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### **METHODS OF STRATEGIC MANAGEMENT IN THE PUBLIC ADMINISTRATION SYSTEM**

*The subject of this article is the methods of strategic management used by the modern system of public administration at various levels to achieve the goals of socio-economic development of subjects. The implementation of strategic management provisions in public administration at the state and regional levels, as well as in the activities of local self-government bodies is dictated by the need to achieve efficiency and effectiveness, which makes it possible for the state sphere to apply strategic management methods developed for commercial organizations and successfully used by them.*

*The most common methods in the public administration system are SWOT and PEST analysis. They allow us to assess internal and external factors in the development of an effective strategy for the socio-economic development of subjects of different scales. The balanced scorecard is also a promising method of strategic management. The adoption of strategic decisions by the authorities based on the construction of the Ansoff matrix and M. Porter's industry analysis has the possibility of application at the level of a subject of the region or a separate municipality. Further development of the practice of applying strategic management methods in public administration involves the active introduction and use of information technologies, improving the communication system in the process of making and implementing management decisions.*

**Keywords:** *management, strategic management, public administration, management methods.*

Problem setting. Contradictions that have arisen in the understanding of the place and role of strategic landmarks in the structure of public administration, obtaining mechanisms for strategic choice and changes complicate the task of their practical application. In modern conditions, in our opinion, in the process of forming a strategy of public administration and when developing specifically each state program, in addition to the methods, stages and characteristics of a scientifically based and economically effective management decision widely described in the scientific literature, it is worth considering the procedural rationalization and reengineering of public administration. In the conditions of the globalization of the economy, public administration must be considered as an integral and forming system of tools, the elements (microsystems) of which are: legal regulation; program measures implemented at the state, regional and local levels; personnel and organizational and management structures; a microelement of social relations.

Recent research and publication analysis. Today, the issue of strategic management in the activities of state authorities is one of the least researched subject areas in the science of public administration. Despite this, a number of both domestic and foreign scientists made a great contribution to its methodological and practical development: V. Bakumenko, R. Borteichuk, O.S. Vikhanskyi, A.O. Kasych, V.I. Kozak, A.Ya. Kibanov, M.N. Kim, V.M. Knyazev, V.V. Mamonova, A.S. Romanova, V.V. Travin, D. Tracy, V.P. Troshchynskyi, M.V. Tulenkov, R. Waterman, F. Khedouri, L.S. Shekhovtseva and others.

Purpose of the article. The purpose of the article is to consider the methods of strategic management that are used by the modern system of public administration at various levels to achieve the goals of socio-economic development of subjects.

Article main body. Modern conditions create a need to search for new forms, methods, approaches to the functioning of the public management system of a strategic nature in order to maximize the positive socio-economic effect, which forces, first of all, to pay attention to the elements of strategic management that have proven their effectiveness in practice in the business sphere.

The management of the life of society is carried out by the authorities. Public administration as a process represents the influence of state structures on the elements of society with the purpose of organizing, maintaining and regulating their activities. At the same time, the power of authority, based on the norms of law on the one hand, is limited by effective public control on the other hand, which acts

as the main factor in planning and implementing the functions of the state.

Public administration is a scientific field that unites interconnected but relatively separate areas of research: public administration, assessment and analysis of management impact, and interaction of government bodies with citizens. Public administration includes operational and administrative aspects of the activities of government bodies, including the implementation of civil service. In the process of analyzing the control impact, the level and quality of implementation of state programs and other strategic planning documents are assessed, and the regulatory impact is also assessed. The interaction between the state and citizens, which is part of the public administration system, includes such important aspects as lobbying and cooperation between business and government bodies at the state and municipal levels. In this regard, public administration should be understood as a system of interaction between government bodies at all levels with non-profit and mixed structures, functioning with the aim of satisfying public needs and solving collective problems. This is a public-state system for the implementation of national and local interests and the production of public goods [1, p.26].

Since the creation of public goods occurs in the public administration system, it can be assumed that the same principles and approaches that are used by commercial organizations in the production of goods to meet public needs and ensure efficiency in the process of strategic management are applicable to this system.

The application of strategic management provisions in public administration is a modern concept that includes all necessary components, such as a set of principles, methods and tools used in the process of organizing and operating the management system at the state and municipal levels. The implementation of this concept in government bodies is aimed at ensuring the maximum beneficial socio-economic effect by saving the volume of resources expended and establishing an optimal correspondence between the available and attracted resources and the goals and objectives of the integrated development of the territories of municipalities and larger objects, as well as their coordination with responsible entities and specific activities.

Modern trends in the development of society are characterized by the influence of such factors as globalization, urbanization, increased competition between territories to attract resources in the form of investments in production and development of the social sphere, labor resources of appropriate qualifications, and

tourists. This strengthens the role of strategic planning in the public administration system and makes it a high-quality tool for coordinating the interests of society and government in solving emerging problems.

The practice of creating and implementing programmatic and strategic documents is used by many countries around the world, regardless of their political regimes and economic systems. In the USSR, in the period 1920–50, strategic planning documents were developed with the aim of primary industrialization and modernization of the economy after the war.

It should be noted that the use of strategic documents by the public administration system is an essential condition for improving the quality and efficiency of government activities.

Program and strategic documents began to be actively developed and used by Ukrainian authorities at the beginning of the 21st century in line with the global trend of a radical change in approaches to the activities of state institutions. But the expected positive effect was not achieved either in the economic sphere or in the public administration sphere. At that time, crisis tendencies intensified in the economy and society as a whole: disproportions between the branches of the market sector and the branches with regulated prices increased, and the debt of regional budgets grew. In the real sector of the economy, there was a decline in industrial production and a decrease or stagnation in low productivity. In the sphere of public administration, according to the World Bank, there was a decrease in the indices of the quality of management, a weakening of control over corruption and a general decline in the effectiveness of public authorities. [2, p.127].

Strategic management in the public administration system is not something completely new for this area, but it has its own characteristics, determined by the specifics of the activities of government bodies and the tasks they solve. The theoretical side of the area of use of strategic documents by government bodies is represented by two major areas. The first direction studies the experience of using directive and indicative planning by government bodies in socialist countries since the 1920s and assesses its impact on the effectiveness of public administration. The second direction studies the experience of using strategic planning since the early 1990s. During this time, the number of countries whose public administration systems used strategic documents increased, as did the opportunities for the widespread use of elements of strategic management, in particular, its methods. The adoption of the Sustainable

Development Goals declared by the UN meant that countries were obliged to adopt sustainable development strategies. Ukraine also supported this concept. The institutional characteristics of the countries determined the differences between their practices of implementing strategic documents. Thus, in countries with planned economies, the implementation of these documents is controlled bureaucratically and administratively. And in countries with a market economy, the strategic planning process is quite open to individual elements of society.

The meaning of the term Strategy, translated from Greek as 'the art of the general', has undergone some changes in recent decades. If the original meaning indicated that it is a long-term act, the change of which is not envisaged, then at present such an understanding of strategy is no longer relevant.

The continuous transformation of society and the economy, expressed in the strengthening of globalization, the growth of competition, as well as the protracted economic crisis dictate new requirements for the strategies of both economic entities and the public administration system, which makes a great contribution to the development of management thought.

The process of applying strategic methods by the public administration system has been catalyzed by global changes in the world community. At the state, regional and local government levels, an important area of improving the public administration system is the development and application of criteria for assessing the quality of the activities of managers. In this regard, it is necessary to ensure the consistency of priorities in the actions of government bodies in the process of strategic management at various levels. In addition, strategic priorities must be built in a single direction and agreed upon with society and the population. A necessary condition for the implementation of the above-described approach is the creation of a unified system of strategic planning, built into the concept of a unified system of public administration.

As follows from the content of the current programs of socio-economic development of Ukraine and its regions, they contain lists of target indicators, but the instruments with the help of which these indicators will be achieved by the end of the program implementation are absent in a number of cases. In other words, the programs do not provide information on the instruments for achieving strategic and tactical goals. Instead, a list of areas for spending budget resources is presented, without specifying the methodology for assessing the effectiveness of their use.

The feasibility of the program must be confirmed by the availability of effective tools for its implementation, otherwise this means that the orientation of strategic documents towards the result is formal in nature.

Therefore, there is a need to adjust the mechanism of functioning of the public administration system in terms of making strategic management decisions. The development of such decisions should be based on effective methods of strategic management, which will increase the level of probability of achieving the set strategic and tactical development goals of individual territories and the country as a whole.

This approach allows for a complete reorientation of the principles of public administration policy formation towards the principles used by modern commercial organizations in strategic management, but with adjustments for the specificity of the goals and objectives of public administration. Among the most important areas requiring the implementation of strategic management methods, strategic planning and risk management should be noted.

The national economy is a complex system consisting of separate interconnected elements: on the one hand, the regions of Ukraine, on the other hand, various industries (more broadly, sectors or spheres); the functioning of each of them occurs in conditions of uncertainty. As a result of the introduction of elements of strategic management, in particular risk management, the policy in the field of public administration will be transformed into a system of preventive management based on risk management. The preventive approach in the public administration system will be expressed in the development and application of methods for making government decisions in the field of risk management in the economy and society through the impact on them of specialized economic instruments.

Effective interaction of the public administration system with society will be achieved by observing the following principles:

- an optimal combination of methods used in the sphere of public administration with methods characteristic of market self-regulation; the use of direct and feedback links in the process of developing and implementing management decisions
- openness and transparency of the activities of public administration institutions;
- competent integration of methods and tools of strategic management into a polycentric management system.

Modern society makes rather serious demands on government bodies. Now it is not enough to simply react to problematic situations and promptly eliminate them by representatives of the public administration system or actions that correspond to changing conditions, but do not foresee their occurrence and the risks associated with them. In this regard, the issue of conscious change management in accordance with scientifically based principles and methods of forecasting changes, adapting to them and regulating them becomes acute. The external environment with its uncertainty, dynamism, high level of volume and complexity forces the public administration system to apply strategic management methods in the same way as commercial organizations do, interacting with manageable and unmanageable factors.

In accordance with the legislation on strategic planning in Ukraine, a number of strategic planning documents are used in the public administration system, developed and implemented at different levels.

In the regions of the state, strategic planning documents are developed and implemented by regional government bodies to achieve the strategic goals of the state in the same areas as at the state level: goal setting, including on a territorial basis, forecasting, planning and programming.

The lower level of strategic planning in the country is represented by documents at the level of the territorial community, which are developed and implemented by local government bodies of individual territories. The list of these documents includes a strategy for the socio-economic development of the territory and an action plan for its implementation, a development forecast for the medium and long term, a budget forecast and municipal programs [4, c.157].

The concept of strategic management is an integral part of the theory of modern public administration, using systemic and situational approaches. At the same time, one of the main principles of work of public administration institutions is the openness of the system. The success of the results of the functioning of the public administration system is connected not with the internal organizational culture, but with the external environment, forecasting changes in which and management based on a strategic approach should be considered important tasks facing this system.

State policy is currently aimed at creating conditions for the implementation of the most useful activities for both individuals and society as a whole with minimal

expenditure of budgetary resources. At the same time, public administration is focused on results, which does not contradict the principles of private business. It should be noted that focus on results is characteristic of the public administration system as a whole and of its individual elements, in particular, government bodies and civil servants.

In modern conditions, the public administration system faces the goal of increasing the efficiency of its functioning through more rational spending of budget funds at various levels and the fullest possible satisfaction of the needs of citizens and society as a whole. This dictates the need to identify effective methods in the public administration system, which forces us to look at the system of tools and methods used by business entities in the process of strategic management. The fact that public administration focuses on achieving results makes it possible to introduce strategic management methods successfully used by commercial organizations into that process. Currently, the public administration system has found application of strategic management tools and methods that allow for management by results: program-target and project.

The use of strategic management methods by public administration bodies allows for the formation of strategic goals for territorial development and the use of a systematic approach to achieving them through the coordination of available resources with the target characteristics of socio-economic development. Movement towards the goal occurs through the implementation of activities by responsible entities within the framework of relevant strategies, plans, and programs. The introduction of elements of strategic management into the public administration process makes the activities of government bodies transparent and open and optimizes the spending of budget funds through the use of methods and tools whose effectiveness has been confirmed in the commercial sphere.

Project management methods have become the most widespread in the sphere of public administration of a strategic nature. Their popularity is due to the possibility of optimizing the management of all types of resources at the disposal of the state, in particular, organizational and temporary, financial, logistical, labor, in the process of achieving target indicators for the development of a particular area of public administration or a separate territory.

The effectiveness of the project approach in the public administration system is determined by its validity and practical usefulness. The development of



the project is based on strategic analysis, the methods used within which allow identifying factors of the internal and external environment, studying the degree of their influence on the subject area and developing several options for forecasting the socio-economic development of the object. The technique of implementing a project approach in managing the development of a territory or a separate sphere of public administration provides for continuous monitoring of the achievement of intermediate results and analysis of efficiency. This allows excluding erroneous measures that do not bring the desired effect and promptly adjusting the list and content of these measures based on information obtained as a result of monitoring.

Since the elements, in particular the methods, of strategic management are relatively new to the Ukrainian public administration system, their implementation is associated with a number of difficulties, the main ones of which are presented below:

- there is no unified methodology for the development and implementation of strategic planning documents and other documents that mediate their implementation (strategies, plans, projects, development programs);
- a unified methodology for distributing budget funds on a competitive basis between individual elements of the public administration system has not been developed;
- in some territories, a formal approach to the implementation of activities within the framework of strategic management is noted [5, c.48].
- It should be noted that the authorities are working to eliminate these problems and build a unified system for applying elements of strategic management by the public administration system at different levels.

SWOT and PEST analyses are actively used by authorities in developing strategies for the socio-economic development of objects of various scales. In addition, the balanced scorecard method is widely used. The adoption of strategic decisions by government bodies based on the construction of the Ansoff matrix and M. Porter's industry analysis is also possible, but not at the state level, but at the regional level or in relation to a separate municipality.

The Ansoff matrix allows systematization of information about the external environment of the object (in the commercial environment – about the market) and about the goods that are produced in this territory (in the commercial environment – the commercial output of a specific organization). This matrix can be used when

making a management decision on the choice of strategy using the resources available to the region or municipality. The sources of growth are determined by the data in the table, where each parameter has a green, yellow or red symbol indicating the feasibility of using the strategy for this option. The largest number of green symbols in the table means that this strategy has high potential.

Conducting a SWOT analysis, which is relevant for strategic public administration, allows one to assess the actual state of the entity and determine strategic prospects. This method has both managerial and strategic value: by taking into account the influence of internal and external environmental factors, resources and opportunities are identified. Authorities, based on SWOT analysis data, determine the direction of the entity's development and the corresponding option for resource distribution.

Strengths analysis allows us to identify the competitive advantages of a country, region, or municipality, in particular: favorable geographic location, developed transport and market infrastructure, high level of economic diversification, natural resource reserves, fertile soils, and high human resources potential.

Weaknesses are associated with risks or threats. Weaknesses may include: high specialization of the economy, underdeveloped human resources, inconvenient location for product sales, high depreciation of fixed assets, low production potential.

Opportunities are related to the presence in the strategic documents of entities of plans for investing in the creation of new production facilities, reconstruction or modernization; measures to stimulate demand, strengthen business activity, and develop small and medium-sized businesses.

Threats show what external factors can disrupt the strategic competitiveness of a country, region or municipality. Threats can include: negative demographic trends, economic crises, changes in the demand structure, and the likelihood of resource shortages.

Based on the primary SWOT analysis, an element-by-element SWOT analysis is performed, four combinations of strategies are formed based on the ratio of the analyzed elements. At the second stage of the analysis, it is determined how the current situation in the subject can be changed in order to realize the opportunities formed by the external environment.

PEST analysis, like SWOT analysis, is used both in the business environment and in the process of strategic public management. This method allows determining the influence of political, economic, social and technological factors of the external

environment on the development of the analyzed entity and its strategy. In the process of performing a PEST analysis, a list of elements in the macro-environment is identified that are likely to influence the entity's activities. Then the significance of each element from the compiled list is assessed and the probable degree of its influence on the strategy, both positive and negative, is determined. Having thus predicted the influence of factors on the development of the subject, public administration bodies develop a strategy in which they try to reduce the negative influence of factors and take advantage of the influence of positive ones.

M. Porter's model, mainly used by commercial organizations in forming strategy, can also be adapted for public administration bodies. This model allows us to assess five forces that influence an entity in an industry: existing and new competitors; companies offering substitute products; suppliers and customers. All these factors are in the external environment, which makes the method partially similar to SWOT analysis, which is actively used to develop strategic management decisions by public administration bodies.

The balanced scorecard was developed to communicate the company's strategic goals to staff and monitor their implementation through key performance indicators. The universal model of the balanced scorecard system is used by both commercial organizations and public administration bodies at various levels in the process of strategic management, with the difference that public administration faces other goals and objectives. Using this method:

- the strategy, associated programs and subprograms for the development of the subject are structured;
- those responsible for poor performance of duties are identified;
- funding of programs related to the strategy is tracked;
- duplication of goals in development programs and corresponding duplication of funding are revealed;
- direct and indirect beneficiaries and prospects for changing key development indicators of the subject are determined.

The use of the balanced scorecard by public administration bodies should be based on the following blocks of performance indicators: finances, beneficiaries, internal processes; training and development. These blocks have cause-and-effect relationships. Thus, the indicators in the Finance block can be improved by attracting new beneficiaries. Beneficiaries, in turn, can be attracted by developing internal

processes (increasing the coverage and quality of program implementation). Quality and coverage are directly related to the qualifications of civil servants, which affects the indicators from the Training and Development block [3, p.17].

The development of a balanced scorecard system may be accompanied by a number of difficulties:

- programs and subprograms do not correspond to the entity's development strategy;
- the goals, objectives and activities in the programs and subprograms do not correspond to each other;
- the relationships between the blocks of the balanced scorecard system are difficult to determine;
- responsibility for the implementation of programs and subprograms is not specified;
- a small number of activities included in development programs and subprograms does not allow achieving the set goal; the lack of a comprehensive approach does not allow taking into account and working through all factors;
- beneficiary groups are in some cases not precisely defined;
- there are no programs for the development of human resources, which results in the incompetence of civil servants in the development and implementation of programs.

Thus, public administration bodies actively implement strategic management methods in their activities to solve problems corresponding to decision-making levels and competencies. Further development of the practice of applying strategic management methods by the public administration system in Ukraine is associated with the active use of information technologies and the development of a communication system between the elements of this system at various levels. Information support for management processes and the associated formation of an appropriate communications system is an important factor determining the effectiveness of strategic management. The use of information technology capabilities allows us to form adequate samples, analyze large amounts of data, identify patterns and trends, and generate forecasts of socio-economic development with a high degree of reliability. The introduction of information technologies pursues another important goal – ensuring the effectiveness of control. Comprehensive control

helps to solve public administration tasks in the relevant territory more efficiently. This concerns both internal control carried out by government bodies responsible for the implementation of strategic planning documents, and control by society monitoring the expenditure of budget funds.

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