socio-economic development of macro systems at different levels.

The purpose of the article is to clarify the nature and structure of macro systems at the state and regional levels and identify features of strategic management of their socio-economic development.

## 2. Literature review

The study of the processes of strategic management of economic and social macro systems at the regional and national levels is devoted to the work of famous scientists as: Bajracharya B. (2018) [1]; Silva da Neiva S. (2021) [2]; Derhaliuk M. (2021) [3]; Dubyna M. (2021) [4]; Fedyshyn M. (2019) [5]; Gorbunov A. (2016) [6]; Ivanova N. (2021) [7]; Avhustyn R. (2022) [8]; Khanin S. (2022) [9]; Zhavoronok A. (2020) [10]; Kholiavko N. (2021) [11]; Shaposhnykov K. (2021) [12]; Kosach I. (2019) [13]; Krasniqi I. (2019) [14]; Marabaeva L. (2022) [15]; Nogovitsyn R. (2019) [16]; Popelo O. (2021) [17]; Samilenko H. (2021) [18]; Schaefer J. (2021) [19]; Zhuk O. (2020) [20]; Zhuk O. (2017) [21]; Shkarlet S. (2015) [22]; Tulchynska S. (2021) [23]; Vovk O. (2021) [24]; Yukhneva N. (2017) [25]; Yurynets R. (2021) [26] and others.

The article [26] is devoted to the development of a methodological approach to modeling the impact of innovation and investment factors on the socio-economic development of Ukraine in order to improve public strategic management. According to the results of the

analysis, the most influential factors of competitiveness in the innovation component of Ukraine are the volume of scientific and technical work, a number of implemented innovative technologies and technological processes, investment in fixed assets, the number of sold innovative products. Scholars argue that these factors require the development and implementation of preventive measures, improvement of state programs of socio-economic development and implementation of public policy.

The purpose of scientific work [16] is to study the features of socio-economic development of the Arctic region. The authors propose a strategic approach to socio-economic management of the Arctic regions. Researchers have implemented an objective approach to the long-term development of a complex macro-region, as well as developed recommendations for long-term regional planning, taking into account all the features.

The authors of the article [15] argue that the achievement of sustainable development goals depends on the effectiveness of strategic business management, taking into account its industry and other characteristics. Researchers have identified sectoral features that affect the content and quality of strategic management of sustainable development.

The article [2] is based on the development of a Balanced Scorecard (BSC) as a tool to support the strategic management of sustainable cities. The authors proposed the adaptation of methodological tools, where its structure was changed in accordance with the needs of strategic management of sustainable cities. Researchers believe that the BSC for Sustainable Cities will contribute to a more efficient use of resources for the development of sustainable cities.

The aim of the article [19] is to study the features of the theory of regional development and the formation of regional competitiveness, as well as regional product labeling through the use of strategic management tools. During the study, the authors identified the nature of the impact of strategic management on the development of regional product brands in order to outline the possibilities of using the theory of regional development.

The authors of the article [14] have developed a scientific approach to strategic management with a view to balanced regional economic development in countries with economies in transition. Researchers use a mixed methodological approach that includes both qualitative and quantitative data from collection and evaluation. The study proposed approaches to the formation of a regional model of economic development that will support business development and increase employment in the country.

The research [1] is devoted to the study of the effectiveness of the regional planning strategy of South-East Queensland (Australia). The authors identify models of regional growth based on coordinated strategic management, economic development and infrastructure. Scholars identify three main issues, namely: greater recognition and demarcation of suburban areas, integration

of regional planning and disaster management, and growth management of suburban general planned communities.

The system of state strategic management is an important component of successful development of the state. According to the authors [25], it performs the functions of strategic management, development and predicates, as well as evaluates the effectiveness and quality of the planned trajectories of economic development of regions and the state as a whole. The authors argue that the system of state strategic management is responsible for the role of intellectual and information center for regulation and strategic planning of the entire socio-economic sphere of society, ensuring the development of a database of basic and applied research and development, guaranteeing copyright protection and innovation.

The research [6] is based on the identification of promising tools for strategic management in general and strategic planning of VFR tourism (to visit friends and relatives) at the regional level in particular. The authors proved that VFR tourism is a very attractive and promising segment of the tourism market, although currently the state does not promote its development.

However, the peculiarities of the development of socio-economic development of macro systems at different levels today are not given enough attention, which determined the direction of the study of this article.

### 3. Methodology

The methodological basis of this study is the dialectical method of scientific knowledge. In the process of writing the article, both general and special methods were used, within which the following should be singled out: methods of analysis and synthesis, as well as generalizations in order to study the features of strategic management in macro systems; abstract-logical method - revealing the essence of macro systems and formulating conclusions of the article; graphic - visual representation of goals, structure and features of macro systems, "tree of goals" of socio-economic development of the state-level macro system and the process of implementing the strategy of socio-economic development of the regional macro system.

### 4. Results

Strategic management is a complex, multifaceted concept that consists of two definitions of "strategy" and "management", so the success of strategic management of socio-economic systems depends on the introduction of forecasting and planning strategic development of the system taking into account its features. At the same time, the concept of "system", which comes from the Greek language and means a whole composed of parts or

combinations, is a large number of elements that are interconnected and form a whole, unity, indivisibility. Based on this, we can conclude that the strategic management of systems at different levels depends on the quantity and quality of existing elements of the system, their combination, structural and organizational features, as well as on the characteristics of the system as a whole (integrative) and not individual its components [27-29].

Considering the nature and structure of the macro system, it should be noted that it is formed by market agents who cooperate with each other and have different relationships - producers and consumers of goods and services that are direct market participants, as well as companies, firms, organizations, enterprises, etc., whose activities are aimed at the formation, maintenance, dissemination and strengthening of these relations, and

which relate to indirect market participants. Thus, the interaction between the parts of the macro system arises in the process of commodity-money relations. A macro system consists of microsystems that should be considered its elements, which are complex and differ in their direction and implementation of different functions. The question of defining the boundaries of a system is usually solved by covering the market, or territory, or sphere of activity, and therefore, the boundaries of the microsystem cover its relationship with the external environment, while for the macro system boundaries are determined by a number of features geographical, regional, economic, regional, political border of the macro system. The boundaries of the macro system are characterized by these features and their allocation takes into account certain conditions and specific goals (Fig. 1).

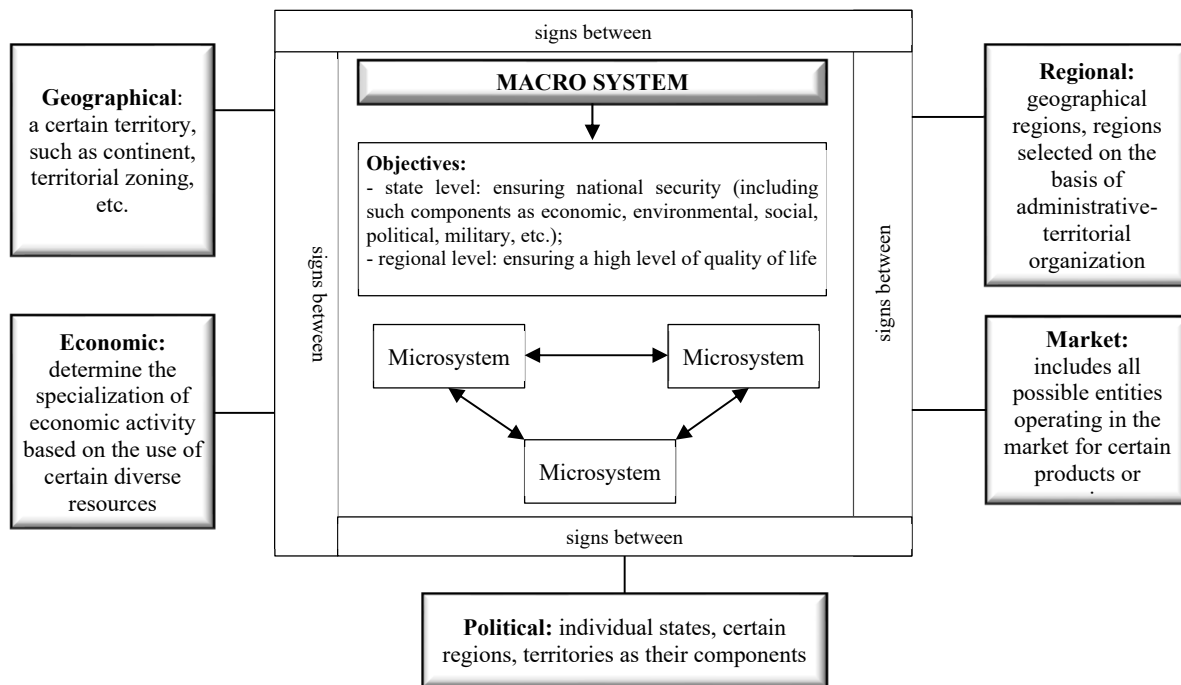


Fig. 1 Objectives, structure and features of macro system boundaries

Source: built by the authors.

The complexity and scale of a macro system determines the goals of its existence and functioning, which are global and diverse and are formulated on the basis of the degree of development of its components. At

the state level, the main goal is to ensure national security and all its components, such as economic, social, environmental, etc. (Fig. 2).

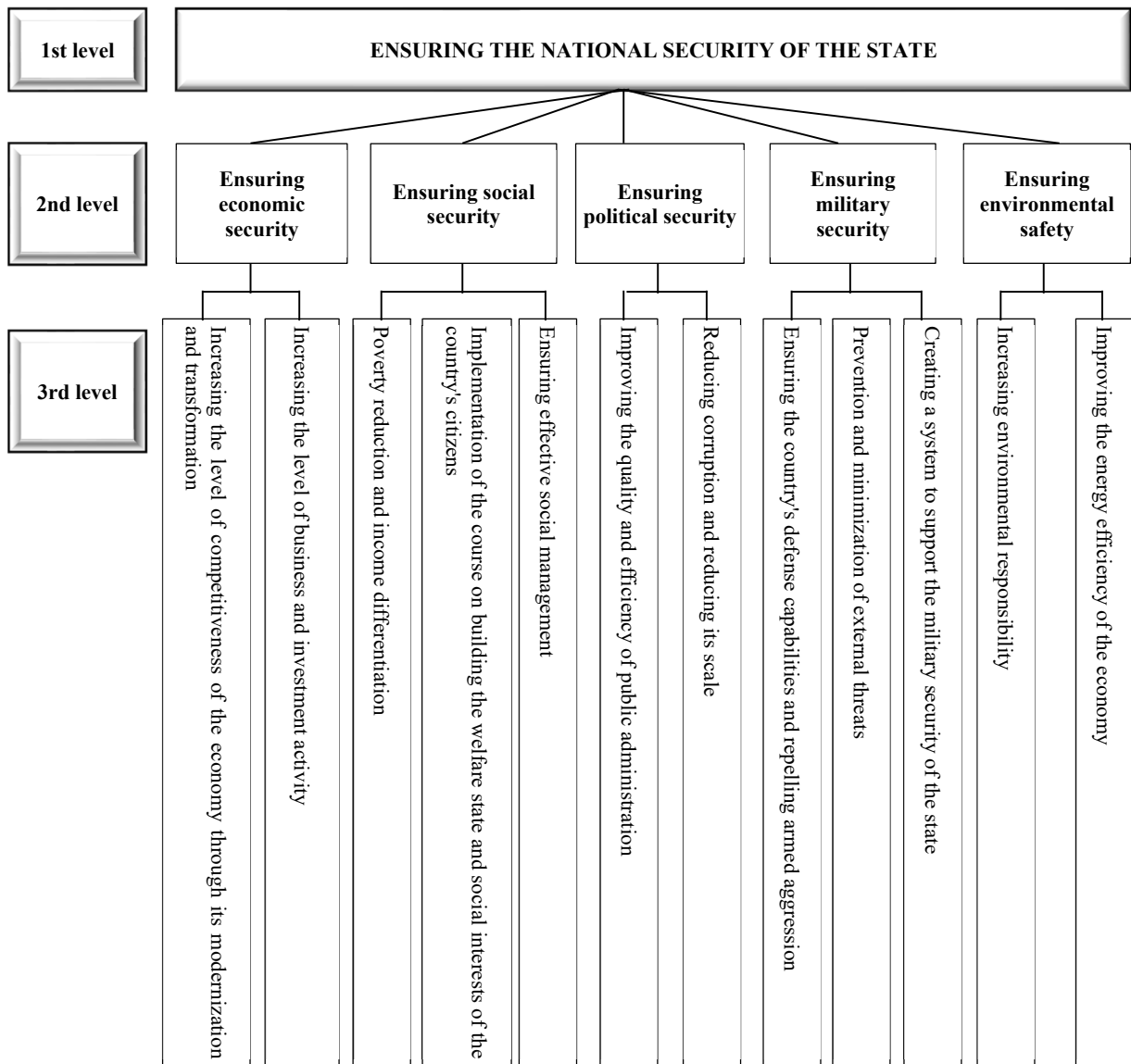


Fig. 2 "Tree of goals" of socio-economic development of the state-level macro system

Source: built by the authors.

In a large number of scientific studies, national security is closer to economic security, given that economic development directly affects the welfare of the population, the quality of life, allows to achieve a certain income, ensure social standards, support an acceptable level of education, science, medicine etc. and its raising.

At the regional level, the vector of goals depends on the state of the regional economic system, potential and development of its components such as: various spheres of activity (agriculture, industry, social sphere, financial sector, etc.), management aspects, investment and innovation, economically active population, etc. The main goal should be to ensure a high standard of living and its

comprehensive development. Based on this, the goals of the subsystems include the following [30-35]:

- rational use of natural resources and territory for the integrated development of the region and its infrastructure;
- use of innovations in various spheres of activity of the region;
- ensuring environmental safety;
- ensuring the rational and efficient use of various resources of the region;
- meeting the needs of the population of the region in high quality goods and services in the required quantity;
- development of education, science, culture, medicine;

- overcoming negative social phenomena;
- compliance with the principles and standards of social justice and democratization of society;
- ensuring the attraction of investments and increasing their volume;
- support for small business;
- ensuring an increase in tax revenues to the budget;
- observance of law and order;
- achieving effective interaction between state and regional authorities;

The goals of the next level (goals of the elements of subsystems) will be those formed in microsystems that operate within the macro system of the regional level.

The process of forming and choosing a strategy for socio-economic development of the macro system has its own characteristics and depends on certain factors:

- forms of government;
- boundaries defined in time and space;
- signs of a certain object;
- the control subsystem and the subsystem it manages;
- the degree of provision of resources.

Depending on the above factors and characteristics, we can identify different types of strategies for socio-economic development of macro systems, which allows us to classify them as follows (Table 1). Thus, depending on the scale of the macro system and the defined object of management within the macro system, a general strategy is developed, which is a baseline for elements and subsystems of the macro system - the strategy of its specific strategic component, and functional strategy covers macro system management.

Table 1: Characteristics of the leading Ukrainian brands in the industry

<b>Classification feature</b>	<b>View</b>
the scale of the macro system and the defined control object	general strategy business strategy functional strategy
participation of the country in the international division of labor	export-oriented import-substituting autarky strategy isolation strategy
degree of strategic government intervention	national anti-national social corporate
dependence on the weakening or strengthening of the protectionist nature of the state	liberal adjustable mobilization

Source: built by the authors.

At the regional level, the process of strategic management of socio-economic development is influenced by the following components (Fig. 3). The process of finding the most effective and successful implementation is continuous. The implementation of the strategy depends on the combined impact of a set of management decisions and step-by-step actions taken by officials. Actions related to the typical management tools for the implementation of the strategy of socio-economic development of the region include: political changes, personnel changes, cultural events, adjustment of financial plans and more.

One of the leading features of macro-level management and implementation is the need to forecast the macro system, which is a complex socio-economic system. Management, which is based on forecast models and macroeconomic indicators, transforms the essence of the strategic approach to prospects within the macro system. The leading point is the transition from a completely unpredictable, situational response to changes in environmental factors to proactive measures and actions that involve the prior inclusion of new factors aimed at transforming the environment and its factors.

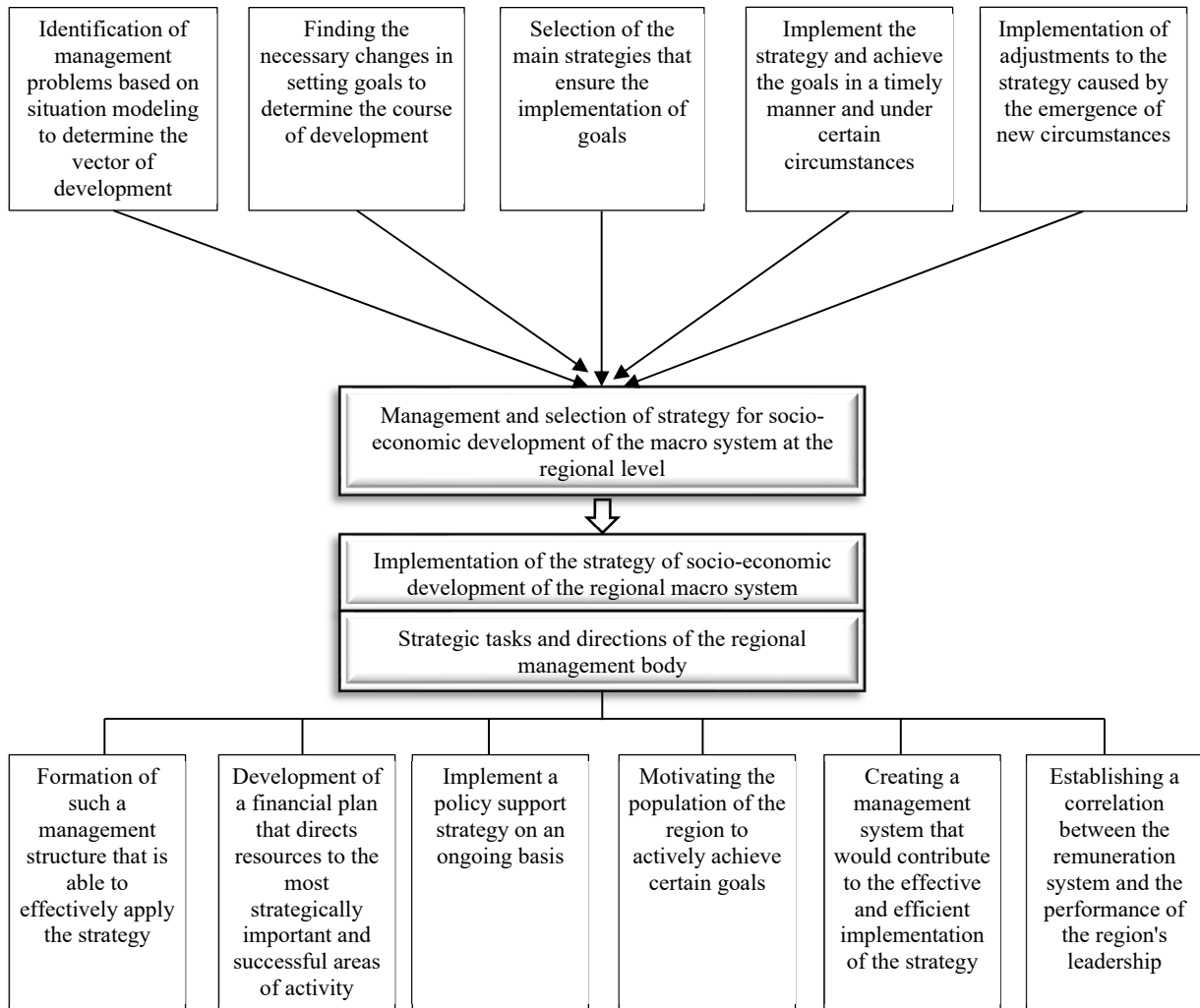


Fig. 3 The process of implementing the strategy of socio-economic development of the regional macro system  
Source: built by the authors.

Also, the main features of strategic management in macro systems can be attributed [36-39]:

- the direction of goals is determined by the scale of the macro system, they are formed based on the degree of development of its elements;
- the boundaries of the macro system are characterized by such features as: geographical, economic, regional, political, market;
- The essence of the links between the elements of the macro system is manifested in the fact that they appear in the process of commodity-money relations between market agents;
- approaches to strategy development are determined by the form of government, the existing boundaries in time and space, the size of the macro system, and so on. A complex reflection of the management process of strategy development is a program or scenario;

- indirect participation in the implementation of the strategy of senior executives due to the lack of clearly defined responsibility and personal motivation for these actions, a change of leadership can lead to changes in goals and unrealized strategy;
- a long period of implementation of the strategy
- intermediate control over the implementation of the strategy is carried out within the stage (from month to year), the final - after five years;
- the basis for strategic decision-making is the analysis of socio-economic development of macro system subsystems, forecasting their functioning;
- indicators of strategic management of socio-economic development of macro systems are mostly qualitative and probabilities are complex.

#### 4. Conclusions

The issues of socio-economic development of the state and its regions, as well as the processes related to its management, have no methodological, institutional or organizational solutions. The leading open issue is, first of all, the lack of an integrated approach to strategic management, which would include a systematically organized strategic process at the stages of its formation, implementation, control and adjustment. In order to achieve a constant rate of socio-economic growth and change its quality, there is a need to introduce modern management tools for a long time. The introduction of an integrated approach to strategic management of socio-economic development of macro systems at various levels should be considered as the latest aspect of strategy development and implementation to enhance internal reserves and take into account external factors and create favorable conditions for their long-term development.

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