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STRATEGIC PLANNING ON THE LOCAL LEVEL AS A FACTOR OF MORE EFFICIENT RURAL DEVELOPMENT

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Abstract

The primary objective of the paper is focused on how to reverse the process of continued impoverishment of the local rural areas and create conditions for social, cultural, economic and environmentally sustainable development based on local initiative. In order to meet this objective, an attempt is made to define systematic, continuous and cyclic approach of setting up priorities and policies as a basic tool for strategic action planning on a local level (LSAP). Decentralization of the state, strengthening of local municipalities and participation of citizens is the process that has to be articulated toward efficient development. The paper can provisionally be divided into two parts. The first part encompasses the importance of local strategic planning while the second part gives the bases for the formulation of the strategic action planning methodology. Local development must be based on adequate decision making process and process of implementation. Those characteristics are bringing certainty in the structure of the LSAP development.

Key words: Rural Development, Strategic Planning, Local Level, Sustainability

The concept of strategic planning

The explication of this topic should begin with the question: What has happened meanwhile with the planning function in Serbia and in the international surrounding, especially in developed market economies? As an answer to this question it is necessary to underline the importance of planning in the light of continual discussions on redefinition

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of the development concept, existence of a wide range of potential developing areas², and finally, its importance in the presence of manifold functions of the state. In addition, it is necessary to depict the level of interrelatedness and complementarity, which is realised in a triangular relation of the *market – planning – economic politics*, while the structure of economy and society, i.e. institutional organisation, undoubtedly represents a special aspect.

In the Republic of Serbia planning has for decades been not only an important part of the system, but perhaps the most prominent determining element and strength of economic, political and ideological practice. It conditioned the character and modalities of the society under development. The effects of such planning system were obvious and in relation to the planning process itself whenever recently mentioned it evokes associations that relate planning to the roots of the so called “eastern sin”.

The necessity of building a new approach is inevitable and it has to be harmonised with the fundamental identity of the society, i.e. with the future orientation of the country, while being simultaneous with related achievements accomplished in countries with developed market economies.

Monitoring of the latest international experiences in the field of regional development and planning lead us to a conclusion that inherent indicative planning from long ago has gradually transformed itself into something known as local strategic structural planning. This kind of planning, being the integral part of the so-called “Glocal”³ approach to regional development and development in general, is very present in mixed economies and integrating countries. In course of time, these groupings have had to orient themselves towards planning as an important element for the market labelled as “organised market” or “human-oriented market”. Such a concept has developed as an answer to the question of the establishment of competitiveness, thus a long-term dynamical economic balance.

Perhaps this is a good place to mention also theoretical approaches such as the *theory of anomie*⁴ which states that development leads towards destabilisation and decentralisation of social consciousness and system structure through differentiation and progression of labour division. In other words, the impact of the existing social consciousness and social norms in a certain point of time becomes an increasing limitation their effects start gradually decreasing so that they become less binding – which all results in the advance of anomie. This gives rise to public confrontations, fresh ideas and new movements, organisations, strikes, etc. which can by no means be

2 The most important developing areas are the following: international exchange, industrialisation process, technological development and dissemination, economic sectors, relation between nationalisation and transnationalisation of development, regional development, local development, rural development, environmental development, sustainable development, cultural development, development of human rights, etc.

3 This approach is generally known as hybrid model – a combination of Global and Local approaches to developing tendencies

4 Durkheim’s theory recently redeveloped by Neil Smelser

brought under the old moulds. If this takes place when there is an economic crisis, as is the case in Serbia, we face what Durkheim calls de-qualification. This process pushes down many individuals and families to a lower level of material status in accordance with which they should tailor their behaviour – self-control, ethics and the way of life. In such a situation the advantages of social impact die out, so the society would have to promote more rigorous forms of ethical behaviour accompanied with attributes such as self-control and solidarity that are compatible with this phenomenon. Of course, this kind of behaviour cannot be attained so soon, and there are efforts to escape the existing hard conditions, which is often done in an inadmissible way. This leads to a weak (if any) integration, tensions and conflicts, which characterise the emerged social changes – namely, a tendency towards involution and regression to the old situation. \

This practice often leads to a gradual establishment of fundamental functions and structural processes that make social advancement. One of the starting processes is the differentiation⁵ process, which as a rule begins with specialisation caused by disintegration and decentralisation. Thus the old set-ups are abandoned and the surrounding for new ideas and new mutual relations is created. Differentiation enables creation of new production/service centres, new cultural centres, as well as new political centres among which there are both competitive and cooperative relations. This normally refers to a smaller number of totally possible units (leaders), while other time-lag units are followers on the same track. Differentiation as such does not only make space for decentralisation, but also for democratisation of society as a whole. As a functional process on which development is based, it is also called *inclusion*, and it includes a growing part of strata in particular decision-making levels. Thereby adaptation to new situations and new events and enhancement of adaptation capacities are underlined as basic values in the neo-evolutional theory. It is generally achieved through competence, specialisation, professionalism and technological advancement.

Taking into account what has been said so far, as well as the character of this paper, it is necessary to highlight the subject of development and development goal as first value elements. Development has to do with the development subject in the first place, which puts in the foreground the question of the subject's own perception. This practically means the following: »I measure what it was like to me« and in what way what I have relate to what I expect, hope for and want. On the other hand, development goal is not mere daydreaming about what I might have, but is essentially related to own capacity and adopted and shaped capabilities to join the development process properly. This brings us to a dilemma how to lay out possible development courses, while avoiding »blindness of excessive closeness«, how to settle the issues like non-existence of social consensus over the role of the state, technological development, etc. but also how to create premises for a true perception of one's own reality.

5 The most important differentiation area being isolation of an individual as a citizen with fundamental rights (the right to civil freedom – freedom of consciousness, opinion, speech, freedom of ownership, freedom of political self-organisation, and the like)

The basic aspect of strategic planning

In its essence, strategic planning rests upon the aspiration and need to make some changes at the local level so as to ensure growth and development in the middle and long run through qualitative and quantitative approaches, to enable evolution and succession, instead of revolution and restart of initial development processes, over long time periods which will cover a range of generations – diagram 1.

Therefore strategic planning entails, as does any other planning practice, two basic preconditions:

a) Adequate institutional grounds that will establish mutual relations among all agents – stakeholders within a community/joint arena, and

b) Corresponding professional know-how to make sure that local participants at different levels do contribute to the creation of efficient action programmes (where failures are eliminated beforehand, mistakes avoided in advance, etc.).

Institutional arrangements, as do applied professional practices, are activated in accordance with the need to eliminate internal frictions and external tensions, wherefore strategic planning gets attributes that are most often expressed as: knowledge-based, intention-guided, law-based and reason-controlled process. Strategic planning as such is based on reliability of findings, possible perspectives and competent estimations, which, as approach, can be expressed with epistemic and pragmatic knowledge.

The elements of strategic planning

Local strategic action planning has to be methodologically well-grounded so as to be able to answer the following important questions:

Successful and efficient development of local communities is not possible in the absence of an overall process of strategic management including planning, implementation and evaluation of accomplished effects. This is of equal importance for municipalities with abundant funds as for those with insufficient funds. Whatever the case, the optimal funds allocation has to be based on development priorities of the municipality as defined in the strategic planning process. Municipalities that go through strategic planning are as a rule more successful, customer-related, demonstrating increasing responsibility for the needs of the local community. At the same time strategic planning is a highly transparent process which makes sure that all relevant subjects participate in planning the future of the local community.

The following is one of the adopted and widely used definitions in projects: “Strategic planning is a systematic process through which the local self-government, jointly with local business subjects and citizens, identify pressing issues and set tangible objectives, tasks and strategies in order to tackle the issues. Strategic planning can be, for instance, applied when planning the economic development or capital investment.”

The strategic planning is not an ad hoc activity, rather a systematic, continual and cyclic process. This means that it has to be carried out in regular intervals, thus

becoming a routine activity in the operation of the local self-government (covering the period of three-four years). It could be considered as a complex process that includes all relevant subjects of the local community: Finally it is a mean of administration for the purpose of meeting the current needs and solving the existing problems of the local self-government. As such it can be applied in deciding on capital investments, public services and future economic development.

Its implementation it is important adequate surrounding – political, legal and economic, with special emphasis on sufficiently of a wide and clear authorisation over local resources for successful strategic planning at the local level; understanding of the framework within which strategic planning should be carried out, especially readiness to accept or realise the necessary changes in the local setting for the purpose of correct realisation of the process; compliance in defining the objectives – the final objective and the most important parts of the process have to be completely clear to all participants and presented to the public; and readiness of officials/decision-makers for cooperation and team work in the local self-government and the community in general.

Understanding of the strategic planning process management is of a great importance, especially by those who manage the process: Local staff and lecturers who know how to conduct strategic planning and possess the know-how of the matter: planning of capital development, i.e. of economic development and budgeting; than access to information necessary for the strategic planning process – people who work on the realisation of the process are the ones who present the information; as well as identification of the need for external assistance

The method of stratetig planning at the local level

The elected municipal management staff, with the assistance of the appointed staff, should develop the strategic planning process and define what will become a part of strategic planning and what will not. Considering this, the following has to be taken care of:

- The process should be adjusted to local conditions and special attention paid to the fact that there is poor knowledge about the concept of strategic planning; the terminology related to strategic planning should also be clarified.
- The process should be structured in such a way that expected results are realistic and feasible, which means that the realisation of objectives, tasks and results has to be within the financial capacities of the Municipality

Paralel it has to be created the reliance and understanding of all participants, including the community as a whole, can be achieved only if strategic planning contributes to the realisation of immediate and visible results.

The Process should be realised in phases, meaning that all phases are included in planned activities, namely:

- Development of mission and vision
- Definition of objectives and tasks
- Training and presentation of the process (if necessary)
- Provision of appropriate (neutral, accepted by all team members) premises for the work of the strategic planning team
- Collection of information, including the analysis of project advantages, weaknesses, possibilities and challenges, as well as the estimation of available funds (internal and external)
- Identification of available alternatives
- Definition of priorities and decision-making process with public participation
- Regular informing the public on the results and implementation phases.

It is essential to make that process sustainable and avoid situations where strategic planning starts being a theoretical exercise with no reference to the real life, or just a “single-shot attempt” which is not going to be realised in the future.

The structure of strategic planning at the local level

The strategic planning model, as described here, can be considered applicable in Serbia because it represents one of many successfully standardised models that have been developed and implemented in the cities and municipalities of the Western Europe. A representative model contains several components that have to be considered when formulating the strategic planning process in the local self-government, with special emphasis on the following:

- *Analysis of the Environment* – Each process planning, especially if it is a strategic planning process, has to be based on an objective estimation of the environment conditions within the community. This includes the assessment of external and internal factors. External environment can be such that the local self-government is not in a position to change certain conditions which are prescribed by the higher-level authorities. However, the local authorities can and have to be ready to affect the local conditions having a bad impact on the process.
- *Formulation of the Vision and values* – in the nature of the assessment of the local community’s working environment, it is of vital importance to develop a system of local values and a vision which are reasonable for the majority of representatives of the local authorities and wider community, i.e. citizens and economic agents. The vision of a community represents a wider perspective for the future and should serve as a guideline for all participants in the strategic planning process. Its role is also to ensure that all participants in the process, even when they do not act identically, stay on the same track during the process. Values are common knowledge, opinions and attitudes of all participants which are related to the purpose, internal (organisational) culture and general behaviour in an organisation and the society. Both the community’s vision and its values are usually long-term

and change only over a long time intervals. The main role of values is to ensure that the community's vision and its future are not disturbed by future political or non-political changes.

- *Formulation of a Mission and leadership* – In so far as the vision of the community reflects a wider perspective, the mission of the community is a clearly defined wide system of objectives which serves to explain this wider picture in a more detailed way. It is typically a short description of the future of the Municipality (with or without an explanation). Mission can be essentially defined as a standalone, widest objective of the community.
- *Setting up of objectives* – Objectives are management tools aiming at precise explanation of the ways for best materialisation of both vision and mission. While mission gives a wider course and meaning, multiple objectives are there to make a concrete orientation in the everyday work of municipal authorities and of other agents involved in the process. Such objectives are often defined during the budget development process in order to achieve the defined vision and mission of the community considering the available resources.
- *Creation of the Strategy, structure, and systems* – as a “tools” by means of which vision, mission and objectives are realised. *Strategy* refers to the general action plan aiming at the achievement of certain objectives. It defines activities (fields of operation) that the community sets to develop, capacities, abilities and knowledge that are necessary for the realisation of these activities and, of course, the tendencies and courses required for the growth/progress of the municipality. *Structure* refers to the way the organisational structure of the municipal authorities is established in order to realise vision and mission. Finally, *systems* refer to management tools by means of which strategy is accomplished within the defined structure. Systems, such as annual budget (management tool, in the first place) are developed in order to distribute resources and responsibilities for public spending during the realisation of the community's vision and mission.
- *Implementation of the SAP* – In this phase all process components are activated. Depending on the quality of work in earlier phases, implementation should be efficient (lowest expenses) and effective (with as good results as possible). This ought to result in high level services, increased performance and excellent financial results.
- *Monitoring and Evaluation* – Self-evaluation is the final phase in the strategic planning process. Therewith a completely new process is started to be carried out in the following year. It serves to compare the strategic plan with the performance of local authorities. Here levels of success, possible set-backs and difficulties are identified as well. In line with the evaluation results, corrective measures are proposed aiming at improvement of the overall performance of strategic planning for the next year.

Concludin remarks

The Republic of Serbia has recently passed the Law on Local Self-Government and other Laws that are giving a larger autonomy to local authorities and exacts organisational restructuring of the whole system of local authorities in Serbia. Together with efficient institutions they are efficient tool for the development on a local level. So it could be stated that strategi planning at the local level is of enormous importance for its development. If so supported, strategic planning process can be a backbone of the local reform, thus opening the door to new possibilities.

Therefore the above described model illustrates how the local authorities can restructure/reformulate their practices and procedures so as to make a positive impact on a far-reaching future of local communities in Serbia. Efficient restructuring of the local level based on NUTS regulations, implementation of strategic planning and development of a long-term strategic management plan based on the local community's vision and mission should be conducted simultaneously despite the fact that each of them will have varied success. However, the advantages originating from the realisation of such a concept and related to the reform of local authorities should result in tangible and measurable indicators with direct impact on a policy and everyday life of the citizens of Serbia and their aspiration to achieve a high standard of living.

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