

Strategic planning institutionalization in sustainable development

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Abstract. The article examines the relationship between strategic planning and sustainable development. A theoretical predictive model is presented, in which strategic planning as a state management function extends to various economic entities of the micro level. Based on this model, an attempt is made to prove that the economic system can acquire the characteristics of sustainable development. The implementation of this model is determined by solving the existing problems of strategic planning at the state level. In this regard, the topical problems of strategic planning are presented. Special attention is paid to the legal problems of sustainable development at various levels.

1 Introduction

Modern global economic challenges require all business entities to make progressive management decisions to ensure sustainable economic growth. However, decision-making and willingness to take risks do not always ensure the acquisition of competitive advantages. We believe that the condition for achieving sustainability is the systematic and planned work of business entities and government bodies. Taken together, the use of planning tools and the ability to take risks of economic development is a fairly significant contribution to the high rates of innovative development. The development of the institution of strategic planning is an essential component of sustainable economic growth.

2 Materials and methods

We set ourselves to substantiate the connection between the institutionalization of strategic planning and the sustainability of economic development. The substantiation of the proposed provisions is based on scientific research carried out by domestic scientists and the scientific methods used in this work.

So, the issues of the prospects for the development of the strategic planning system, its relationship with the stability of the economic system were considered in the works of Baker M. [1], Berry F.S. [2], Bryson J.M. [3], Kunzmann K.R. [4], Mirfenderesk H. [5], Poister T.H. [6], Pryadilina N. [7], Shaw K. [8], Steurer R. [9], Tewdwr-Jones M. [10], Vlasova N. [11], Wamsler C. [12], Williams P.M. [13], Xu J. [14], Zhikharevich B.S. [15]. To obtain the highlighted results, the following methods were applied in paper:

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generalization, deduction, analysis, economic modeling, forecasting, systemic method. Legal analysis was also used.

3 Results

Sustainable development in economical literature is interpreted from several positions:

First, sustainable development is an economic development model, where a balance is ensured between the material sphere of human management and his natural environment. This approach originates from the moment this concept appeared, which aimed to develop ideas for solving a global problem related to the state of ecology, bio-, and ecosystems.

Secondly, sustainable development is a model of the economy, where an economic policy is implemented, focused on minimizing economic risks and maximizing all spheres of society's safety. This approach was developed based on the etymology of this expression.

Third, UNESCO currently identifies 17 sustainable development goals. These goals represent all the global and most important problems of mankind that need to be addressed both by the entire world community and in individual states.

All approaches have both positive and conflicting grounds. Nevertheless, individual approaches are embodied in the practice of implementing the socio-economic policies of many states and the national state programs of the Russian Federation.

We propose looking at the nature of sustainable development of the country's economy or its territories from a different angle. By sustainable development, we mean a form of socio-economic development, where the totality of economic relations between entities are built based on institutionalization and implementation of the principles (several principles) of strategic planning in their economic practice. There are two approaches to the implementation of strategic planning. First, strategic planning is implemented at the state level (federal, regional, local). Secondly, strategic planning, the methods of which are implemented at the level of economic entities in order to ensure a balanced, focused on corporate goals, development. Suppose in the first case, the institute of strategic planning is based on the Russian Federation's regulatory framework [16], then in the second case. In that case, the institute of planning is mainly borrowed from the American and European practice of corporate governance, the regulation and development guided by international practical experience leading Western corporations. We will not criticize this experience because the use of such a tool in domestic companies is a feature, not an established widespread practice. Moreover, it should be noted that this instrument at the micro-level is used mainly by large enterprises, for which the use of this instrument brings mainly positive financial results. Therefore, we believe that the instability of economic development of any economic system scale is determined by the fact that business entities conduct their activities in conditions of risk and uncertainty, limited financial resources, intuitively guided by tactical priorities.

So, today there is a regulatory and legal framework that obliges to implement the principles of strategic planning only at the level of public administration, bypassing the attention of such major players in the national market as state corporations and, in general, micro-level entities. On the one hand, this position is justified. The modern institute for strategic planning is at the stage of its formation. At the federal, regional and local levels of government, strategic and project management experience is accumulating. A portfolio of various organizational, methodological, legal problems and contradictions is formed, which will have to be overcome in the coming years. The settlement of these problems at the state level in the future will allow it to the micro-level. There are objective reasons that do not allow this to be implemented - these are the regulatory framework, technological capabilities, human and financial resources. Also, because business exists in market coordination conditions, the classic contradiction between public and private interests will

impede the formation of conditions for sustainable economic development. At the state level, one of the fundamental problems of the strategic planning system is the imbalance of target indicators, tasks specified in strategic planning documents of various hierarchies. So, about the most effective (ideal) model system of strategic planning, focused on 100% execution of planned indicators, we can speak in the case when the strategic priorities at all levels of the economy are subordinate and do not contradict each other, as well as goals at the micro-level correlate with the state. Below we will consider the distribution of enterprises and organizations by ownership.

Table 1. Distribution of enterprises in Russia by type of ownership.

	Thousands					%				
	2000	2010	2017	2018	2019	2000	2010	2017	2018	2019
The number of enterprises and organizations - total	3346	4823	4562	4215	3827	100	100	100	100	100
by ownership:										
State	151	119	103	99	94	4,5	2,5	2,2	2,3	2,5
municipal	217	246	196	190	185	6.5	5.1	4.3	4.5	4.8
private	2510	4104	3936	3620	3261	75.0	85.1	86.3	85.9	85.2
property of public and religious organizations (associations)	223	157	141	137	134	6.7	3.3	3.1	3.3	3.5
other forms of ownership, including mixed Russian, state-owned corporations, foreign, joint Russian and foreign	246	197	186	169	153	7.4	4.1	4.1	4.0	4.0

There are more private companies than state, municipal, and other organizations in absolute and relative terms. With the formed proportional structure, it is difficult to talk about the prospects for the transition to sustainable growth, since in the absence of a digital accounting system for the strategic targets of private business, it is impossible to correlate the micro level's target settings with the macro level. Below, we will consider share of the public sector's share in Russia's GDP structure.

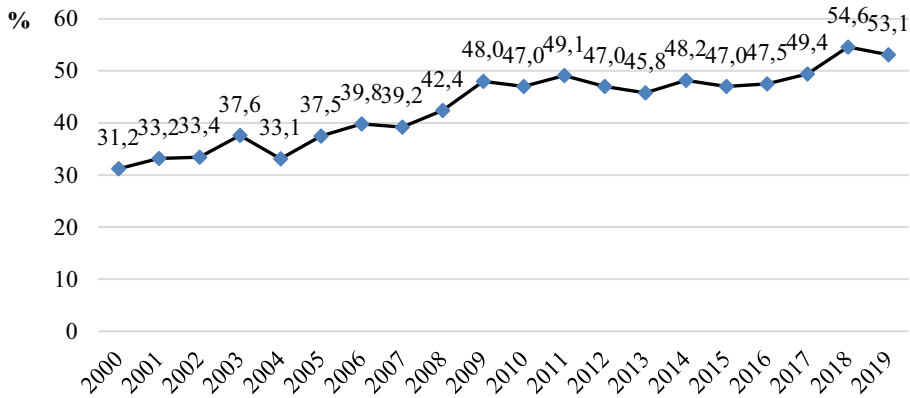


Fig. 1. Share of the public sector in GDP, %.

Based on the information provided, we see that the share of state (including unitary, municipal, public-private, state corporations) organizations and enterprises form a contribution of more than 50% to the country's GDP. We assume that this sector of the economy's programming to achieve national goals of strategic development will encounter fewer contradictions compared to the private sector.

The use by economic entities of the strategic planning tool in economic activity will not bring an effect to ensure the sustainability of the development of the national economy if they do not correlate with state development goals. When implementing this ideal model, we assume that we can talk about conditions for sustainable economic development.

Proceeding from this, having some ideas about the ideal model, then from the standpoint of the present time, it is possible to formulate the main stages that will be implemented by the bodies of special competence for the implementation of the principles of strategic planning in the management practice of all subjects of the national economy.

First, state corporations and other state-owned companies, municipal and unitary enterprises will be required to form strategic planning documents. The goals and objectives should not contradict the indicative indicators, development goals specified in the strategic planning documents developed at all government levels (federal, regional, local). Since this sector has been showing an upward trend since the 2000s and by 2019 it will form a large part of GDP, we consider it appropriate to ensure the sustainability of the economy, more efficiently solve socio-economic problems, and ensure security, in particular, of the public sector. Economy, institutionalize primarily strategic planning in this area.

Secondly, the private sector, which has industrial relations with the public sector, will introduce strategic planning tools in economic activities. We assume that to cover this sector of the economy, softer conditions for compliance with the planning and indicative norms will be proposed.

Thirdly, strategic planning should be implemented in private small and medium-sized businesses. In this case, the question arises of how the private business representative will be motivated to fulfill the "descent" indicators (priorities). In connection with the development of digitalization, the introduction of digital technologies in public administration and, accordingly, with the emergence of the opportunity for state bodies to process large amounts of data, the task of obtaining information about the goals and objectives of the business will become more urgent for regulators. This information will make it possible to predict the socio-economic development of industries, segments, individual territories and the state as a whole, based on which it will be possible to adjust the provisions of strategic planning documents more effectively. Growing this institution in

the private sector will initially perform the function of goal-setting (short-term, medium-term, long-term), which will positively impact the efficiency of companies. Then, in the long term, this institution's functioning will allow the state to obtain an additional instrument for regulating the activities of private business. Of course, there are many contradictions here, primarily because companies existing in a competitive environment will ambiguously perceive the need to disclose strategic information, which violates the principles of economic security of an enterprise. On the other hand, this information can be confidential, i.e. the risk of leakage of this information from government agencies to competitors will be minimized, which is possible to ensure by law.

The success of solving the issue of institutionalizing strategic planning is determined by how quickly and efficiently at the present stage the problems characteristic of the system of strategic planning at all levels of government are solved.

So, the main purpose of using the strategic planning system is to achieve 100% achievement of the planned indicators using various tools for regulating the economy. Based on this, the central problem of the functioning of the strategic planning system today, we believe, is the failure to fulfill plans. Several factors contribute to this situation. Let us present the main factors that potentially "can" influence strategic planning effectiveness in the Russian Federation (fig.2).

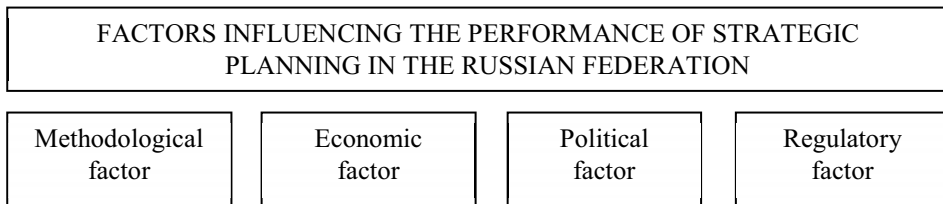


Fig. 2. Factors affecting the effectiveness of strategic planning in the Russian Federation.

I. Presumably, the methodology of strategic planning, implemented in practice, is not adequate for economic management's modern realities. The Ministry of Economic Development of the Russian Federation published Order No. 132 of March 23, 2017 "On Approval of Methodological Recommendations for the Development and Adjustment of the Strategy for the Socio-Economic Development of the Constituent Entity of the Russian Federation and the Action Plan for its Implementation" [17]. This document contains recommendations on assessing the socio-economic development of a constituent entity of the federation. On the one hand, we realize that analysts' methodological and methodological tools are constantly being reproduced - developing. Thus, there are essentially no generally accepted "working" methods, but there is only an expert's vision of what tools to use (perhaps only the one he is familiar with). On the other hand, the diversity of existing approaches entails the risk of inaccuracy and, as a consequence, incorrect formulation of priorities and the diversion of financial resources to ensure them. Legislative consolidation at the federal level will also not solve this problem since unification will not solve the problems of developing adequate documents at the regional level because the specifics, development experience, interests of the federation and territories' subjects are different.

II. Presumably, the economic factor does not allow achieving the planned goals. The deficit of budgetary resources often does not allow achieving the planned goals.

Federal Law No. 172-FZ obliges the constituent entities of the federation and municipalities to have strategic planning documents to their credit. It is no secret that the documents developed locally are often only declarative. Here is an example most frequently encountered in the practice of their preparation. The subject of the federation (municipality) is in short supply. When discussing strategic development priorities, decisions are also

made to distribute budget funds in crucial areas. Planned expectations are identified and recorded. To justify political well-being and to obtain additional federal funding in the future, expectations are often exaggerated. Because strategic planning is not a panacea for all economic problems faced by the system of state and municipal administration, no matter how effective strategic planning is organized, a situation is possible when a region with a maximally socially oriented budget, within 5, For ten years he has not been able to get out of the zone of financial instability. The developers, for many reasons, cannot record such a situation in the documents, which makes strategic planning documents populist - inoperative. This problem is connected not so much with local budget planning as with the reluctance to publicly declare that the available resources for implementing progressive development will not be enough and, as a consequence. The subject of the federation or municipality does not undertake, the situation will remain either as it is, or the quality of life will be reduced for objective reasons beyond the authorities' control.

III. Presumably, the political factor also influences the quality of strategic planning both in the federation and in the municipalities. First, the complex structure of economic interests can potentially act as an obstacle to progressive development. On the one hand, Federal Law No. 172-FZ obliges to conduct a public discussion of the developed documents, but this institution does not always cope with another phenomenon - lobbyism. Secondly, due to the increasingly complex external economic, political, currently epidemiological situation, technological trends, development priorities can affect the planned results. Due to a change in the situation, political decisions, an increase in national security risks, can reorient the system to other goals.

IV. In our opinion, it is the regulatory framework that largely determines the strategic planning system's effectiveness. We will not level the non-legal nature of the factors, even proceeding from the fact that there are many studies and points of view in the scientific and professional environment, where they relate to various reasons for the ineffectiveness of the organization of strategic planning in Russia. However, we note that some of these points of view indicate that the root of overcoming them lies in the plane of normative regulation. Let us divide the problems associated with the implementation of Federal Law No. 172-FZ "On Strategic Planning" and related by-laws, according to the following criteria:

1) Problems of an administrative, legal and organizational nature.

Many experts point out that one of the fundamental administrative problems of effective management of the strategic planning system is the lack of a single focal point. Due to contradictions between the executive authorities concerning the procedure, directions, and forms of state regulation, the problem of accumulating competencies in strategizing economic development in the Ministry of Economic Development imposes quite a large responsibilities state body. However, the presence of regulators as the Central Bank of the Russian Federation (its power in strategic planning is not specified in the Federal Laws No. 172-FZ, or No. 86 -FZ), and the Ministry of Finance of the Russian Federation, do not allow to implement the Ministry of Economic Development of its competences in full due to the need to solve short-term problems by them.

So neither the Federal Law No. 172-FZ nor the accompanying by-laws regulate the requirements for the participants' professional competencies in strategic planning. If the personnel problem is not urgent at the federal level, we believe it is pretty acute at the regional and local levels. Thus, Article 9 of the Federal Law No. 172-FZ gives a "participant" status in strategic planning at the local level to municipal authorities. The law, in essence, does not limit the circle of interested subjects wishing to participate in the discussion of documents. In other words, other entities are not endowed with the "participant" status, and they do not participate in the development of plans. Due to the absence of "external participants", the legal relations, rights and obligations of the subjects involved in the development of documents remain undefined.

The practice of strategic planning at the constituent entities of the federation and the municipal level demonstrates several options for involving interesting subjects in the planning process for the territory's socio-economic development.

a) The work is organized based on the available human resources. At the level of a constituent entity of the federation, this competence is attributed to the Ministry of Economic Development; in municipalities to economic services, economic committees, and other specialized departments in the City Administration structure.

b) The work organization is carried out based on compensated contractual relations between the executive authorities and hired performers. This is often done through government procurement of R&D services.

c) Involvement in the project development process, for example, "priority areas of economic development of the city (region)" of professional communities, which, based on the existing competencies, conduct scientific research in distributed areas. As a rule, this is organized free of charge.

We believe that all options for organizing work contain problems.

a) The specificity of requirements of Federal Law No. 172-FZ to their structure, analytical and research skills are required. Often, administrative employees do not have such skills or they remain unrealized in the field of strategy. Since the scope of issues addressed by the competent authorities, departments, and services is quite broad, and there are a small number of employees in the departments. Presumably, issues related to the development of planning documents are resolved by using other people's developments, i.e. copying. As a result, the document is, at best, working, but the goals and objectives do not correspond to the real needs of the territory.

b) In our opinion, this approach is associated with the security risks of regions and municipalities' strategic development. Thus, domestic practice shows that, on a contractual basis, about 80% of large orders in the development of strategic plans are won by the Leontief Center (St. Petersburg) and the NRU HSE (Moscow), which works together with it. We do not claim that the result of their work is of poor quality. However, there is a situation when a performer, we assume, with certain political and economic views on the prospects for the country's development, with analytical, intellectual tools corresponding to their worldview, fulfill an order. Following the Federal Law "On the contractual system in the field of procurement of goods, works, services to meet state and municipal needs" dated 05.04.2013 N 44-FZ, the executor of the state assignment is not checked for the criterion of security risks. Since there are various external (concerning both the subject of the federation and the municipality) economic interests, a situation of deliberate programming of the territory's economic development through the execution of the order by the contractor is possible, which is unacceptable. We also note two more, possibly unimportant circumstances. The contractor is often not aware of the specifics of the development of the territory. For this reason, the order is executed based on proven algorithms, which does not allow identifying the most critical problems and formulating the most appropriate goals and management decisions. We also note that the performer who does not live in the territory has no interest in the high quality of the document being developed since the plans' implementation will be felt only by the subjects living and conducting economic activities territory.

c) Because there is no procedure for the legal regulation of relations between the executive authorities and professional communities, often represented by the faculty of local universities, there is no need to talk about the quality of documents' preparation. Probably, this situation is because the work is carried out voluntarily, and also because, in a different form for development, without paying for services, it will not be possible to involve subjects in strategic planning following the current Federal Law No. 172-FZ.

d) The measures of responsibility for non-fulfillment, strategic miscalculations in the

field of both the development of documents and their implementation by the authorities and control and monitoring of their implementation have not been determined.

1) Procedural problems.

De jure - the strategic planning system (system of strategic planning documents) in the Russian Federation has a holistic systemic character, de facto - no. Some of the documents (at the level of the constituent entities of the federation, having a medium-term perspective; industry documents, etc.) that are mandatory for development following the current Federal Law No. 172-FZ are not being developed, the development of others is not carried out on time, which implies a lack of timing, by goals, objectives, etc. The "Strategy of socio-economic development of Russia for the period up to 2035" is only being developed. However, the subjects of the federation, municipalities, a number of goal-setting documents at the federal level have already been published for the period until 2035, which calls into question their legitimacy, since there is no basic document on which they should rely.

The problem of harmonization of technical and legal methods of introducing strategic planning documents into action. When determining the legal status, building a hierarchy, systematizing and harmonizing documents, questions arise about the legal technique of their introduction into legal action. The absence of such a standard has led to the fact that decrees introduce documents of the same type, statements to the Presidents, "approval", order or decree of the Russian Federation's Government. This situation introduces uncertainty in documents' legal status and, thus, in the importance of their implementation by the executive authorities themselves.

Compliance with the norms of Federal Law No. 172-FZ led, we believe, to one of the most important problems - to a huge number of strategic planning documents. So only at the federal level, about 500 documents are valid. There are about 55 thousand units of documents for all macro-regions, subjects of the federation, and municipalities. A large volume of documents has led to the fact that they are not interconnected, scattered, often contradict each other, have no chronological relationship.

1) Substantive problems.

Underdevelopment of the conceptual apparatus. The lack of normative interpretations of the basic categories, firstly, complicates the process of organizing the strategic planning system; secondly, it is another reason for delegitimizing the adopted documents, ignoring them by the executive authorities; thirdly, the risks of speculation by participants in strategic planning with "failures" in the legislative framework increase.

Experts note the low consistency of documents at different levels. So, if we consider, for example, the municipal level, we can observe the following legal collisions. Federal Law No. 172-FZ does not cover its regulation for long-term planning at the local level to develop territorial development plans. However, at the federal and regional levels, this document is included in strategic planning documents. In other words, at the municipal level, the system of strategic planning documents is limited by the framework of socio-economic planning for the development of territories without taking into account their spatial zoning and territorial features of the location of various objects and economic entities. The planning of the communications infrastructure was also ignored. Thus, out of 4 allocated planning areas at the municipal level (socio-economic, territorial, infrastructural, budget), Federal Law No. 172-FZ regulates only economic and budget planning. Thus, to achieve the effectiveness of strategic planning at the municipal level, an obvious problem is the coordination of documents of a socio-economic nature and urban planning documents.

National documents are also weakly correlated with international documents. The UN has set in 2016 "17 goals for sustainable development of the planet for the period up to 2030". However, we note here that the low level of coordination, in our opinion, is justified by the presence of political contradictions, and following Federal Law No. 172-FZ, the

strategic development goals developed by the Russian Federation are not consistent with international legal acts.

2) Problems of regulatory support of the monitoring and control system.

The effectiveness of strategic planning, in particular, the achievement of the set goals, is primarily determined by the current management system, namely the presence of a control and monitoring system. In turn, the effectiveness of the control and monitoring organization is determined by the elaborated base of regulatory legal acts. Describing the system of control and monitoring of strategic planning in Russia, we note that it is *de facto* absent. We see the root of the problem in regulatory support. In our opinion, the existing regulations specified in the Federal Law No. 172-FZ in Ch. 12, art. 40-42, by-laws of the federation subjects do not consider the specifics of the development of the strategic planning system at the present stage. We have cited various systemic problems above, including the lack of essential documents, an opaque hierarchy of documents, inconsistency of documents, violation of deadlines and consistency between documents and, most importantly, a massive amount of documents. All these problems are objective, and therefore the organization of the control and monitoring system in these conditions turns out to be meaningless. However, this problem is more aggravated at the federal and regional levels, to a lesser extent at the municipal level. On the one hand, there are fewer problems in organizing a control and monitoring system at the municipal level since the volume of documents is quantitatively small. On the other hand, a legitimate question arises in: methodological support, regulations and procedures, principles and participants, public hearings. To date, the rule-making at the municipal level deprives these issues of attention, without which it is only premature to talk about the presence of a monitoring and control system and efficiency - inappropriate.

4 Discussion and Conclusion

Thus, the presented variety of various problems in the institutional basis of the strategic planning system to a certain extent limits effective socio-economic development and creates conditions for the emergence of national security risks. Luggage, of course, an incomplete list of practical problems in state strategic planning does not allow, firstly, to say that the national economic system is developing steadily. Secondly, these problems will not spread the experience gained at the federal level to the micro level's economic entities.

As we indicated above, an effectively built system of strategic planning does not guarantee the achievement of the set goals. A considerable number of factors influence the planned federal, regional and local development priorities. However, the effective use of this tool at all levels of the economy will allow achieving a specific state of sustainability and, therefore, the risks of non-fulfillment of plans will be minimized. Since several problems of economic development lie in the plane of the contradiction between public and private, liberalism and conservatism, in particular the observance of the principles of a market economy by all economic entities. We assume that the introduction of the principles of planning in business processes at the present stage of development will not increase but, on the contrary, minimize the destabilizing trends in the Russian economy. We assume that the public administration system will not be limited to solving modern legal and regulatory problems governing the strategic planning system in Russia at the federal, regional and local levels. The logical continuation of the strategic planning system's development is the institutionalization of planned activities at the micro-level of the national economy. First of all, it will be the public sector, then the public-private partnership sector, and the last - the private sector.

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