

# THE COUNTRY BRAND AS A FORM OF THE STATE ADMINISTRATION

Serhii ROMANIUK<sup>1</sup>

*Institute "Higher School of Public Administration" of the  
National Academy for Public Administration under the President of Ukraine, Ukraine*

Halyna STUDINSKA<sup>2</sup>

*State Research Institute of Informatization and Economic Modelling of the  
Ministry of Economic Development and Trade of Ukraine, Ukraine*

**Abstract.** Resolving urgent social and economic problems in Ukraine requires a special approach, choosing large-scale integration instruments of government measures implementation that can reproduce and guide the development of the country in the right direction, which include territory branding. *The subject of the study* is a system of management of the set of brands of the national economy, its subjects, objects and public connections between them. *The purpose of the article* is to define the architecture of a national brand with appropriate levels of a hierarchy and justification of the impact vector of the management system of brands at each level of the hierarchy. *Research methodology.* During the research, systematic general principles of communication and development are used, which allowed disclosing the dialectic relationship between management methods at every level of the hierarchy. To achieve the goal, there are used: a synergetic approach to the integrated use of commercial, non-commercial brands and regional brands of the country; management approach to the country brand management process in specific market conditions; situational approach to the consideration of a brand as a tool for solving complex social, economic, environmental and political problems of the country. *The object of the research* is Ukraine. *Conclusions of the research.* The success of the establishment and functioning of a brand-oriented national economy and corresponding management system depends primarily on the joint efforts of government, private business and a wide public; the integrated approach to the management process organization, as well as consideration of the current situation in the country and its potential. *Practical implications.* The implementation of a brand-oriented model of the national economy is able to overcome the current socio-economic problems of the country, ensure its economic and political security, greatly improve the welfare of citizens through the optimization of the system of its elements management at all levels of architecture.

**Key words:** national brand architecture; country brand management system; commercial, non-commercial, territorial brands.

**JEL Classification:** M38, O38, P24

## 1. Introduction

**Problem and innovation.** The world experience of branding territorial formations of a countrywide scale and the first steps in this direction of Ukraine confirmed the historical capacity and effectiveness as a brand format of the national economy management. Successful management of all objects of a territory depends on effective management of these objects and the territory within which they operate. The modern science has gained some experience in the development of the theory of national branding, and various approaches to determine the brand of the country shape its integrated vision. At the same

time, not enough attention is paid to the research of a hierarchy of management links between elements of a brand management-oriented national economy, which is today **the relevance and novelty** of the topic chosen. **The purpose of the article** – the study of the country brand architecture, management of its elements, relationships between subject and object of the management system must be achieved by addressing the following research objectives: 1. Determination of elements of the management system of the brand-oriented national economy; 2. Establishing links and their character between defined elements; 3. Justification of a number of the hierarchy of the

*Corresponding author:*

<sup>1</sup> Institute "Higher School of Public Administration" of the National Academy for Public Administration under the President of Ukraine.  
E-mail: rosand@i.ua

<sup>2</sup> State Research Institute of Informatization and Economic Modelling of the Ministry of Economic Development and Trade of Ukraine.  
E-mail: studinska.galina@gmail.com

country brand architecture. **The methodological approach to the study** is based on the **logical** principle of the philosophy of the learning process – from private to general.

## 2. The branding potential in the structure of the national economy

Branding of the territory is a continuous process that occurs in a particular environment that envisages the close economic links between the objects of management in general economic space within the state that is characterized by a single economic law, financial, monetary and credit system. Considering the economic conditions are the same for all objects of the territory, their success depends on effective management of territory within which they operate, which is an effective brand tool. Branding of economic objects are studied in detail in other works of authors, in this context, levels of hierarchy and regional brand management links between elements of the brand management-oriented national economy are analysed, the structure of which is shown in Fig. 1:

Institutional business sector combines the non-financial (Enterprises) and financial companies (Financial Institutes) belonging to both the public sector of the national economy and its private sector. At Fig. 1 components, which represent the business sector, are highlighted. It is this sector of the national economy, which branding is primarily; brand-oriented reference point should apply not only to economic objects, but also subjects that manage them, relations between subjects and objects of management, as well as the territory within which these processes occur. The brand-oriented relations between subjects and objects of management mean their conformity with international standards of management, efficiency, durability. The result of a successful branding is a brand association in the complex territorial system that contributes to solving current socio-economic, environmental, demographic

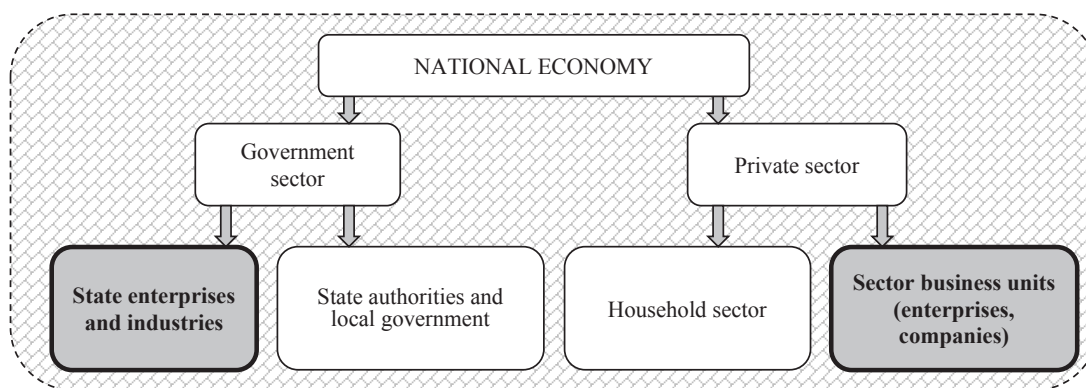
problems of the region and requires an appropriate management system. Strengthening the role of the brand in the development of the national economy and the undisputed economic potential, which brand makes possible for each object economic activity, as well as for the country as a whole, are preconditions of brand research of such a format as economic governance.

The management system of the set of brands of the national economy includes three components: a) management subjects, i.e. agencies that send impulses of the influence that carry information on the conditions of functioning of administration at different levels; b) objects of management, i.e. all forms of brand under the organizing influence of the appropriate level; c) management activities (process) that is a certain kind of social relations, through which numerous connections between subjects and objects of management are realized.

## 3. Determination of the national brand architecture

A conceptual elaboration of an integrated model of economic transformation that will promote the development of a competitive, innovative, socially and environmentally oriented national economy is optimally realized in the form of a national brand that combines trends listed in a single vector of brand-oriented development. Presented management system of five interconnected and mutually influencing dynamic elements that form the architecture of regional brand with appropriate levels of the hierarchy, namely nano, micro, meso, macro and mega levels. The hierarchical structure of brand-oriented national economy envisages connections between the various levels: forward and backward, coordination and function, as shown in Fig. 2:

In this context, the brand system of the national economy is a complex system of management at each of the above levels. Taking into account globalization,



**Fig. 1. Potential of branding in the structure of the national economy**

Source: compiled by the authors for (Kravets, 2009)

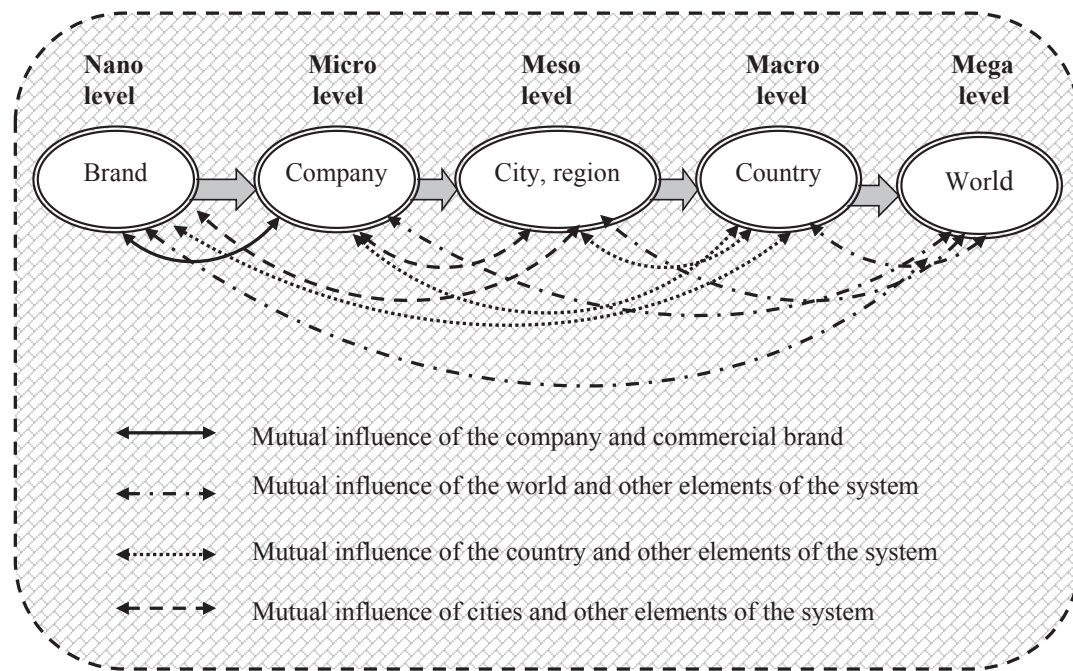


Fig. 2. Hierarchy of connections of the brand-oriented national economy

Source: compiled by the author

the brand-oriented management system of the national economy has been formed taking into account global trends, standards and legislation. Counter influence of other elements of the national system brands in the world so far is weak because of the low level of branding in Ukraine but international experience shows such influence. In particular, with the acceleration of information exchange, ensuring the effectiveness of management decisions, high-speed Internet promotes cybercrime, which corrects the appearance of new state management structures. So, this relationship is inverse and coordinated. Links between brands and private companies, where they are produced, may be reversed or functional, depending on the parties and the purpose of initiating communication.

#### 4. Nanolevel

The object of management at the nanolevel are actually the commercial brands of goods, services, events, and non-commercial brands; subjects – companies, local governments and the state; the management of the brand is called brand management. Nanolevel is characterized as the most dynamic brand influenced by all other levels of the system, in fact, the brand can be changed because of a decision of the owner, i.e. the internal changes of the system. Commercial brands must adapt to the economic environment and comply with its requirements, so changing environmental conditions automatically impact on corresponding changes in the development, promotion and brand management. For example,

changes in a development strategy of the company directly impact on a change in commodity brand development strategy; adoption of legislative decisions (economic, social, etc.) by local or state authorities can also promote a change of the brand. Communication between commercial brands and other elements of the system is mutual because their development and promotion contribute to the economic development of the city, region and country, forming corresponding budget tax deductions, creating conditions for attracting more investment flows to the development of not only the brand but also the city, region of the country. In addition, the success of commercial brands directly impact on solving social problems of the company, the city through the creation of new jobs, finances a number of social and environmental issues. The positive dynamics of the development of the commercial brands will increase consumer power, leading to GDP growth in the scale of the national economy.

The system of brand management of the national economy at the nanolevel, in our vision, includes the following vectors of influence:

1. *Administrative*, which provides for the development of commercial strategies of the brand, its control systems, evaluation and adjustments; brand choice models;
2. *Marketing*, responsible for branding systematic promotion of the brands through an optimal architecture, distribution and brand communications system;
3. *Economic*, which is aimed at providing maximum efficiency through the optimization of brand spending on each direction of development.

## 5. Micro level

The second level of system management of brands of the national economy is the microlevel of a company, firm, company (hereinafter – the Company) regardless of their size and cost. Fig. 2 shows that the development of the commercial brands has an inverse effect on the company. Thus, the success of the commercial brands can ensure the success of the company and vice versa, errors in the development of a commercial brand can have negative consequences for the company until its collapse. At this level, it is possible to form a brand of the company through the creation of back-office and front-office, harmonious development, which provides relative stability, long-term, positive image of the company in the environment. The objects of management at the macro level are companies, subjects – corporations, local governments and the state. The success of the brand company could attract talented individuals, conducting brand events. The dynamism of the brand company remains quite high, although lower than the commercial brand.

The system of brand management of the national economy at the microlevel includes the following vectors of influence:

1. *Administrative-communicative*, which provides for the development strategy of the company, its control systems (SWOT analysis) and adjustments; selection of hierarchy of management (organizational structure); creation of an internal corporate culture and foreign policy of the company; establishing contacts with local authorities and community;

2. *Marketing*, responsible for branding through the company's choice of brand communication;

3. *Economic*, which is aimed at maximizing the efficiency of the company's brand through the optimization of its costs;

4. *Social*, which provides a solution for social problems of the company and its employees by providing additional medical, educational, legal and other services; solves local environmental issues and so on.

## 6. Meso level

Considering the brand-oriented national economy as structured in sectoral and territorial space of economic activity covered by the relevant institutional system management on mesolevel city and region provides management of commercial brands and brand companies and non-commercial brands, including territorial brand, by creating legislative and administrative, financial and economic (tax) conditions and actions that facilitate the mutual benefit of increasing the efficiency of economic performance, solving social, economic and environmental issues of the city, the region, stability of their development.

The object of management at the mesolevel acts as brands of the public and private companies' tangible

and intangible production, brand of regional areas (city, region) and the management subject – the regional administration and the state itself.

The system of brand management of the national economy at the meso level provides the following vectors of influence:

1. *Administrative-communicative*, which involves the strategies form of the development areas (city, region) as a whole, its control systems (SWOT analysis) and adjustments; setting of relations with the private sector, civil society and development of joint actions and programs of promotion of the territory;

2. *Marketing*, responsible for creating the image of the region, its control and promotion system in the environment by selecting an optimal brand communication;

3. *Economic*, which is aimed at providing maximum efficiency through the territory of the brand to attract additional tourism and investment flows, qualified personnel; economic restructuring territory and its infrastructure;

4. *Social*, which provides a solution for social problems of the territory and its people by raising social standards, environmental conditions, job creation and so on.

The perception of the city, the region as a management object of relevant government authorities and uniting efforts the local government with private business and the local community will help create an optimal strategy for the effective development of the area to address its current socio-economic, environmental and other problems.

## 7. Macro level

Macrolevel management of the system of brands in brand-oriented national economy envisages the management of a list of the commercial brand, brand companies, brand personalities, events and territorial brand of the country; the mutual influence of these objects and the single economic policy of the government. We distinguish the following problems to be solved at the macro level of management of the system of brands of the national economy as steady growth in national output (GDP) and economic security of the country; ensuring a high level of employment of the population and social standards; support for the balance of payments of the country and the priority development of high-tech industries. Each of these tasks requires the use of aggregated macroeconomic management tools such as fiscal and monetary policy, foreign policy, the policy of income adjustment and so on. The system of brands of the national economy contributes to solving each problem through synergy relationships between the objects and subjects and integrated approach to the system management. Thus, the creation, development, and promotion of commercial brands, evaluation of their value, their accounting in intangible assets allow

strengthening economic stability of manufacturers, distributors, sellers, increasing capitalization of the national economy in general and the state to rise in relevant international rankings. Creation, development, and promotion of commercial brands will increase the level of employment of the population, its solvency, and provide a surplus balance of payments, which will increase the reserves of the National Bank of Ukraine. Note that a little list of domestic brands, which overcame national boundaries, do not play a significant role in exporting countries, where the majority are raw materials and natural resources and recall that the tourist industry of Ukraine as a component of private sector business units of the national economy is the first example of branding in scale of domestic industry. Another sector that can become a brand is the transport, based on the geographical location of Ukraine and passing on its territory four continental transport corridors.

The system of brand management of the national economy at the macro level includes the following vectors of influence:

1. Legislative is responsible for the operation and implementation of a number of laws and regulations that promote the creation, development, promotion of brand systems in the country; guaranteeing its protection and support for access to the international space; ensure compliance with international standards and international law;

2. Administrative-communicative, which involves the operation of the strategy of development of the national brand of Ukraine, its control systems (SWOT analysis) and adjustments; establishing relations with the territories, the private sector and the development of joint actions and programs of promotion of the state in the international space through strengthening diplomatic, economic, political, scientific and technical connections with other countries and intergovernmental formations;

3. Marketing that is responsible for creating a positive image of Ukraine and its control system and promotion of the environment through images of the country and the best selection of brand communications;

4. Economic, which is aimed at ensuring economic security, maximizing the effectiveness of its national brand through the creation of investment conditions, the development of innovative technologies and industries, attracting additional tourist flows, qualified personnel; restructuring and modernization of the economy;

5. Social, which provides an increase of social life of Ukrainian citizens to the European and world by raising social standards (living wage, average wage, pension payments, health care, etc.), environmental conditions.

## 8. Mega-level

The global or international economy as a complex system of interrelated national economies,

international and supranational economic processes, phenomena and institutions, which serve them, form a mega-level management. A special role is played by the mega-level brand personalities, image and authority of which strengthens the positive image of the country, helps build the necessary links in the field of culture, art, education, health, science and technology, environmental protection, sports and most importantly, the economy and national security. The presence of strong political brand personalities in society affects the efficiency of its development and establishes the necessary links with the country environment. The same role belongs to brand events of the national and international scale. Considering the system of the national economy brands and the appropriate elements of the management system, one could argue about the availability of the integration of communication and synergistic effect on its capacity. Each form performs brand's basic role in relation to the business management and supportive role with respect to other facilities management, building a brand-specific architecture of the city, region and country. Selection of an optimal architecture of the brand system of the national economy is in the hands of the subject of management of the corresponding level, i.e. the state. Commercial brand architecture determines the company optimal brand architecture of the city or region could be proposed by joint authority, which would consist of representatives from local government, private business sector and the public. The national brand architecture of the country should be the subject of discussion in a wide variety of specialists: brand managers, marketers, scientists, politicians, economists, all stakeholders and understanding branding process, its tools and features.

It is important that the state has become an active participant in creating a brand system of the national economy, because, without support from the state, autonomous and isolated attempts by some stakeholders to form a complete image of the territory are doomed to failure. Equally important in this regard is the absence of a formal approach to the brand creation system that can cancel the joint efforts of government, business and the public. Work on the system of brands in the national economy should not substitute propaganda campaign. It must be taken as a philosophy, to demand orientation of the entire system power management and the needs of each target consumer group's area.

First steps in this direction have already been implementing:

- Adopted the "State Program on Positive International Image of Ukraine" (State target program creating a positive international image of Ukraine till 2011);

- Created a national tourist brand of Ukraine as a result of the implementation of the social contract between the government, business and civil society;

- In order to stabilize the socio-political situation in Ukraine and to counteract the negative impact of information on the population of Ukraine and its international image of Ukraine, according to the Presidential Decree № 398/2014 on 04.12.2014, the Information and Analytical Centre was established (Decree of the President of Ukraine № 398/2014);

- According to the Decree of the President of Ukraine № 5/2015 on 01.12.2015, adopted the Sustainable Development Strategy of Ukraine 2020, which provides for the development of the Program of "Ukraine" Brand Creation within the pride vector (Decree of the President of Ukraine № 5/2015).

## 9. Conclusions

Creation of the brand-oriented national economy and an appropriate management system are a large-scale, complex problem that has social grounds, among which the most relevant aspects must be: cooperation of the administration, business and citizens, and its economic, political, social efficiency. System approach to the process of management of a set of commercial, non-commercial and territorial brands optimizes the relationship between elements of the national brand architecture, will overcome the current socio-economic problems of the country and will build a positive trend of future development of our country.

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## Сергей РОМАНЮК, Галина СТУДИНСКАЯ

### БРЕНД СТРАНЫ КАК ФОРМАТ ГОСУДАРСТВЕННОГО УПРАВЛЕНИЯ

**Аннотация.** Решение насущных социально-экономических вопросов в Украине требует особого подхода, выбора широкомасштабных интеграционных инструментов внедрения государственных мероприятий, способных воспроизвести и направить развитие страны в нужном направлении, к которым относится брендинг территории. *Предметом исследования* является система управления совокупностью брендов национальной экономики, ее субъекты, объекты и общественные связи между ними. *Целью статьи* является определение архитектуры национального бренда с соответствующими уровнями иерархии и обоснование векторов влияния системы управления брендами на каждом уровне иерархии. *Методология исследования.* В процессе исследования использовались принципы системности общего, связи и развития, которые позволили раскрыть диалектику взаимосвязи между методами управления на каждом уровне иерархии. Для достижения цели были использованы: синергетический подход к изучению интегрированного использования системы коммерческих, некоммерческих брендов и территориального бренда страны; управленческий подход к процессу управления брендом страны в конкретных рыночных условиях; ситуационный подход к рассмотрению бренда, как инструмента решения комплекса социально-экономических, экологических и политических проблем страны. Объектом исследования является Украина. *Вывод исследования.* Успех создания и функционирования бренд-ориентированной национальной экономики и соответствующей системы управления зависит, прежде всего, от объединения усилий правительства, частного бизнеса и широкой общественности; от комплексного подхода к организации управленческого процесса, а также от учета текущей ситуации в стране и ее потенциала. *Практическое значение.* Реализация бренд-ориентированной модели национальной экономики способна преодолеть текущие социально-экономические проблемы страны, обеспечить ее экономическую и политическую безопасность, существенно повысить благосостояние граждан через оптимизацию системы управления ее элементами на всех уровнях архитектуры.