

Diagnosics methods for purposes of restructuring of regional management system

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Abstract. This article is an attempt to systemize complex of diagnostics methods used to identify the need for restructuring of regional management system at different stages of diagnostics research. The authors proposes the model of express-diagnostics which allows to assess the need for restructuring of regional management system. The matrix model developed by the author is based on indicators of aggregate index of activity efficiency and calculated costs for keeping of regional government bodies per 1 inhabitant of the region. The author demonstrates the results of practical use of this method as exemplified by Tver region.

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Introduction

Globalization and high dynamics of socio-economic processes dictates the necessity of the systems to manage sustainable development of the regions. [1]. In conditions of transition of economic activity in Russia to market relations determine the necessity of deep structural changes of regional economy, taking into consideration the interests of enterprise structures, society needs and state opportunities [2].

New economic conditions make territorial power bodies to search and use adequate forms, methods and tools of economy managing with the purpose to provide sustainable economic growth and investment attractiveness of the region [3].

Structural changes and transition to innovative model of regional development suggest not only organization and ordering of elements in the work of regional economic system but introduction into this system of principally new organizational and socio-economic elements and elimination of out-of-date structures. Management of regional development as a specific kind of management must cover economic, social, organization-structural, financial, innovative and social spheres of regional community functioning.

Achievements of the set aims and tasks in this sphere almost completely depend on introduction of modern managerial technologies and tools for their implementation, development of restructuring programs both for separate enterprises, regional industries and bodies of regional executive power [4].

Restructuring of the system of regional management is understood as a complex of measures intended for optimization of structure and functions of region management, modernization of methods and mechanisms of decision-making used by the bodies of

regional and state power and local self-government, adaptation of managerial processes to changing institutional conditions and macroeconomic factors in order to achieve sustainable economic growth and form innovations-oriented structure of regional economy.

The first stage of restructuring process is diagnostics of regional management system. The aim of diagnostics is to provide evaluation of organizational efficiency of the regional management structure and find ways of its improvement. Diagnostics is one of the functions of regional management, which is necessary for rational functioning of regional management system, timely finding of trends and reduction of possibility of negative effects of its functioning.

The process of diagnostics of the regional management system can be described in the form of the following algorithm:

- Collection of material and data, necessary for monitoring of efficiency and quality assessment of the functions performed by power bodies of the region;
- Research of external economic situation which is formed in socio-economic development of the region;
- Analysis of existing position and opportunities of the region;
- Assessment of the need for structural transformations.

In general, regional management system has particularities and characteristics of corporate organizational structure which is characterized by symbiosis of meso- and micro-level aspects of economic activity [5]. Therefore, diagnostics methods used in research of socio-economic systems of corporate management, after some modification of

them, can be used in practice in assessment of regional management system. The analysis can be done by rather big variety of diagnostic methods and instruments. At every stage of the process of diagnostics of regional system of management some definite combination of methods should be used which presented in Table 1.

Table 1. Methods recommended for use at different stages of diagnostics of regional management system

Methods	Diagnostics stages			
	1 stage. Survey of external economic situation	2 stage. Assessment of efficiency and quality of performing functions by regional executive bodies	3 stage. Assessment of the need for structural transformations	4 stage. Development of recommendations on restructuring
Analysis of documents and statistical information	+	+	+	
Expert analytical		+	+	+
PEST- analysis	+			
SNW- analysis	+			
SWOT- analysis	+			
Organizational selfdiagnostics		+		
Dynamic and static methods	+			
Organizational modeling			+	
Ranging	+			+
Professiography		+		
Functional analysis			+	
Financial analysis		+		
Structuring of aims				+
Priorities matrix				+
Six sigma method				+
Questionnaire methods		+	+	+
Priorities matrix				+

Methods of diagnostics analysis used in research of external economic situation of the region were described in detail in theory of marketing and management and were used in practice of territorial management bodies.

In the same time, analysis of scientific-theoretic literature and methodological publications in the sphere of investigation of regional systems allows

to arrive at conclusion that there are no single method of express-diagnostics which allows to assess the need for restructuring of regional management system.

In author's opinion *express diagnostics* can be done with the use of matrix model, based on aggregate index of efficiency of activity and the costs for keeping regional power bodies, calculated per 1 inhabitant of the region.

The calculation of aggregate index of activity efficiency is made through approved indicators [6], in accordance with method developed by the Government of Russian Federation [7]. The indicators which form the assessment of efficiency of regional management characterize, first of all, the final results in key spheres of activity of executive power bodies of the Russian Federation entities in regard to socio-economic development of their territories. At present time there exists the list of 11 indicators by which the activity of regional power is assessed (population number, life duration, volume of investments into main capital, the size of incomes of consolidated budget etc.).

Decision about restructuring of regional management system must be made on the base of matrix shown in Figure 1.

Aggregate efficiency index, points	High, more than 47	No need for restructuring	No need for restructuring	There is need for restructuring. Preventive direction
	Medium from 37 to 47	No need for restructuring	There is need for restructuring. Evolution direction	There is need for restructuring. Preventive direction
	Low, less than 37	There is need for restructuring. Preventive direction	There is need for restructuring. Crisis direction	There is need for restructuring. Crisis direction
		Low (to 1600 rub)	Medium (from 1600 rub to 2600 rub)	High (more than 2600 rub)
Costs for keeping of regional governmental bodies per 1 inhabitant				

Figure 1. Matrix for assessment of the need for restructuring of regional management system and the choice of necessary direction of such restructuring

Necessary direction of restructuring is identified: preventive, evolutionary and crisis. Preventive restructuring is aimed for pro-active elimination of crisis phenomena in case of appearance of negative trends in development of the region. Crisis restructuring is aimed for reduction of the level of state subsidies of the region, reduction of non-efficient costs, overcoming of crisis of regional management. Evolutionary restructuring is gradual transformation of managerial system aimed for accelerated development of the region, achievement of new competitive positions. "Accelerated" in this case means quicker than with some systems, or allowing to skip some stages passed by other entities.

Practical use of this method can be considered through the example of Tver region. Tver region is the biggest by its area region in CFD - 84,2

thousand hectares, the number of population is 1 334 100.

Tver region is characterized by rather developed industrial production, share of which is 30,3% of GDP of the region. More than 90% of industrial production of the region is manufactured by 550 big and medium enterprises at which more than 97 thousand people work [8].

In spite of positive dynamics of development of industrial production the trend in systematic under-achievement of forecast value of GRP – from 8,4% in 2010 to 10,8% in 2012) or at average 10%. At average the indicators of socio-economic development of the region are still very low.

Today Tver region can be referred to the number of regions with worst indicators of efficiency of executive bodies' activity. Complex evaluation for 2012 showed that Tver region is on 81st place from 85 [9].

In 2011 Tver region was on the last position by the share of non-efficient costs in the sphere of organization of state and municipal management in general volume of consolidated budget, which was 4,5%. Besides that it is worth mentioning that since 2008 this indicator is increasing steadily (figure 2).

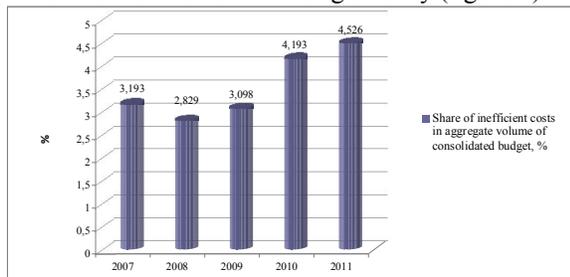


Figure 2. Dynamics of non-efficient costs in general volume of consolidated budget of Tver region for 2007-2011.

Socio-political stability ranking calculated by the *St. Petersburg policy* Fund in December of 2013 Tver region was included into the list of 23 regions with weak stability, with 5,2 points from 10 [10].

Tver region is outsider in such rankings for several years and this can not be left without notice - it points out to the absence of stability and opportunities for future improvement in the region.

The volume of liabilities does not correspond to financial potential of the region. State debt of Tver region in January of 2013 was 21 598,8 million roubles. The ratio of state debt of Tver region to the incomes of the region was 74% without taking into account payment-free in-flows.

The costs of consolidated budget of Tver region for keeping of state power employees and local self-government in 2012 were 3931,7 or 4,9% (Figure 3).

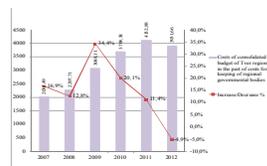


Figure 3. Dynamics of costs of consolidated budget of Tver region for keeping state bodies and local self-government employees

The table 2 gives calculation of the costs for keeping of regional power bodies per 1 inhabitant of Tver region

Table 2. Costs for keeping of bodies of executive power per 1 inhabitant of Tver region.

Indicator	2007	2008	2009	2010	2011	2012
Costs of consolidated budget of Tver region in the part of costs for keeping of regional governmental bodies, millions roubles	2035,49	2297,71	3088,11	3709,58	4132,88	3931,66
Population, thousands	1390,4	1379,5	1369,4	1363,4	1350,2	1 334
Costs for keeping regional governmental bodies per 1 inhabitant	1464,0	1665,6	2255,1	2720,8	3070,1	2947,3

Then let us draw up the matrix to identify the need for restructuring of the Tver region management system (Figure 4).

Performed analysis has proved that today the system of regional management of Tver region is in crisis and it is necessary to develop anti-crisis program of restructuring.

Achievement of strategic aims of socio-economic development of Tver region is impossible without significant increase in efficiency of use of all resources which are available in the region. It is necessary to concentrate resources on prioritized directions of regional development, in the same providing guarantee of financial stability of regional budget system.

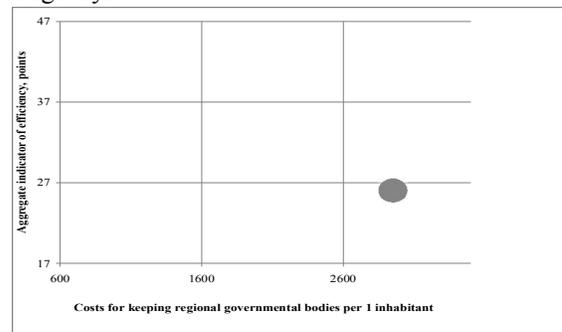


Figure 4. Matrix to identify the need for restructuring of the Tver region management system

The complex of anti-crisis measures of the program of restructuring of management system can include the following measures:

- establishing of budget restrictions for new cost liabilities. The limits must correspond to restructuring (reduction) of already existing liabilities and in case of additional revenues of the region;

-reorganization of the structure of regional management. It is necessary to provide annual analysis of regional government bodies. If surplus or back-up functions of regional governmental bodies are found the offers regarding optimization of costs for keeping state government bodies should be made.

-optimization of the number of state and civil employees by means of delegating of separate control functions for outsourcing which in turn will allow to reduce the share of conditionally-permanent costs in the structure of costs of regional budget

-modernization of management technologies - both in organizational and technical terms. Organizational modernization of government suggests introduction of modern managerial technologies, such as technologies of one-stop principle, feedback, political dialogue etc. Technologies to provide increase in efficiency of the government system are modern information-communicative technologies, e-documents turnover;

-rationalization of control over regional budget costs for keeping of employees. In the framework of this direction temporal costs should be identified. In order to do that the analysis of realization of costs liabilities which are related to realization of functions of the bodies of regional government should be made and the issues of outsourcing of separate works to external organizations on the base of state contracts and the contracts of payable provision of services must be worked out.

-formation of the mechanisms of adaptive system of management which is able to provide stability in the region in conditions of dynamically changing external environment.

Summarizing all mentioned above it is worth mentioning that these methodological recommendations allow to perform express-diagnostics of the needs for restructuring of regional system of government and identify the complex of measures intended for elimination of negative trends and problem situation.

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