

## SECTION 7. INNOVATIVE ECONOMY

### **7.1 Result-based management as the key concept for the development in the context of the digitalization of public administration**

The effective development of any region of Ukraine depends on how the functions of management are performed at different levels of management. Control is a set of tools and methods by which one object affects another, while necessarily changing its properties, state, and so on. [301]

The problem of good governance has recently become increasingly relevant at the regional level in connection with the decentralization reform in Ukraine. Modern management processes are under the influence of constant changes and need to adapt quickly to the latest conditions. The manager of the new model should be flexible and adaptable, which will help to quickly navigate the new plans for economic development. Focusing on an effective outcome in training a modern civil servant is becoming an important challenge for Ukraine.

Recent years in Ukraine can be characterized as a stage of comprehensive reforms, rethinking management and the role of a manager in general. Therefore, it is not surprising that in the context of the digitalization of public administration, attention is paid to the concepts of good governance. The use of digital technologies in the field of public administration is an important stage in the development of a competitive economy in Ukraine and will help advance the course towards digitalization of management processes.

In the context of digitalization for the development of public administration in Ukraine, one of the leading concepts can be considered the concept of “result-based management”. It is worth noting results-based management (RBM) is another phrase for management by objectives (MBO), which was spearheaded by the famous scientist Peter Drucker in 1954. It was first mentioned in his book "The Practice of Management" a method of improving the efficiency of an organization, where an employee performing his duties is assessed not by the process, but by the result. It has

also come to be known by other names such as performance based management (PBM). MBO – is a considered a systematic and comprehensive management approach, with a clear focus on the effective and efficient achievement of goals, including in public administration.

In the sense of results-based management, it is the emphasis on results that is essential, which has both fundamental and functional significance. In performance-based management, organizations' capabilities are used in such a way that performance plans extend from their strategic level to individual employee time-use plans. At the planning stage, the use of the will and thinking of all members of the organization has already been activated. [301]

Some of the main provisions of this concept are:

- The development of goals is needed not only for a specific organization; they must also be developed for workers. The main point is that the goals of the workers must flow from the goals of the organization itself.

- The development of goals is spoken from top to bottom to communicate with the main strategy and from the bottom up to achieve understanding with the employee.

- Taking part in decision-making. The process of developing a goal for the worker is a stage in the creative process between him and the manager. In this concept, the goals should be developed by the manager and the employee together. In this case, the boss and the worker during the discussion period have a much better understanding of what needs to be done and how to achieve the goal.

- Constant feedback and evaluation of the work performed.

What is the difference between conventional management and results-based management? The answer to this question can be found in Table 7.1.1, which shows the most characteristic features of conventional management from results-based management.

Table. 7.1.1

Distinctive features of conventional and results-based management

|                         | Conventional management                                                                                   | Results-based management                                                                                                                                                          |
|-------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General characteristics | Unclear or inaccurate management system aimed at achieving a result.                                      | Management is the process of finding a result (determination of the result, operational management, and control of results).                                                      |
| Planning                | Employee initiatives are discouraged; there is no clear connection between groups and individual workers. | Clarity of the end result; position of strategic management; employees' initiatives are taken into account; plans of activities are drawn up in a calendar form; budget planning. |
| Operational management  | The results are due to the work of the staff; there is no clear link between planning and results.        | Management is based on linkage to results; constant operational control; providing assistance and support in the work of staff.                                                   |
| The control             | Narrow market focus; no analysis, only explanations.                                                      | Conclusions are made on successes and failures; performance analysis is appreciated.                                                                                              |

The process of democratization in Ukraine, its course on decentralization of the system of public administration, propaganda of involvement of citizens in public discussion and adoption of socially significant decision forces various institutions to respond effectively to the demands of society and technological progress. After all, more and more innovations are reflected in the sphere of service to citizens. This

testifies to the spread of Technological progress and the best innovations of its market to society, to which state policy must react in a timely manner.[302]

As you know, the results-based management methodology is based on a concept called the "balanced scorecard" (BSC), which was developed in the 1980s. David Norton and Robert Kaplan. It can be noted that this approach is most successfully applied in the USA and EU countries. [303]

Monitoring the achievement of goals and monitoring the implementation of activities aimed at achieving them must be carried out using measurable indicators. The developed indicators should meet the following requirements to the greatest extent:

- adequacy: an indicator (group of indicators) should characterize progress in achieving the goal and cover all significant aspects of achieving the goal;

- accuracy: this requirement is aimed at preventing errors and ensuring such a measurement of the indicator that forms an objective view of the progress of the process of achieving the goal;

- objectivity: the use of indicators, the improvement of which leads to a aggravation in the real state of affairs, is not allowed, the indicators used should, to the least extent, create incentives for managers to carry out this kind of activity;

- reliability: the method of collecting and processing the initial information should allow the accuracy of the data obtained in the process of independent monitoring and assessment of the achievement of the goal;

- unambiguity: the definition of the indicator should provide the same understanding of the essence of the measured;

- cost-effectiveness: obtaining reporting data should be carried out at the lowest possible cost; the indicators used should be based to the maximum extent on existing information collection programs;

- comparability: the choice of indicators should be based on the need for continuous accumulation of data and the possibility of their comparison, both for separate periods, and with indicators used to assess progress in achieving similar goals, as well as with indicators used in international practice;

- timeliness and regularity: reporting data should be received with a strictly defined frequency and with a small time lag between the time of information collection and the term of its use. For use in monitoring purposes, reporting data should be provided at least once a year and, as a rule, no more than 2-3 months after the end of the reporting period;

- uniqueness: indicators of goal achievement should not be a combination (weighted sum or product) of several indicators characterizing the solution of individual tasks related to this goal. [303]

The resulting system of indicators is the BSC, the use of which in the management process provides the foundation for building results-oriented management procedures. Thus, the BSC is a tool, the skillful application of which provides new opportunities for effective management. [303]

Ukraine's policy of digitalization will also affect monitoring in the field of public administration. For example, electronic surveys of citizens about their satisfaction with the work of local self-government will simplify further monitoring of this information.

Ukraine has taken important steps towards digitalization in public administration. The Ministry of Digital Transformation of Ukraine was established to ensure the formation and implementation of state policy in the areas of: digitalization, digital development, digital economy, digital innovations and technologies, e-government and e-democracy, information society development, informatization; in the field of electronic document management; in the field of development of digital skills and digital rights of citizens; in the areas of open data, development of national electronic information resources and interoperability, development of broadband Internet and telecommunications infrastructure, e-commerce and business; in the field of electronic and administrative services; in the areas of electronic trust services and electronic identification; in the field of IT industry development. [304]

This undoubtedly indicates that the state policy of Ukraine is focused on effective results.

Thus, in the modern sense, "result-based" has a number of characteristics that distinguish it from other forms of management activity. First, when using results-based

management, it is imperative to set goals and objectives, as well as to understand the expected result. Results-based management is a complete cycle of activities, in which there are stages of preparation and planning, implementation and evaluation. Secondly, the scheme of work represents the relationship "goals - results", and when setting the following goals provides for attention to previous results. [305]

If we assume a complete rejection of bureaucracy and giving more flexibility to the management system through digitalization, we will get an acceleration of the process of adopting innovations in the work of organizations and changing directions of work in the case of global transformations, which cannot be ruled out. [306, 307, 308, 309, 310, 311]

The process of digitalization of services can be a great example of synergetic action of institutions of the state and civil society in the direction of state formation with a view to the socially just nature of their public. It is impossible to ignore another positive consequence of the introduction of digital technologies - the possibility to significantly simplify the mechanism of communication between citizens and state institutions, heads of various institutions, government agencies, civil servants, social workers, etc. And finally, this process has the goal of overcoming such a shameful phenomenon in Ukrainian society as corruption. [312]

Everything goes to the fact that the dominance of digital services in Ukraine is not far away. Leading states of the world, the European Union are boldly testing various programs of digital social security, launching ambitious projects of public service, stimulating public institutions to provide a wide range of administrative services. In this respect, the experience of neighboring Poland, which only a few years ago chose the path of digitalization of public services and accelerates this process every year, can be valuable for Ukraine. In particular, the fact that the "electronic platform" of public administration services has been introduced testifies to the perception of managerial innovations and IT technologies at the highest state level, and its policy envisages control and transparency of this process by representatives of various institutions and public organizations. The most important lesson to be learned from this

is universal assistance for citizen participation in public administration and a socially responsible attitude to socially important decisions. [312]

Conclusions: Public administration in Ukraine has changed significantly and now focuses on methods that emphasize the implementation of activities. Today, the Ukrainian government faces challenges that require much greater accountability and transparency. Citizens of Ukraine, public organizations, volunteers and activists demand detailed reports on the use of budget funds and other state resources. Against the background of a decrease in confidence in political leadership, there is a need for changes that will be aimed at more transparent management that can provide an effective result. The course of Ukraine towards digitalization maximally contributes to the implementation of the concept of results-based management. This concept can become a universal tool in the management of Ukraine regarding the fight against resource leakage, inefficiency and bureaucracy of the management system. Implementation will require a radical change in the approach of civil servants to management. The digitalization process will reduce the burden on civil servants and allow them to focus on regularly and objectively measuring performance and make adjustments to improve the efficiency and effectiveness of their decisions to achieve the desired result. The application of this concept in Ukraine will increase the level of citizens' confidence in public administration, as well as increase the level of government accountability, improve the work of the management system, improve the qualifications of employees and create high-quality conditions for transparency and openness in public administration.