

Visualization of Working Versions of Balanced Scorecard Strategy Maps in Managing Regional Competitiveness

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Abstract. This article describes an approach to the study of the competitiveness and development of regions based on the use of an instrument such as the balanced scorecard. The author proposes a modified balanced scorecard for the study of regional development specifically. The author has constructed a working version of the strategy map based on the general objectives of the regional strategy and indexes of the balanced scorecard of a region of the Russian Federation.

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Introduction.

The modern stage of national economic development is characterized by a rapidly growing interest in a vast complex of regional issues, regions' competitiveness as a whole, and attracting investment. The strategy for the economic development of regions as a system of actions is aimed at implementing the state's long-term social-economic development objectives providing that regions make a substantial contribution to resolving these objectives – therefore, one needs to assess the potential of contributing to state development at regional level [1, 2, 3, 4].

Methods.

To put together an efficient strategy and credibly assess the region's competitiveness, one needs to have a balanced scorecard that will establish the problem areas and the more successful areas of development [5, 6]. The more classic technique in this area of study is known to be the balanced scorecard (BSC), which was introduced by R.S. Kaplan and D.P Norton back in the 1990s. Applying the BSC in managing the regional economy will help resolve the topical objectives of target state programs in the area of regional and innovation development and identify the more significant factors affecting competitiveness.

However, in the area of regional economics management there is currently still no well-defined and well-oiled balanced scorecard system. Authors propose their own vision of the problematics and application of balanced scorecards in managing regions, which necessitates a more detailed investigation of the issue [7]. Thus, this article's purpose is an attempt to create a balanced scorecard

system that ideally would cover strategically significant and relevant parameters in the area of managing regional competitiveness.

The balanced scorecard in investigating regional competitiveness.

To adapt the balanced scorecard to the object of study, the region, one needs to transform four components of the balanced scorecard: the perspective of internal business processes can be viewed as "Production Forces", the financial component as "Finances", the customer perspective, even at regional level, as "The Market", where the primary customer is the regional constituent's population, and the last parameter, learning and growth, as "Production Work" [8]. To now link all of the statistical parameters, strategic targets, and indicators of the BSC together, one needs to construct strategy maps for the development of regions [9, 10]. The development of strategy maps has to be based by all means on the strategic targets of regional development established by the region's government. The strategic map in Figure 1 has been constructed based on the Strategy of a Region of the Russian Federation, its primary objective being boosting the region's competitiveness and attracting investment.

Through the example of a working version of the strategy map, by combining the given statistical indicators and strategic targets, one can put together a table that it will make it convenient to trace the matching of objectives and indexes influencing it. The first block of such a table includes "Production Forces – Internal Business Processes". It marks out as primary the strategic targets such as increasing GRP, increasing output by sector, and creating and adopting innovation technology (Table 1).

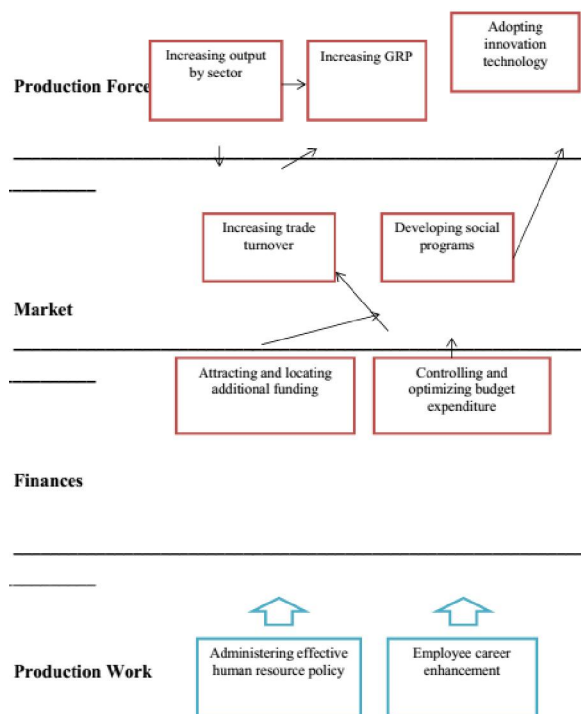


Figure 1. A working version of the strategy map for improving regional competitiveness and development

Table 1. The “Production Forces” block

	Strategic targets	Target indicators
Production Forces (Internal Business Processes)	Increasing GRP	GRP
		Mineral extraction
		Light industry
	Increasing output by sector	Chemical industry
		Metallurgical production
		Automobile production
		Power sector
		Agriculture
	Creating and adopting innovation technology	Creating patents and know-hows

The second block, “The Market – the Customer Component”, is aimed at the study of such strategic targets as increasing trade turnover and developing social programs (Table 2).

Table 2. The “Market” block (the Customer Component).

	Strategic targets	Target indicators
Market (Customer Component)	Increasing trade turnover	Population’s income
		Retail trade turnover
		Wholesale trade turnover
	Developing social programs	Ratio between income and cost of living

The third block, “Finances”, specifically reflects financial indicators, its strategic targets being: controlling and optimizing budget expenditure and locating additional sources of funding (Table 3).

Table 3. The “Finances” block

	Strategic targets	Target indicators
Finances	Controlling and optimizing budget expenditure	regional budget revenue
	Привлечение и изыскание дополнительных средств финансирования	tax component budget expenditure organizations’ revenue additional sources of funding attracted

And the final, fourth, block is “Production Work – Learning and Growth”. This block’s strategic targets are associated the closest with the primary goal of the Strategy for the Development of a Region of the Russian Federation: administering effective human resource policy and boosting the level of employees’ education and qualifications (Table 4).

Table 4. The “Production Work – Learning and Growth” block

	Strategic targets	Target indicators
Production Work (Learning and Growth)	Administering effective human resource policy	share of those employed in agriculture
		share of those employed in health care
		share of those employed in education
		share of those employed in industry
		share of those employed in management
		share of those employed in other sectors
		level of unemployment
		those employed having higher education
	Boosting employees’ level of education and qualifications	those employed having secondary education

Using these blocks of the table, one can examine indicators by year (or relevant time periods) and compare them with initially set strategic targets. That said, these target indicators are not chosen casually but on the strength of a vast amount of explored literature dedicated to the analysis of financial-economic activity.

Conclusions

By conducting an analysis of this kind using the above coefficients, one will be able to establish whether the region’s development is moving in the direction of boosting competitiveness and attracting investment. Furthermore, one should also take into account that in this article the concept should be viewed not only as a system of indexes and indicators but also as a tool for the strategic management of regional development, which will help point to the problematics of a strategy adopted or even formulate it as specific strategic targets and put strategic targets and indicators into correspondence.

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