

## EVALUATION OF THE IMPLEMENTATION OF THE STRATEGY OF SOCIAL AND ECONOMIC DEVELOPMENT OF TERRITORIAL COMMUNITIES IN THE CONTEXT OF ACHIEVING SUSTAINABLE DEVELOPMENT GOALS

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**Abstract.** The purpose of the article is to substantiate the theoretical and methodological provisions and develop practical recommendations for improving the evaluation of the implementation of strategies for the social and economic development of territorial communities in the context of achieving the goals of sustainable development. To evaluate the implementation of strategies for the social and economic development of territorial communities, the author proposes to use the Balanced Scorecard (BSC) as an effective economic tool for strategic planning by setting strategic goals in selected blocks using selected target indicators, both financial and non-financial.

The article proposes, in the context of achieving the sustainable development goals, to form the following BSC blocks for territorial communities: financing, service providers, service consumers, environment, and cooperation, which have their own characteristics and differ significantly from the four blocks of enterprises: internal processes, finance, training and growth (personnel), and customers interacting with each other. At the same time, the indicators selected for assessing these blocks have appropriate interrelationships and provide the necessary analytical information to achieve the strategic goals of the communities.

To ensure the effectiveness of the assessment of the implementation of strategies for the social and economic development of territorial communities, the BSC system was systematized, and a matrix of correspondence between strategic directions and goals for the Broshniv-Osad Territorial community and the BSC was created. This helps to structure information about the selected strategic guidelines of the community and facilitates the further selection of key BSC indicators, which made it possible to link the strategic goals of the territorial community with the BSC blocks and the identified targets in order to choose a reasonable solution in the context of successful achievement of the goals of sustainable development not only of a separate territorial community but also of the country as a whole.

**Keywords:** socio-economic development strategies, territorial communities, Balanced Scorecard, key indicators, sustainable development goals.

**JEL Classification:** R11, Q01

### 1. INTRODUCTION

Decentralization is intended to bring power closer to people through the development of Territorial communities with expanded powers to provide quality social and economic services. Therefore, the only way to change the situation is to evaluate the implementation of the social and economic development strategy in the context of achieving the goals of sustainable development of territorial communities (hereinafter referred to as TCs) and the system of mutually agreed management measures in terms of

each component through the wide involvement of active community members.

The implementation of a social and economic development strategy involves, in addition to measures directly related to its implementation, also methods for assessing its effectiveness, which is necessary to determine the degree of compliance with the achievement of the desired results in the community and the possibility of making adjustments for successful functioning.

An effective tool for assessing the implementation of the strategy for the social and economic development of a community is the introduction and application of the Balanced Score Card (BSC) system. Although it is designed for use in enterprises, its general techniques can be applied to the implementation of the strategy of social and economic development of the community. Thus, the Balanced Score Card is a powerful tool for managing a company's development strategies, reviewing its performance from different perspectives, and monitoring its effectiveness not only in terms of financial indicators but also in terms of the quality of work with clients, human resources, information systems, and internal production processes. Despite modern achievements and the significant contribution of scientists and economists to the development of practical tools for assessing the implementation of the strategy of business entities in the context of achieving sustainable development goals, BSC as an analytical tool for the successful implementation of the strategy of social and economic development at the level of the TC is an insufficiently studied aspect of the problem.

## 2. RESEARCH METHODS

As a result of the conducted empirical study, the following analytical methods were conducted that can be used in the process of forming and implementing a strategy for the social and economic development of Territorial communities in a classical or adapted form: strategic analysis – for systematization of the methodological provisions of the analysis on the application of analysis methods in the process of developing and implementing strategies of territorial communities; content analysis – for development of BSC as a scientific tool for strategic planning to assess the implementation of strategies of social and economic development of TC (on the example of Kalusa district TC, Ukraine).

In the process of strategy development, the following analytical methods can be classically distinguished: content analysis, comparative analysis, brainstorming, 6-hats method; in the process of strategy implementation in the classical form, the following methods can be distinguished: goal tree, game theory, benchmarking, vertical and horizontal analysis, tabular and visual (graphic) methods (histograms); in the process of implementing the strategy, such methods of analysis may be used as required for adaptation: Balanced Score Card (BSC), Total Performance Scorecard (TPS) model, Intangible Assets Monitor (IAM) model, Skandia Navigator (SN) model.

This division is due to the fact that different research methods can be used at different stages of strategy implementation.

## 3. RESULTS AND DISCUSSION

This tool has been studied in their publications by domestic and foreign scientists. In particular, according to some scientists Bondarenko (2006), Kyzym et al. (2007), Kuznetsova et al. (2006), Malyarets & Shtereveria (2008), Shtereveria (2005), Niven (2008), Pestovska & Gritsenko (2017), Pestovska & Gritsenko (2017), Redchenko (2003), Saransky (2006), Solonenko (2005), Woodward et al. (2004), Malyarets & Shtereveria (2008), the key purpose of the balanced scorecard is to facilitate the ability to collect, group and analyze data necessary to improve the efficiency of management decision-making and development strategies, their formalization, monitoring procedures for feedback to track and generate organizational and management initiatives not only at the lower level - the enterprise, but also legitimate for the higher level strategy, which is the CG.

The importance of using the components of the Balanced Score Card is explained by the fact that they are used not only for the purpose of strategic management but also for evaluating the

implementation of the strategy of social and economic development of the community, in particular, in terms of the level of achievement of strategic and operational goals to ensure sustainable community development. Therefore, the authors have adapted such a system to the conditions of functioning of the AH with the allocation of certain blocks in it, which form the structure as a whole.

Traditionally, the BSC system used at the enterprise level has four blocks: internal business processes, financial, training and growth (personnel), and customers. However, the structure of the BSC system at the TC level will differ from the above. This is because the central place in the strategy of social and economic development of the community is occupied by a person who acts in two roles (positions):

1) as a member of the community – a consumer of services (by analogy, at the level of social responsibility of business – as a client);

2) as a member (representative) of the community – a service provider (by analogy at the level of social responsibility of business – as an employee).

Therefore, in order to assess the implementation of the strategy for the social and economic development of Territorial communities in the context of achieving sustainable development goals, it is proposed to form the following BSC blocks: internal processes (business processes), financial, service providers, service consumers, environment, and cooperation.

One of the most important blocks is the block of internal processes within the TC, such as management processes, core, and support processes, which should provide sufficiently comprehensive information on their status and efficiency (Fig. 1).

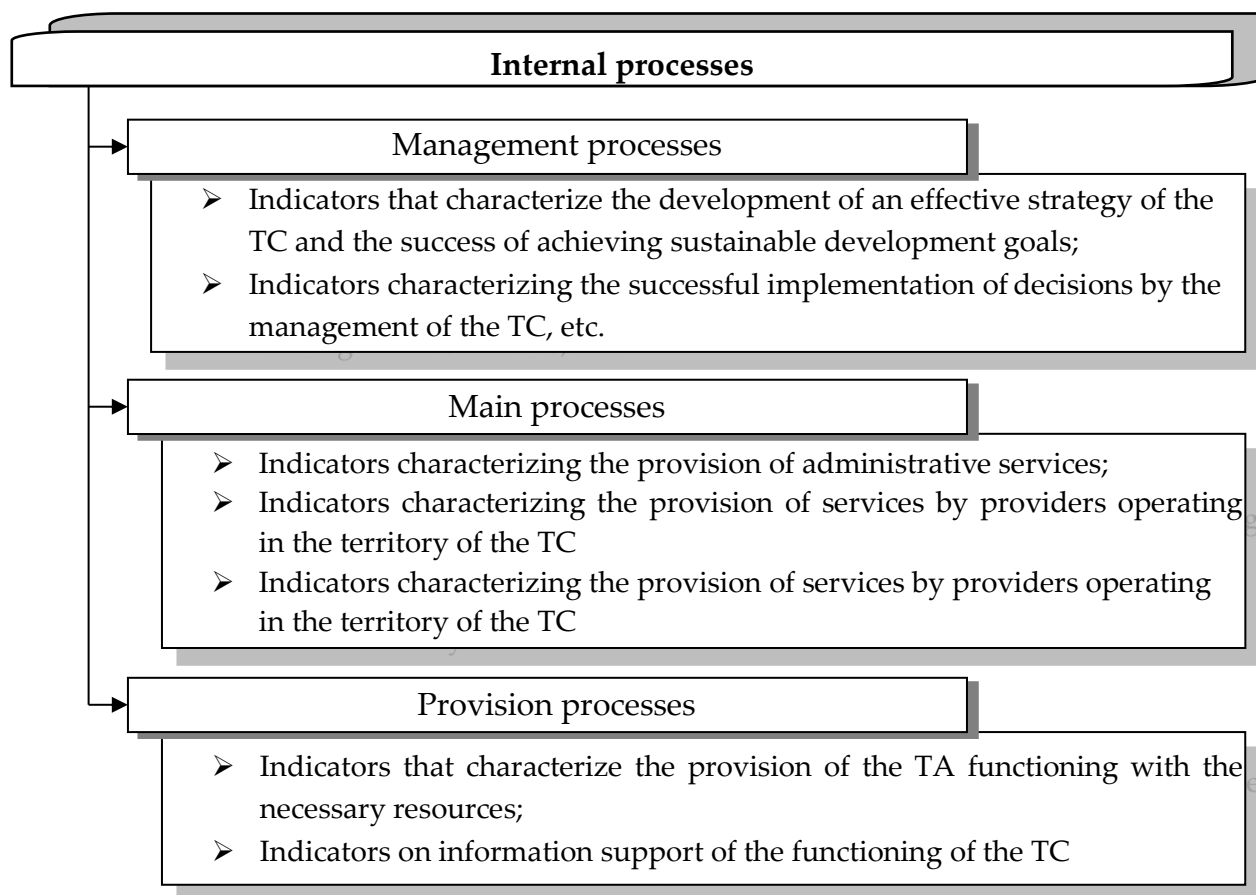
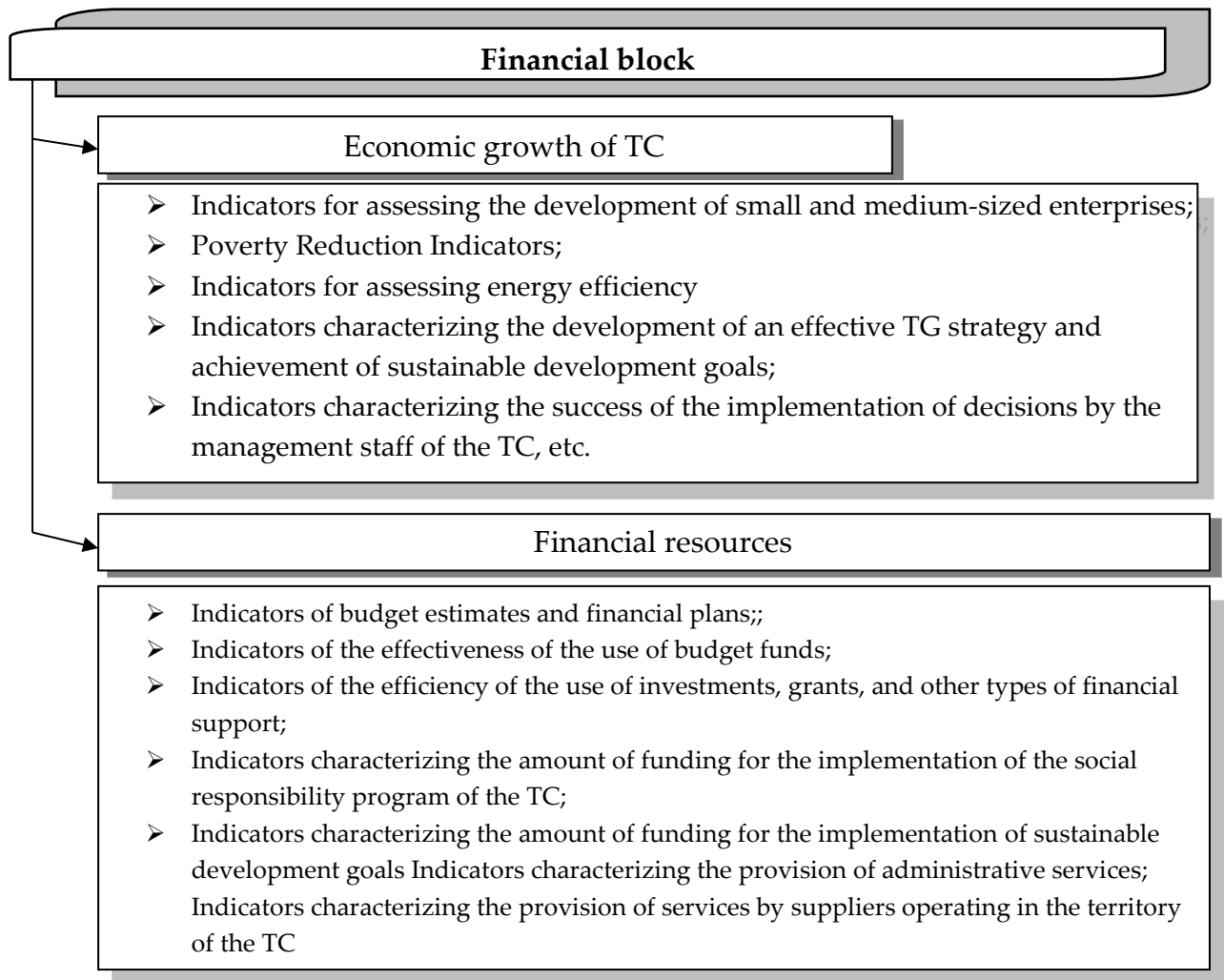


Fig. 1. The structure of the block of internal BSC processes for assessing the implementation of the strategy of social and economic development of the TC

Source: author's development

With the help of the financial block parameters, the managers of the TC can properly assess their

own capacity and use this data to make decisions about their ability to achieve the sustainability goals (Fig. 2).



*Fig. 2. The structure of the financial block of the BSC system for assessing the implementation of the strategy of social and economic development of the TG*

*Source: author's development*

In view of this, this block demonstrates parameters that allow assessing trends in the effectiveness of the implementation of the strategy of territorial communities, the success of achieving sustainable development goals, the implementation of decisions by the management staff of the TC; the quality of administrative services; the quality of services provided by suppliers (educational, cultural, medical institutions, etc.) and enterprises operating in the territory of the TC; the provision of the TC with the necessary resources.

Another block, the "service providers" block, is represented by indicators that characterize the organization of labor within the territorial community and its human capital (Fig. 3).

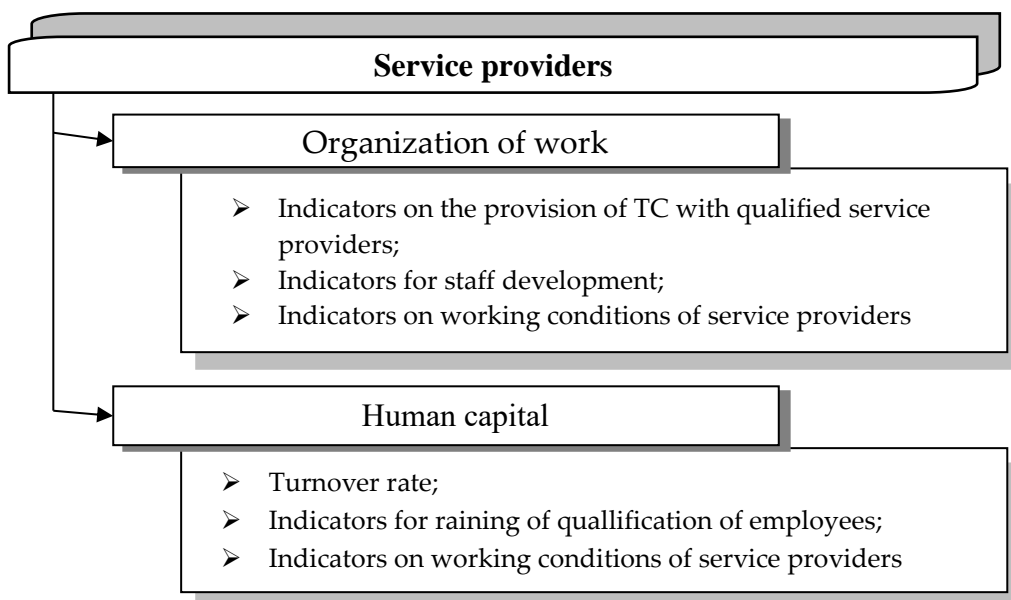


Fig. 3. Structure of the "Service Providers" block of the BSC system for assessing the implementation of the strategy of social and economic development of the TC

Source: author's development

The information obtained as a result of the analysis of these indicators will allow the management staff of the community center to be aware of the situation regarding the working conditions of service providers, their level of qualification, quality of services provided, adherence to the principles of continuous training and professional growth in the current dynamic business environment.

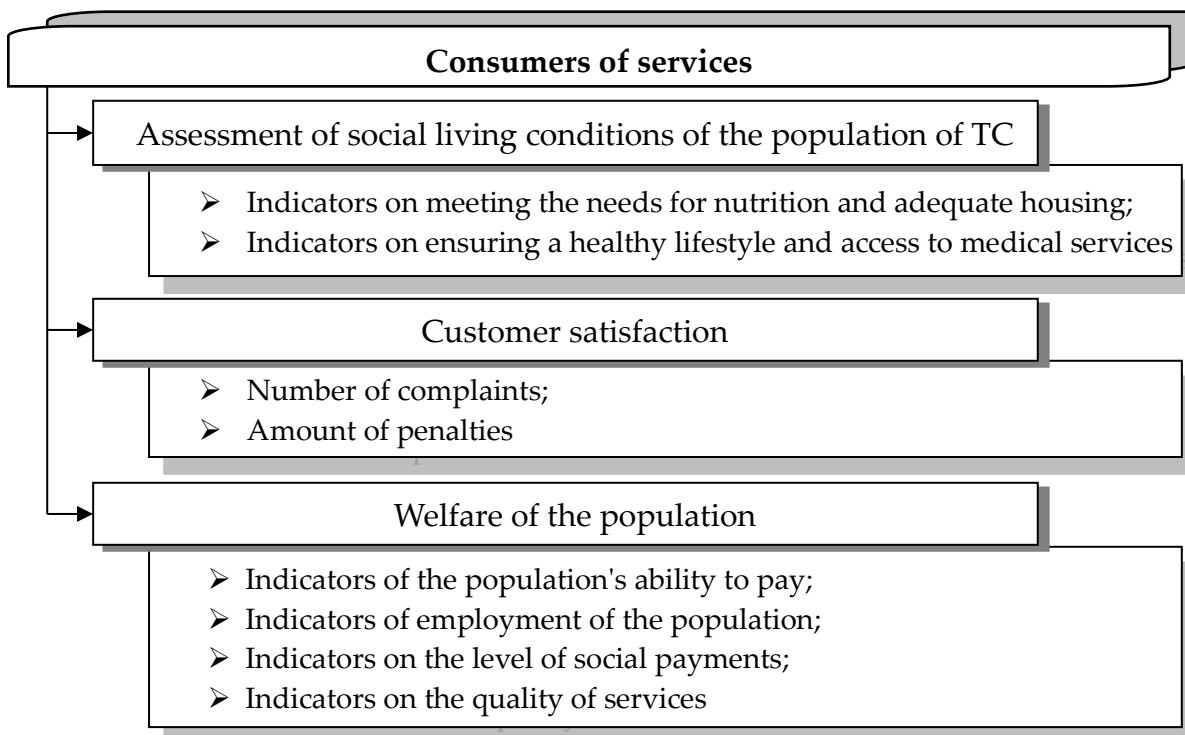


Fig. 4 The structure of the block "Consumers of services" of the BSC system for assessing the implementation of the strategy of social and economic development of TC

Source: author's development

It is clear that the next block is, nevertheless, one of the most important, on which the assessment of the implementation of the strategy of social and economic development of the community, the satisfaction of the community population, and their well-being depends. This block is the "consumers of

services" block, which is represented by the indicators shown in Fig. 4

It should be noted that the information obtained as a result of the analysis of these indicators will allow the management staff of the CC to be aware of the situation regarding the social living conditions of the CC population, the quality of social services received, the level of satisfaction of service consumers and their well-being, which makes it possible to assess the level of implementation of the strategy of social and economic development of the CC in the context of achieving the goals of sustainable development and increasing the investment potential of the community.

To understand the impact of the operation of enterprises on the territory of the TS on the environment, it is proposed to use the fifth block - environment, which will allow to assess of the implementation of environmental standards for the operation of community enterprises, which will affect their reputation capital and competitiveness (Fig. 5).

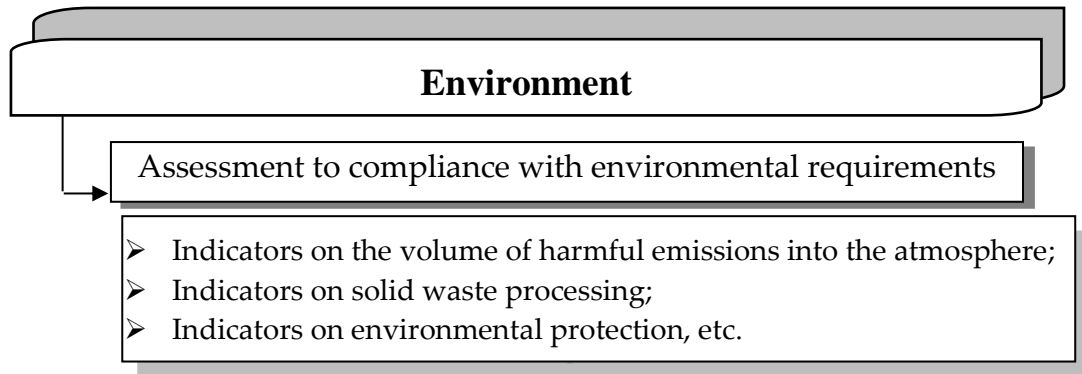


Fig. 5 The structure of the "Environment" block of the BSC system for assessing the implementation of the strategy of social and economic development of the TC

Source: author's development

Such a situation can be explained by the fact that the assessment of environmental compliance should be carried out in accordance with international norms and quality standards and should demonstrate information on parameters related to the volume of harmful emissions into the atmosphere; indicators of solid waste recycling; and other indicators of environmental protection.

In addition, taking into account current trends, it is proposed to distinguish such a block of the BSC system in the context of ensuring sustainable community development as "cooperation", which in the current conditions will allow assessing the tendencies of the CC in establishing cooperation with stakeholders that do not belong to the previous blocks, but are important in promoting community development. Also, the allocation of this block of the system is due to the fact that domestic territorial communities have a significant number of problems that they are mostly unable to solve on their own, so establishing cooperation with other CUs, NGOs, foundations, educational and research institutions, enterprises, both at the local and international levels is critically important (Fig. 6).

The main content of cooperation implies that TCs combine their own efforts and various types of resources with stakeholders on a contractual basis in order to address existing problematic issues in order to ensure the social and economic development of the community. As a result, such cooperation should improve the well-being of the community in the context of sustainable development (Pylypiv et al. (2020a), Pylypiv & Sologub (2020b), Pylypiv & Sologub (2023)).

Therefore, indicators that allow assessing the degree of resource mobilization as a result of cooperation, the development of investments with increased trust in the community based on community cooperation, evaluating the provision of new services and improving the quality of existing ones, developing "new markets" to gain new knowledge and exchange experience in service provision, as well as determining the number of cooperation agreements concluded and joint activities carried out are needed.

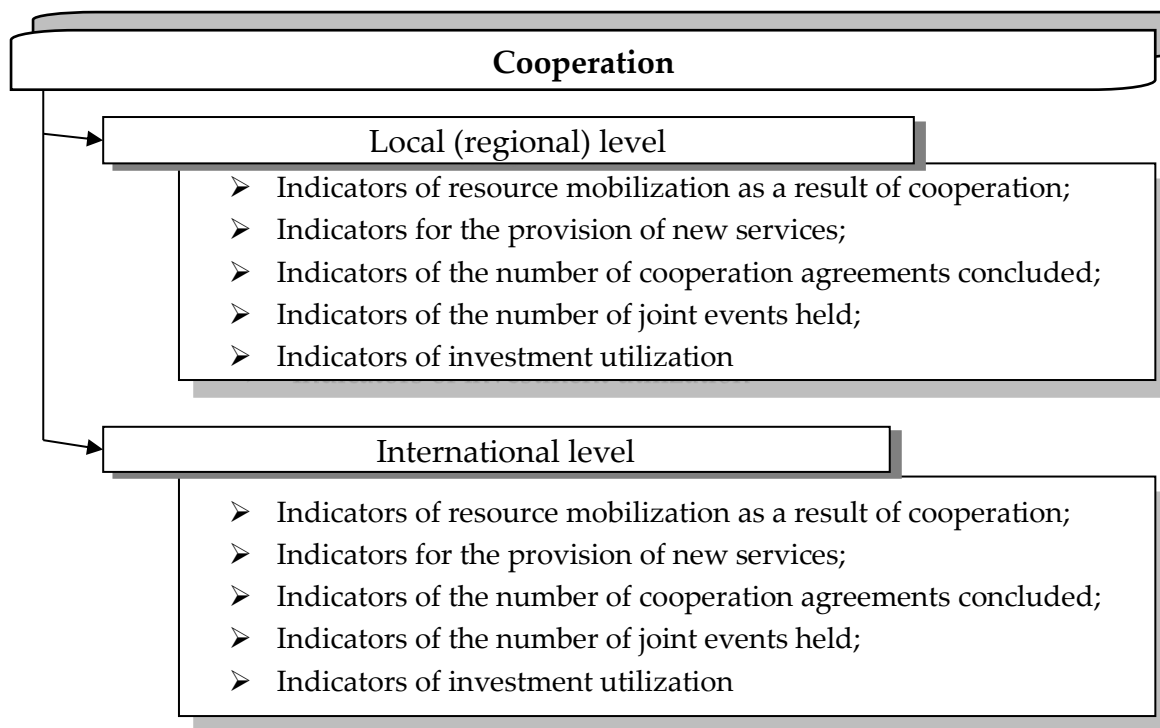


Fig. 6. The structure of the block "Cooperation" of the BSC system for assessing the implementation of the strategy of socio-economic development of the TC

Source: author's development

Thus, in order to evaluate the strategies for the socio-economic development of the TC, the BSC system is being formed, which is an analytical tool that will provide information for further management decisions. The introduction of the BSC system as an analytical management tool will help identify problematic issues in the effectiveness of the TC and solve them, as well as develop and implement a strategy for social and economic development in the context of achieving the Sustainable Development Goals (Pylypiv & Sologub (2023), Sologub (2022)).

Therefore, depending on the set of key indicators formed on the basis of strategic and operational goals in the community strategy, such an assessment can be made. Otherwise, the development of one common BSC system for all CCs with a certain set of indicators may lead to the fact that such key indicators will not fully assess the degree of achievement of the goals and, accordingly, may form a false opinion about the effectiveness of the implementation of the CC social development strategy. Therefore, it is still impossible to form a reference BSC system for all communities, but rather it should consist of unique (inherent only to the respective CC) key indicators that will allow assessing the effectiveness of achieving the goals and, accordingly, the effectiveness of implementing the community strategy.

With this in mind, it should be noted that the above-developed and proposed BSC system includes distinct blocks with focused sets of target indicators that can be used by specialists who will formulate a community strategy and determine key indicators based on the BSC system to assess the effectiveness of its implementation.

The content analysis of the community strategies revealed inconsistencies between the strategic directions, goals of the TCs, and key indicators and criteria for the success of the strategies.

For example, the strategy of Broshniv-Osada TC provides criteria for the successful implementation of the community development strategy, which identifies 2 groups of indicators, divided into quantitative (4 indicators) and qualitative (5 indicators). In addition, there are 40 indicators of "achieving the results of the Strategy implementation" (Broshniv-Osada United Territorial Community of Ivano-Frankivsk Region. (2022)).

It is important to note that the strategic goals are rather generalized and include more detailed

operational goals, which may include parameters related to different areas of community functioning, such as finance, internal processes and environment, or service providers, cooperation, and finance.

Therefore, one strategic goal is detailed into several operational goals. Taking into account the above matrix, we can state that the strategic goals clearly fit into the selected blocks of the BSC system, which in turn allows for the next steps in the development of this system, namely the selection of indicators.

Therefore, it is advisable to systematize indicators in accordance with the BSC system. To facilitate the formation of the BSC system, it is necessary to build a matrix of correspondence between the strategic directions and goals of the community and the BSC system, which will help structure information about the selected strategic guidelines of the community and facilitate the further selection of sets of key indicators of the BSC system (Fig. 7).

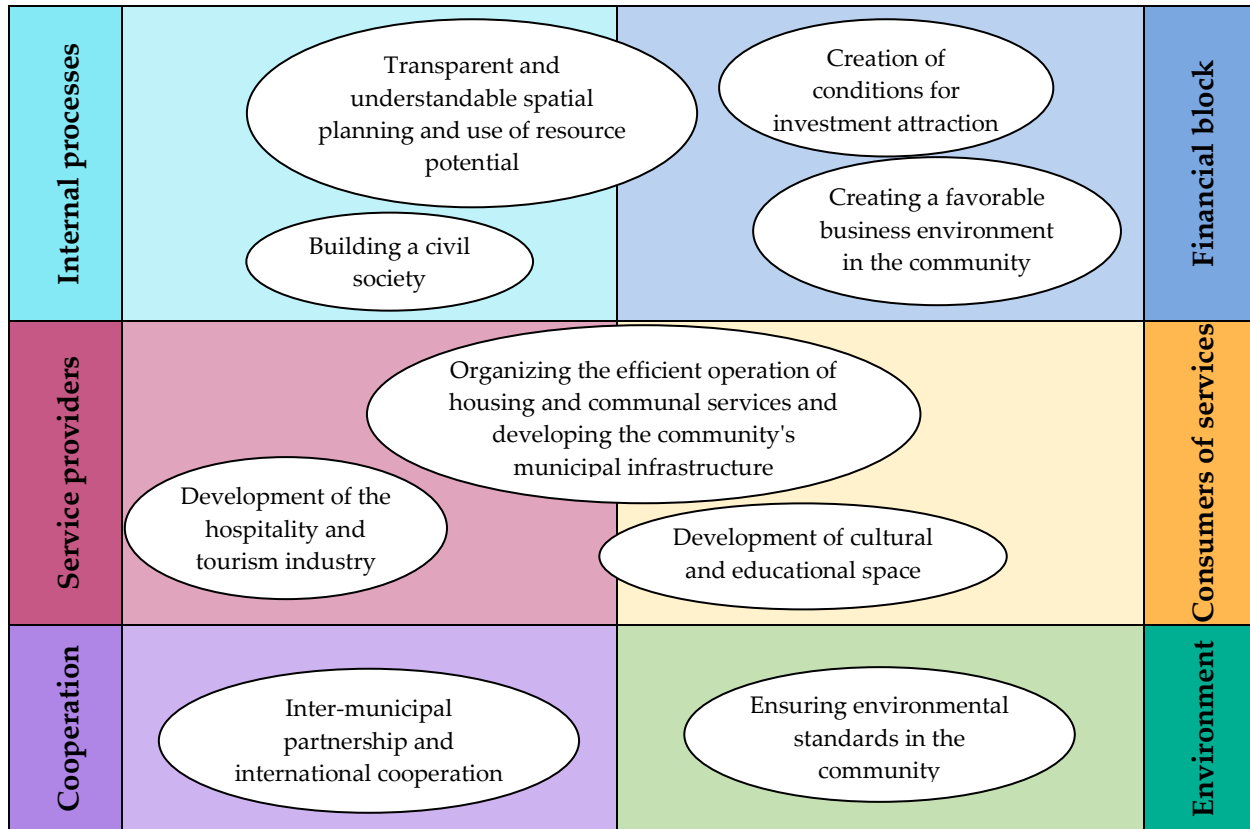


Fig. 7 Matrix of correspondence between the strategic goals of the community and the BSC

Source: compiled by the author based on the strategy of Broshniv-Osada TC (Broshniv-Osada United Territorial Community of Ivano-Frankivsk Region, (2022)

It is worth noting that the community administration generates and publishes reporting information on budget execution and on the implementation of the passport of budget programs (this is basically budget reporting). In view of this, it turns out that the indicators contained in the strategy do not correlate with the indicators contained in the reporting information, so it becomes very difficult to track the effectiveness of the strategy implementation, or the administration needs to prepare additional reports on the implementation of strategic goals (so far, such information is almost impossible to find on official community websites). Therefore, in order to optimize the reporting information, the system's indicators were selected based on the public reporting of the community.

Since the set of key indicators includes indicators of different types of data (not only monetary but also natural), it is difficult to determine the final value of the indicators using a single approach to their evaluation. Nevertheless, the presence of such indicators indicates a comprehensive assessment of the effectiveness of the strategy implementation.

Therefore, in order to develop a unified evaluation algorithm, the starting point is that the



effectiveness of the strategy for the socio-economic development of the community is the degree of achievement of the targets (indicators) defined in the strategy, which indicates the successful implementation of the community's strategic and operational goals. The degree of achievement of the target value can be determined using such analytical techniques as relative deviation (calculation of growth or decline rates), which will allow determining by how much percent the target value differs from the planned value (in other words, the percentage of plan implementation).

#### 4. CONCLUSIONS

The study made it possible to propose the introduction of the BSC system as a tool for evaluating the implementation of the strategy of social and economic development of TC should be carried out in conjunction with the motivation system, which will contribute to the successful achievement of the goals and implementation of the planned activities of the strategy of social and economic development of TC.

The proposed use of a system of balanced indicators to assess the implementation of the strategy of social and economic development of the TC provides a comprehensive analysis of the situation, the availability of financial, labor, and material and technical resources in the community, assessment of activities and environmental protection, contributing to the choice of a reasonable solution for the successful achievement of sustainable development goals not only for the TC but also for the country as a whole.

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Пилипів Надія Іванівна, Сологуб Святослав Ігорович. Оцінка реалізації стратегії соціально-економічного розвитку територіальних громад в контексті досягнення цілей сталого розвитку. *Журнал Прикарпатського університету імені Василя Стефаника*, **11** (4) (2024), 6-15.

Метою статті є обґрунтувати теоретико-методологічних положень та розробка практичних рекомендацій щодо вдосконалення оцінки реалізації стратегій соціально-економічного розвитку територіальних громад у контексті досягнення цілей сталого розвитку. Для оцінки реалізації стратегій соціально-економічного розвитку територіальних громад авторами пропонується використовувати Збалансовану систему показників (BSC) як ефективного економічного інструменту стратегічного планування шляхом встановлення стратегічних цілей у вибраних блоках із використанням обраних цільових показників, як фінансових, так і нефінансових.

У статті пропонується, у контексті досягнення цілей сталого розвитку, сформувати такі блоки BSC для територіальних громад: фінансування, постачальники послуг, споживачі послуг, навколишнє середовище та співпраця. Ці блоки мають свої особливості та суттєво відрізняються від чотирьох блоків підприємств: внутрішні процеси, фінанси, навчання та розвиток (персонал) і клієнти, які взаємодіють між собою.

Для забезпечення ефективності оцінки реалізації стратегій соціально-економічного розвитку територіальних громад систематизовано систему BSC, створено матрицю відповідності стратегічних напрямів і цілей для Брошнів-Осадської територіальної громади та BSC. Це допомагає структурувати інформацію про обрані стратегічні орієнтири громади та полегшує подальший вибір ключових індикаторів BSC, що дало змогу пов'язати стратегічні цілі територіальної громади з блоками BSC та визначеними цілями для вибору обґрунтованого рішення в контексті успішного досягнення цілей сталого розвитку не лише окремої територіальної громади, а й країни в цілому.

**Ключові слова:** соціально-економічні стратегії розвитку, територіальні громади, збалансована система показників, ключові індикатори, цілі сталого розвитку.