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# ZADÁNÍ DIPLOMOVÉ PRÁCE

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## Zásady pro vypracování

The thesis aims to examine how a selected branch of the public sector applies strategic management in practice and what tools are used. Based on the analysis, a strategic approach will be defined that best corresponds to the characteristics of selected public sector organizations.

The structure of the Thesis Work should be:

- Statement of the problem.
- Literature review of strategic management in the public sector.
- Methodology of the survey.
- Comparative analysis of strategic management approaches and tools of selected local government.
- Evaluation and discussion of the results.
- Formulation of recommendation and conclusion.

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Jibreal Ahmed  
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## **ABSTRACT**

The strategic management system in the local government is an efficient and effective way of implementing government and community plans. The strategic management system in the local government organizations in the municipalities of selected countries such as Finland, Norway, Switzerland, Germany, and Netherland are known for its history and stories. Nevertheless, such countries still face some challenges in the implementation of strategic management systems in the local governments as public sector organizations. The main aim of this research work was to examine how a selected branch of a public sector organization applies strategic management practice and what tools are used. Based on the analysis, a strategic approach will be defined that best corresponds to the characteristics of the public sector organization. A qualitative method approach was used where case study methods were to examine the strategic management practices applied to the local government organizations, the tools they used, and identify approaches that best correspond to the characteristics of the local governments as public sector organizations in the selected countries. Moreover, the analysis was done to examine how local government organizations applied strategic management practices and approaches and the tools they used. In the evaluation and discussion of the results based on the analysis of the research, it was found that the strategic management system has been successfully applied and implemented and was beneficial for the local government organizations of the selected countries. However, there were still challenges or obstacles that affect the strategic management system in the local government organizations in the municipalities of the selected countries.

## **KEYWORDS**

Strategic management practices, public sector, risk management, human resource management, performance system management, knowledge management

## **ABSTRAKTNÍ**

System strategického řízení v místní samosprávě je efektivní a účinný způsob realizace vládních a komunitních plánů. System strategického řízení v organizacích místní správy v obcích vybraných zemí jako je Finsko, Norsko, Švýcarsko, Německo, Nizozemsko je známý svou historií a příběhy. Nicméně tyto země stále čelí některým problémům při zavádění systémů strategického řízení v místních samosprávách jako organizacích veřejného sektoru. Hlavním cílem této výzkumné práce bylo prozkoumat, jak vybrané organizace veřejného sektoru uplatňují strategického řízení v praxi a jaké nástroje používají. Na základě analýzy je definován strategický přístup, který nejlépe odpovídá charakteristikám vybraných organizací veřejného sektoru. Byl použit kvalitativní metodický přístup pomocí metod případových studií, které měly prozkoumat praktiky a nástroje strategického řízení aplikované na místní samosprávy a identifikovat přístupy, které nejlépe odpovídají charakteristikám těchto organizací veřejného sektoru ve vybraných zemích. Analýza byla provedena s cílem prozkoumat, jak organizace místní správy uplatňují postupy a přístupy strategického řízení, Při vyhodnocení a diskuzi výsledků na základě analýzy výzkumu bylo zjištěno, že systém strategického řízení byl úspěšně aplikován a implementován a byl přínosem pro místní samosprávné organizace vybraných zemí. Stále se však vyskytují výzvy a překážky, které ovlivňují systém strategického řízení v organizacích místní správy v obcích vybraných zemí.

## **KLÍČOVÁ SLOVA**

Praktiky strategického řízení, veřejný sektor, řízení rizik, řízení lidských zdrojů, řízení výkonnosti systému, řízení znalostí.



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## **LIST OF ABBREVIATIONS**

**SM** Strategic Management

**NPM** New Public Management

**KM** Knowledge management

**PM** Performance Management

**HRM** Human Resource Management

**RM** Risk Management

**DRR** Disaster Risk Reduction

**ICT** Information Communication and Technology

**CBA** Cost-Benefit Analysis

**CEA** Cost-Effective Analysis

**HFA** Hyogo Framework for Action

**SWICO** Switzerland Association of Information Communication and Organizational Technology

**SENS** Shiftung fur Entsorgung Schiweiz

## **INTRODUCTION**

This topic is very actual because strategic management practices and structures have been established in the public sector more than past two decades in the 21<sup>st</sup> century and have been a focal point of experience in the new public management reforms since the late 1970s (Eadie, 1983; Hood, 1991). Strategic management systems have gone through modernization and have transformed the public sector organizations, especially the local government organizations, and have certainly established development, transparency, accountability, and quality service delivery in the organization (Nyhan, 2016).

Strategic management systems in the public sector have exposed administration bodies to a public inquiry and have pulled the public sector organizations onto the counter of public discussion. Strategic management systems have restored the trust of citizens in the public institutions, and it recognizes citizens as owners, evaluators, customers, and co-producers who must be treated as vital in the local government organizations (Sanger, 2008). Strategic management in the local government as a public sector organization is a device or tool used by stakeholders in local government, which enables the actors to formulate changes in decisions to improve the human condition and situation to forecast the condition with the knowledge of the present within the local government organizations as public sector organizations.

Without overappraisal, the significance of strategic management within the modern public sector organizations especially in the local government organizations cannot be underestimated and it is the power and strength of all successful organizations. The implementation of strategic management systems testified to the fact that administrative development has clearly revealed that strategic management is the key to organizational development and improvement. Present and practical scholars have clearly revealed how strategic management practices can help private and public sector organizations (Kamensky & Breul, 2008).

Strategic management is now important on the agenda in the various public sector organizations, and it is becoming increasingly relevant in practice due to the recent public management reform and in the public sector organization (Rosenberg, 2011; Weiss, 2016).

Strategic management practices, approaches, tools, and processes are significant and beneficial for the development of the public sector organizations. Yet, it has some deficiencies for their effective development in the non-profit organizations and further suggests that more intensive and concentrated research is certainly needed to identify the challenges that moderate against the successful design, implementation, and utilization of strategic management practices in the public sector organizations (Sanger, 2008)

The main aim of this research is to examine how a selected branch of a public sector organization applies strategic management practices and what tools are used. Based on the analysis, a strategic approach will be defined that best corresponds to the characteristics of the selected public sector organization. Based on the main aim of the research, an investigation was done and found the following research questions, which will be helpful to carry out this research to achieve the aim and objectives of the study:

- What strategic management practices are employed in the local government organization?
- What tools do local government organizations use to implement strategic management practices?
- What processes do local government organizations use to apply strategic management practices?
- What approaches correspond to the characteristics and qualities of the local government organization to implement the strategic management practices?
- What challenges do the local government organizations encounter when implementing strategic management practices?
- What benefits do local government organizations gain from the application and implementation of strategic management practices in the organizations?

This study has been categorized into five distinct chapters where the first chapter appears to be presenting the background of the study and the facts of strategic management systems and the significance of strategic management systems in the local government organizations. It also presents the statement of the problem, diagnosis of the research problem, the purpose of the study, research questions investigated, and the significance of the research where it presents why this study is vital and necessary and its contribution and support to the existing research works. The

second chapter will be the theoretical background that will deliver relevant sources of earlier related research and an explanation of the study area on strategic management systems and the challenges and benefits in the local governments as a public sector organization, especially in the local government organizations.

The third chapter is the methodology of the survey where research approaches and methods will be discussed, and thus qualitative method approach will focus on secondary data from the case study method to undertake this research work. The fourth chapter will be related to analyses of the current strategic management systems in the local government organization as a selected branch of the public sector organization. The fifth chapter presents the aspect of the research work, which will be the evaluation and discussion of the results or findings and make the comparison to the related literature in the theoretical background and summary of the results of the analysis. In addition, the last will be the conclusion drawn from the discussion of the outcomes of the analysis of the study.



# **1. THEORETICAL BACKGROUND OF STRATEGIC MANAGEMENT**

This section is aiming at the theoretical viewpoint of strategic management in the non-profit organizations, especially in local government. This chapter reviews and points out the ideologies, concepts, identifications, and definitions of strategic management, public sector, local government, and strategic management in the local government organization. The researcher presents in this chapter or section in detail the aspects of strategic management in the public sector organizations. Moreover, this study then focuses on the aspects of strategic management as performance management (PM), knowledge management (KM), human resource management (HRM), and risk management (RM).

In addition, this section continues to outline the participation of local government in strategic management. The approaches to this strategic management in the local government as a public sector organization are identified. Whereas the methods and indicators for strategic management in local government as a public sector organization are addressed. In addition, these are decentralization, frame budgeting, management by objectives, accrual accounting, annual reporting, and performance measurement. This section specifically presents the review of the strategic management planning process, and which could be strategic objectives, strategic design, strategic execution, and strategic assessment and mechanism. Whereas the process of planning, developing, collecting, resource allocation, monitoring, and control practices is the process through which strategic management in the local government are being factored in and enacted.

Moreover, this section continues to outline the application of strategic management in local government as a public sector organization. Moreover, the challenges that public sector organizations especially could be encountered when implementing these specifics of strategic management. Also d this chapter or section describes the importance, benefits of strategic management in the local government organizations.

To add to these in this section or chapter are the ideologies, concepts, and review of strategic management tools. There are many tools to be used as strategic analysis tools and are of two types, which are internal analysis tools and external analysis tools. These strategic analysis tools are the Gap

Analysis tool, VRIO Analysis tool, Four Corners Analysis tool, SWOT Analysis tool, and PESTEL Analysis tool. The researcher's opinion on the analysis tools this study will focus on could be appropriate for the comparative analysis of the strategic management in the local government as a public sector organization in. The analysis will focus on two developed countries in Western Europe and two developed countries in Africa are the Gap Analysis tool, VRIO Analysis tool and the Four Corners Analysis tool, which are great internal analysis tool. Moreover, the tools for the external analysis are SWOT analysis but the SWOT Analysis tool covers both internal and external perspectives of an organization while the PESTEL or PESTLE Analysis tool is one of the best external analysis tools for the comparative analysis of strategic management in the local government.

In addition, the SWOT analysis implies or constitute and analyze the Strength, Weakness, Opportunities, and Threats (SWOT) of the local government in these countries. Then also the PESTEL or PESTLE analysis constitutes and analyses the Political, Economic, Social, Technological, Environment and Legal (PESTEL) some scholars do include Ethical as new which makes it as (PESTELE) and the VRIO is an acronym for Valuable, Rare, Inimitable and Organisation. Most techniques and tools are being used in private organizations or business companies but can be employed and admitted as the strategic tools that could be appropriate for the comparative study of strategic management in the local government as a public sector organization in these countries.

## **1.1. Ideologies and Concept of Strategic Management**

Horkheimer and Adorno (1947) suggested that strategic management is great and extraordinary wisdom based on the hypothesis that what has worked in the past will work in the future. According to Arthuser, strategic management is a means and method of philology and language that individuals are bred to think, act, and react in certain ways as subjects and become agents of precise principles, ideologies, and thoughts that endure social relationships. These thinking and actions involve identifying, selecting, attracting, and changing people's situations and conditions into a subject that believes to have a relationship with the world, which is real and natural. However, Weedon (1987) contributed to such a relationship as 'imaginary' and involves a process of self-identification in which an issue assumes the mistakes of their own who accepts is the author of the ideology and concepts as partiality. Alvesson and Willmott (1996) discuss the corporate life of the individuality of administrators, managers, and high authorities. That is, the ideological structure and discourse of

organization permit individuals to conceive themselves as a subject called ‘managers’, directors, and other authorities who have confidence in themselves to be self-made and who willingly embrace the values of “responsibility, loyalty, work morale, and result orientation” (Alvesson & Willmott 1996

## **1.2. Definition of strategic management**

Strategic managements are vibrant and important in both public and private sectors for decades. Strategic management, in general, could be defined as the act and process of making long-term strategies or decisions to drive an organization to achieve its suitable goals, objectives, and ambitions. It is a systematic way of analyzing, developing, and implementing good ideas and decisions in an organization to become effective, efficient, and competitive. Emerson Wagner and Mario L. Raposo (2014), It was originated from more compositions of branches of knowledge that are influenced by sociology and economics as gradual development from theories of organizations.

Many authors and scholars have described strategic management in distinct ways and from different angles over time. These existing definitions from the scholars or authors are in accordance with facts or truth but contain restrictions or limitations in their assumptions and related dimensions. Henderson suggested, “Strategic management is a deliberate action to adjust the competitive advantage of an organization. The difference between the organization and its competitors are the basis of its competitive advantage” (Henderson 1991 pg.38). Where Mintzberg and Quinn (1991) supported this definition, strategic management is done consciously and intentionally by looking or pursuing an action plan to develop and adopt these plans to achieve the desired competitive advantage of an organization or a company. Andrews (1991) also explain strategic management as a design form of settlement in an organization or company that has a firm decision and being resolved not to change it but discloses its purposes or goals to come out with key strategies and plans to achieve these goals for the benefit of stakeholders, employees, and the entire communities. Oliver (1991) establishes diverse types of behavior in organizations and strategies as passive acceptance or submission the most likely option, compromise, evasion, disposition to challenge or to resist. Strategic management is a direction and decision of an organization whose basic issues concern the executive or any other individual who pursues the purposes of setting goals and objectives for achievement and disappointment between organizations (Teece, Rumelt & Schendel, 1994). Thompson and Strickland III (1995) supported

the definition that, strategic management is the act or action of setting competitive changes and approaches in an organization or business company that managers execute strategic plans and actions to attain the achievements of the organization. Strategic management is an administrative plan to further progress the excellent value of the organization's stance to boost fulfilment and to accomplish implementation aims is to ensure effectiveness and competitiveness.

Miller and Dess (1996) defined strategic management as the act or action of setting strategic plans and decisions which are used to try to assist organizations to achieve their goals, objectives, vision, and mission. Porter (1996) strategic management means carrying out different activities, tasks, actions, and functions in the organizations by contesting and combating to achieve competitiveness. Vinzant (1996) proposes that strategic management involves the value or emotion of intellectual and scholarly changes in organizations or firms. The implementation of strategic management requires management, resources, and assurance (Parke & Subramaniam 1996).

As to Wright, Kroll, and Pamell (1997), strategic management is an act of setting strategic plans and decisions from top management in the organizations to achieve consistent outcomes with the organizational goals, objectives mission, and vision. Furthermore, Mintzberg, Aistrand, and Lampel (1998, pg. 54) argue, "*Strategy is an intermediate strength between organizations and its surroundings, concentrating on decisions and actions that come obviously. Strategy formation is not limited to international processes but occurs as a pattern of actions formalized or otherwise.*" Strategic management is how firms or organizations compete successfully to achieve competitive advantage and it looks attentively at or study performance as a factor influenced by strategic plans or thinking and can be considered to achieve successful competition by means of satisfactory performance (Bamey, 2001). These strategies are a consequence of the sequence of official establishments and resources requirements. The disposition to challenge or resist points toward refusing the change and manipulation is the determined and resourceful attempt to impact the official burden for transformation (Nabatch, 2007).

Poister and Bryson et al. (2010) presented that strategic management is often equated with planning, and it implies a device used to implement the human condition, decision, and situation to forecast the future condition with the knowledge of the present within an organization. Strategic

management is a social creation of value formation and implementation the values participate with a value system and principles for freethinking, morals, and a set of characteristics. (Sulkowski, 2013). According to Frynas and Mellihi (2015), strategic managements are practices of the continuing path for an organization in society. Strategic management combines a wide variety of ideas representing many functional areas of organizations. Hunger and Wheelen (2020) described strategic management as a form of managerial actions and decisions that could be resolved and decide the long-run performance of an organization. According to Grainger-Brown and Malekpour (2019), strategic management could be used to design or adapt to form a specific purpose for internal and external factors in an organization to achieve a successful constant change of conditions.

Strategic management permits an organization to adopt and utilize its resources and capabilities to achieve the goals of an organization and the need of the environment to achieve efficiency, competitiveness, and effectiveness where these analyze the situation and the problems of the society (Anthony, 2021). Chaneta (2011) supported the definitions that, strategic management is a constant procedure that entails persistent or continuous evaluation and decisions of an organization with situations and conditions as they are or either to make variations to achieve organizational goals, and objectives.

Nickols (2016) Suggested that strategic management is the accumulation of strategy, strategic planning, and strategic thinking that could be used to allocate or deploy resources to establish a periodical or consistent basis of strategic decisions and directions to achieve the plans of an organization or company and developing plans of action for the execution and attainment of these plans. The researcher's opinion about the explanation of strategic management is that it could be defined as a tool that enables actors or stakeholders to formulate changes for the betterment of an establishment or organization. Strategic planning and performance measurement in an organization are well-defined as the method of setting goals, important actions to accomplish the goals, motivating, dealing with possessions to implement the activities, directing, and intensive care of the performance to confirm effective implementation. These strategic planning describes which objectives are established and how they are achieved in an organization especially local government as a public sector organization.

### **1.3. Strategic management processes**

Strategic management development is a key aspect to notice when dealing with strategic management in organizations or companies. A strategic management procedure is a way or motion of making decisions in an organization. And a strategy to identify internal assets and softness, external pressures, and chances by the evidence to set up a firm or permanent long-term goal, and objectives, and decide which strategy to follow. Strategic management has experienced an irregular shifting back and forth or up and down in the level and strength form in the early days. Strategic management first appeared in the early 1950s and became famous in the mid-1970s (Glaister & Falshaw, 1999; David et al., 2011)

Since Those days, strategic management and its processes have undergone a considerable change to withstand the features that render it less acceptable and the disadvantages or problems, such as the unwillingness to change, the unsuccessful involvement of managers, directors, and their desire to possess the creativity and strategic thinking. As a result, during the 1990s, strategic management, as well as its processes, restored some of the beliefs and opinions that it was having previously has been taken away or lost (Elbanna, 2007). In recent times, it is extensively practiced in the public sector, and there is the presence of little or insufficient study about the concept and the repetition of strategic management processes (Eadie, 1983). About thirty years ago, strategic management and its processes were presented to the public sector organizations (Poister & Streib, 2005). According to Moore (1995) and Joyce (1999), there has been more study about the strategic management processes which for current years has remained a regularly deliberated issue in public administration papers or articles (Streib et al., 2001) with much of the theoretical review concentrating on the Western world.

David et al. (2011) supported these facts that several writers employ the relationships of strategic management and strategic design alongside its processes as similar terms. The formal terms are often employed in academia and finally used in the enterprise world. Consequently, how does the method of strategic management vary from the strategic management planning process? Strategic management is further comprehensive idea than the strategic development process because strategic management is the broader concept and comprises additional strategic design method of strategic aims, strategic design, strategic execution, and strategic assessment and control

(Poister 2005; Bryson, 2011). Poister and Streib, (2005) point to the view that, for the past decades, many researchers or scholars have looked beyond strategic development to have a wide scope of subjects to strategic management in business arena and public sector organizations. Streib, et al. (2001) supported that, even though strategic management is very common or often happens in businesses or companies, there are little academic knowledge and attention in the public sector organizations.

This research has attested to the fact that many researchers and scholars have put forward a plan or suggestion on different approaches to strategic management and they continue to debate between them strategic management processes and characteristics. Some of the researchers are arguing that firms or companies with their strategic management process should adopt a rational perspective and structures of processes of strategy development and implementation should be formal and based on the structure that depends on a mix of financial and non-financial information to give assistance to strategic decision making.

Nikolaos (2015), points to the view that some scholars accept the truth and have the opinion that the strategic decision-making process in the recent days of globalization, very great or strict competition, consistent reduction of products, and unexpected changes in the organization is a very complex process. This is being influenced by a variety of organizational, environmental, socio-economic, and political factors that make these structures an achievable concept.

### **1.3.1. Stages of Strategic Management Processes**

There are four stages of strategic management processes. Stages that must be tracked in sequential order are as follows.

*The setting of strategic goals:* This process is also known as strategic objectives. It is in essence expounding the administration's vision, mission, goals, and objectives. This includes temporary and long-standing objectives, the progressions by which they could be very successful, in addition, the person responsible for applying each mission that points to the highest development in the set goals of the organization (Thompson, 1992; Poister, 2005; Poister & Bryson 2011; Elbanna, 2007; Nikolaos, 2015).

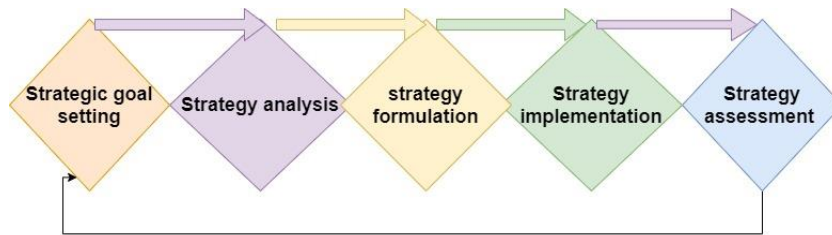
***Analysis:*** This strategic management process includes assembling the data and information that is appropriate to accomplish the goals that have been set and objectives. The analysis extends over the need for empathetic the key problems of the organization and investigates the interior and exterior facts that disturb the organization's vision, mission, and objectives (Poister, 2005; Poister & Bryson, 2011; Elbanna, 2007; Nikolaos, 2015)

***Strategic Formulation:*** An organization will only prosper if it consumes the resources vital to reach the goals and objectives set in the first stage. The development of articulating a strategy to achieve the objectives may encompass the identification of peripheral resources the organization requirements to succeed, and which areas must be treated as most important. (Poister, 2005; Poister & Bryson, 2011; Elbanna 2007; Nikolaos, 2015).

***Implementation:*** Because the determination of the strategic management method is to operate and control an association to its goals, vision, mission, and objectives. Execution approach must be in place earlier for the development to work successfully. It is the organization's duty to comprehend the course of action with the goals and objectives of the organization (Poister, 2005, Poister & Bryson, 2011; Elbanna, 2007; Nikolaos, 2015).

***Assessment and Control:*** The assessment and control actions for the strategic management process comprise performance evaluation as sound as a continuous assessment of both inner and outward issues. Where it is needed to be done and essential, the organization can devise educative actions to certify the achievement of the strategic management process. For an organization's effort to have the greatest effect on a salient point or most important consideration, strategic processes requirements are adopted and engaged. This assists organizations and businesses to continue to exist especially despite danger or hardship (Poister 2005, Poister & Bryson, 2011; Elbanna, 2007 Nikolaos, 2015). The strategic management processes can be illustrated in the diagram below.





**Figure 1: Stages of strategic management process.**

*Source: Bryson (2011) and Nikolas (2015)*

## **1.4. Mechanisms of the stages of the process of strategic management**

The above strategic management processes have been come out with the steps below.

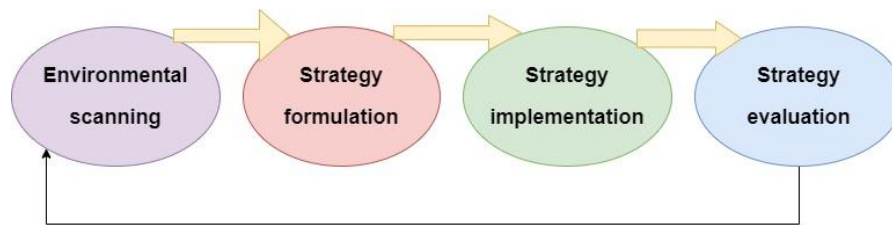
***The process of environmental Scanning:*** This is a process of examining, providing, and gathering data for planned purposes. It is helpful in analyzing the core and peripheral factors manipulating an organization. Subsequently, implementation of a plan of action of the environmental study process, the organization should do an assessment on a continuous source to make an excessive determination to accomplish or attain the goals, objectives, vision, and mission and to improve it (Elbanna, 2007; Nikolaos, 2015)

***Preparation of the strategy:*** This is the method of serving to resolve or settle the best course and formulation of activity for achieving administrative goals, and purpose of the organization. After organizing and carrying out environmental scanning, managers create or methodically incorporate an organizational or business and functional strategy (Elbanna, 2007; Nikolaos, 2015)

***Execution of the strategy:*** This stage of the process is creating the strategy work intentionally and strategically by placing the organization’s plans into action. Strategy execution or implementation consists of the design of the organization’s construction, resource distribution, human resource management, and development decision-making process (Elbanna, 2007; Nikolaos, 2015).

***Strategic planning process evaluation:*** This stands the strategic evaluation of the strategic management practice. The means of achieving and understanding strategy evaluation are assessing interior and exterior issues which are the cause of existing strategies, taking corrective actions, and measurement of the implementation. The assessment ensures that the organization or company’s strategy and its implementation meet the organizational goals, objectives, vision, and mission. The

above steps are accepted out in sequential order after generating a new administration plan, and organizations that have previously generated management planning will reoccurrence to these steps at any conditions or situation to ensure essential changes in the organization (Elbanna, 2007; Nikolaos, 2015). These steps of the stages of strategic management processes could be illustrated in the diagram below.



*Figure 2: Steps of the stages of strategic management processes*

*Source: Elbanna (2007), Nikolaos G. Theriou (2015), and Hunger & Wheelen (2020)*

## **1.5. Approaches to Strategic management**

Several studies that have been made to investigate approaches to strategic management for so many decades. Many scholars and authors have different views on approaches to strategic management and they discussed them in different ways. In addition, these approaches are based on strategic management processes. Some of these approaches are the stakeholders' approach, functional approach, integrated approach, competitive advantage approach, and comprehensive approach. Scholars and authors have analyzed the definition of strategic management and different scholars and authors have suggested it. This shows the use of several approaches used to formulate the content of strategic management.

The first approach is the stakeholder's method to strategic management solicited to expand the concept of planned management above its regular economic root and focus on any group or individual who is forced or can simulate the execution and attainment of organizational goals, objectives, vision, and mission. The event is planned to make available use of and deliver a single strategic framework that explains the meaning and the content of strategic management based on

the stages of the strategic management development and the procedures of its conditions and requirements (Freeman & McVea, 2001). The aim of the stakeholder approach to strategic management is to discover methods, skills, and strategies for multiple or numerous groups and to develop a relationship that results in strategic mode, style, or fashion (Freeman & McVea, 2001). Strategic management has been investigated in the most widely applicable or broad form as a blend of strategic planning and implementation. I Ansoff, (1979) suggested that these two systems of strategic management as strategic planning and implementation are different, but they accompany each other to contribute extra features for strategic management to be successful achievable. These analyze the choice of strategic position and management in real-time.

In Ansoff's (1990) other paper, he supported his suggestion and uses the change management process which involves detailed and complicated designing and planning of the contented strategic management is giving particular emphasis on the status of the introduction of controlled strategy and adaptation. Frank Rothaermel supported the views of Ansoff and suggested the combination of strategic goal setting, strategic analysis, and strategic formulation as the components of strategic management in search of competitive advantage (Rothaermel, 2017). Johnson, Scholes, and Whittington (2008) express their view on the stakeholder approach based on the definition of strategic management using a different manifestation of strategy and following the analysis-formulation-implementation strategy logically. They define the concept as the act of understanding the position and adaptation of an organization's strategy and the choice for future and strategic management in progress. Therefore, by emphasizing positioning, scholars completely point out the importance of influencing the market and sectoral factors on strategy. The interpretation represents a broader description of the process of strategic management are carried out of a plain chain. They accepted that the strategic management process exists, and they form a strategic vision, set goals, craft strategy, introduce, and implement strategy and requires essential or very important to further adjust the vision, goals, objectives, strategies, and implementation (Thompson & Strickland III, 2003).

Secondly, another approach to strategic management is the integrated approach. This approach is a tactical method to strategic management that contains from top to bottom original reserves in resource achievement and members of staff training curricula. The integrated approach to strategic management is also based on the processes to carry long-standing returns that diminish

costs of growing the elasticity of a business or an organization over time. This approach combines two or more approaches to strategic management to achieve efficiency and competitiveness in an organization. The integrated approach also gives special importance or value to strategic management by completing the strategic process stages. Ansoff (1991) presented that, strategic management activity points to an organizational change, development of new organizational capabilities, entrepreneurial creation of new strategies for the firm, and supervision of transforming the organization of the firm towards its new strategic position to ensure successful achievement of organizational aims and ambitions.

The integrated approach combines the components of management planning with issues concerning the sources of strategy to ensure sustainable mechanisms for their gaining and exploiting to ensure competitive advantages and competitiveness in the organization (Ansoff, 1991). Moreover, Bracker (1980) supports the assertion and expresses his view that an integrated approach combines a comprehensive approach for understanding problems of strategic management. He continues his opinion that strategic management makes use of the investigation of the environment through the application of environmental scanning as a strategic management process stage for the organization or the firm to full utilization of resources in relation to organizational goals, objectives, vision, and mission. Bracker (1990) then added to his opinion on an integrated approach to strategic management by explaining the most important purpose of strategic management from a particular attitude of the constant change of capabilities concept. Where he suggested that an organization with the basis for developing the quality of being able to forecast and get through changes will help to develop the abilities to deal with and attempt to overcome the present challenges and uncertainty about the future. Hence, the intentions and purposes management of the firms or organization could be achieved.

In this modern world of globalization and competition, a strategic management approach based on decision-making take place in an environment where there is an existence of observant, anxious, and vigilant competitors. The organization or a firm's choice of strategies is always set in connection with those of its competitors who create decision-making that can change or adopted for organization's authorities and firm's managers (Hill, Shilling & Jones, 2016). Jelena and Sonja (2016) supported above assertion that, the extreme force, degree, and strength of competition has emerged or derived from the global market. This ensures development, competitiveness, and

constant growth of global trade with the firms and organizations aiming to maintain their situation with the practice of designing products services and internal operations to facilitate the expansion of organizations or businesses transforming to an innovative change for the organizations. They continue with their views that strategy adoption in a competitive environment comprises three stages and these are the administrative period and ecological and technological problems. In addition, this is called the adaptive cycle (Jelena, Jones & Sonja, 2016)

According to Hill et al. (2016), the decision-making process to administrative design includes structural and resistor. Moreover, the organizational principles consist of four social models, which are based on social traits of consistency, involvement, ownership, adaptability, responsibility for organizational culture, and mission involvement which builds human capabilities. The study was coupled with discoveries of Nazarian et al. (2017) who supported that the part of the general philosophy and stable organizational values in performance urge and influence equitable corporate culture to stimulate an organization's presentation. Hill et al. (2016) additionally, suggested that organizational values and principles could be an important component of interior company design. Intense constructive and effective suggestion between the strength of values and act of competencies are a human association, innovation, firm, or organizational outcomes, which is profitability, reliability assets, and growth.

Thirdly, the competitive advantage approach is one of the approaches to strategic management that has been analyzed by scholars and authors in different ways and opinions. The competitive advantage approach to strategic management has been taking space and shape since the mid-1980s and early 1990s. The competitive advantage approach to strategic management has been tackling the important nature of the theory of strategy in strategic management.

The nature of the problem of exploiting, developing, and maintaining sustainable competitive advantages is very vital and could be analyzed through the different definitions of strategic management (Dmytro, 2018). The competitive advantage approach to strategic management discusses issues encompassing sustainability and the creation of competitive advantage. According to R. Grant (2006), the importance of the competitive advantage could be seen in the relationship of the outcomes of the introduction of strategy with internal and external environmental factors of an organization or a firm and the focus of the organization or the firm.

The competitive advantage approach to the practice of strategic management ensures the sources of effective strategies from the viewpoint of the resource-based view and changes in the idea of capabilities. The competitive advantage approach to strategic management ensures maximum utilization of available and limited resources of the organization or firm. In that, it increases productivity and maximizes the features of products and services with the unique skills personnel, and expertise in the organization or the firm as well as the development and success to meet the future requirements (R. Grant 2010). More so, Rumelt (1991) suggested to competitive advantage approach to strategic management and put much attention on the relevance of internal organizational capabilities and assets of the organization or firms to execute strategic management.

The competitive advantage attempt to strategic management is a vital approach because of its successful achievement of the stages of the strategic management procedure. In addition, it aimed at the need for adaptation of the strategies and measures to be applied (J. Stead and W. Stead, 2008). Cox et al. (2012) have the same view, they express their opinions that the competitive approach deals with the process which includes analysis and the interior and exterior environments, strategy formulation, and resource allocation for the development of competitive advantage in an organization or firm, which leads to the success of organizational goals, objectives, vision, and mission. Dmytro (2018:21) argues, *“It should be emphasized that Cox and his coauthors consider a competitive advantage as a means of achieving organizational goals rather than a purpose. These scholars overlook the stages of strategy introduction, implementation, adaptation, and control”*.

The fourth approach is the functional approach to planned management. This approach explains the specifics of the deliberate functions of the managing process and ensures the performance of the management in an organization or firm. The functional approach to strategic management is based on the process and stages of strategic management aiming at formulating, implementing, and assessing cross-functional decisions. The functions of strategic motivation and control are assigned to structures relevant to each functional strategy under the general coordination of the top managers of the organizations or firms. In addition, the functional approach to strategic management and the number of functional strategies depends on the complexity of production, services, and areas where activities of the organization or firms are carried out and strategic plans are being executed.

According to David (2011), the functional approach emphasizes the relationship between organizational strategy and its functional strategies in terms of the strategic management process. Higgins (1986) points to the view that the functional approach to strategic management applies the administrative process, which focuses on the achievement of organizational goals, objectives, vision, and mission in relation to its environmental factors.

Dmytro (2018) support this view and stresses the functional approach to strategic management. For the functional approach to be effective, the administration is the key instrument to the execution of strategic management. Administration in strategic management concept uses the administrative process to perform management functions at the utmost level of the organizational structure. The administration comprises top management who are responsible for result creation and ensures that the planned management process functions by executing the methods of strategic management which includes management by objectives, frame budgeting, accrual accounting, performance management, and measurement. Parnell (2014) also supported the functional approach to strategic management. He suggested that functional approach aimed at the utmost level of the of the organization where strategic management development comprises the analysis by highest management of the organization or firms in a location in where there is an operation of strategies such as planning, developing, implementation, assessment, and controller in the organization.

The fifth approach to strategic management is the comprehensive approach. This approach emphasizes the process of management and focuses on the importance of the characteristics of the phenomenon of strategic management. According to Hofer and Schendel (1978), a comprehensive approach to strategic management is used to measure and shape strategic management process. Whereby the organizational goals and objectives, which has been set by the organization, exploration of the environment, the introduction of the strategic management development of these strategic processes are being shaped.

Thompson and Rubin (1996) express their opinions and supported the view of a comprehensive approach to strategic management that the comprehensive approach combines the strategic management process, problems encountered by the management in decision-making, and the organizational features which are the structure of the organization, activities that are carried

out and executed in the organization. Therefore, a comprehensive approach to strategic management combines these aspects to describe the management processes and the decisions that ensure the organizational structures and activities in the long term.

Dmytro (2018) argues that many scholars and authors explain strategic management using the comprehensive approach to strategic management. They interpret strategic management as having many different aspects and features. That is behavioral management process helps to formulate and implement strategies for the connection between the organization and its peripheral nature and distinguish the stability between the goals, objectives, capabilities, and reserves of the organization.

## **1.6. Definition of public sector organization**

The concept has become more complex and definition for the public sector organization. This has created a strong argument among researchers from equally radical science and economics. The explanation of the public sector organization is contingent on the country or the state. Also, the public sector organization is a larger zone or group of institutions that express plans and implement those policies for the civic interest (Jackson, 1990). The civic sector is a structure of private entities and public entities (Ho & Chan, 2002). The concept of the public sector organization has a broader quality, and a range of different positions and opinions of the central government may join with the private sector. Thus, it comprises government and institutions that are openly measured and subsidized by the state whose concern is to distribute public properties or goods, services, and programs to people (Dube & Denescu, 2011). Some scholars also define the public sector as a public entity that entails government and all publicly subsidized activities, initiatives, and others that carry public programs, goods, and facilities.

### **1.6.1. Local Government as a Public Sector Organization**

Local government systems, in general, have different views in many ways across many countries and can be classified according to the powers, history, functions, and roles of the central state. In Western Europe, the local government shows similarities across the countries with a few releases or exemptions of countries that have the privileged freedom from some duty where local government does not provide many services. According to J. A chandler (2001) Local government



refers to the establishments and reliant on agencies that are recognized by the legislature to deliver a range of specified facilities and represent the overall benefits of a precise area beneath the course, the path of a locally designated assembly.

Local governments have responsibilities and authorities. It provides public goods but varies to the extent it provides goods or welfare services (Ohio, 2000). Most of the local governments efficiently regulate only matters of land use and through community services (Eric, Oliver et al. 2012). Local governments practice a segment of the general law enforcement that are spread on a piece of land. These are the general purposes of government, but their authority covers only municipalities or counties (N.Y, 2014).

### **1.7. Strategic Management in the Local Government**

Strategic management has developed general and is crucial in the public sector organization especially in the local government. Strategic management has nowadays developed one of the elementary observations in the public institution and for that matter local government extending from regulating to public services. Local governments with strategic management classifications are acting to be improved and are expected to be developed, competent and competitive (Ljungholm, 2015). From the views of scholars and writers, related to the definitions of strategic management, the conclusion could be drawn from the descriptions that strategic management in the public organization especially local government is the process of setting goals, objectives, vision, mission, planning, procedures, implementation and evaluating the design or decision to improve competitive advantage in the local government to develop.

Strategic management in the local government could also be well-defined as an organizational arrangement that participates in the preparation of strategy, execution, quantity, and distribution of resources as a constant progression in the local government as a public sector organization. Strategic management in the local government is a tool used by actors or stakeholders in the local government and enables these stakeholders to formulate changes to improve the human condition, situation, and decision to forecast the future condition with the knowledge of the present within the local government organization. Strategic management in the local government is a systematic way of analyzing, developing, and implementing better ideas and decisions and making

a long-term strategy to drive the organization to achieve its suitable goals and ambitions for effectiveness and efficiency in the local government organization.

Therefore, it is not easy to integrate strategic management concern in the public sector organization (Poister, 2010; Elbanna, 2016; Rhys, 2016; Pollanen, 2016; Weiss, 2016). Private organization concepts that encourage it are created on competitive advantages aspects not always complementary to the public organization, especially to the local government (Ferlie & Ongaro, 2015; Lane & Wallis, 2009). Strategic management is nowadays important in the plan in numerous public sector administrations, it is attractive progressively relevant in exercise due to the Public Management changes (Wallis, 2016).

Though, little is identified around the submission of strategic management in the preparation and its conceivable significance (Johnson, 2016). There are unimportant but increasing research arenas that have emphasized the status of studying strategic thinking in the local government as a public sector organization for the past years (Ferlie & Ongaro, 2015; Rhys, 2016; Rosenberg & Ferlie, 2014, 2016; Pollanen, 2016; Andrews & Vande, 2012; Elbana, 2016; Poister, 2010; George & Desmidt, 2016). Most of these investigations carry out a formal inquiry to discover the function of strategic management (Bryson, 2004; Koteen, 1997). Limited studies show how public organizations especially local governments put on strategic management in exercise to realize a strategic purpose and planned management and which tools are used in the local government as a public sector organization (Bryson, 2010; Berry & Yang, 2010; William & Lewis, 2008). And that is the focus of this research.

Even though New public management restructurings in the public organization introduced private and business-like elements in the last decades (Ferlie & Ongaro, 2015; Rosenberg & Ferlie, 2016). According to Bevan and Hood (2006), present research silent the efficiency essential for external competence and immediate, output-oriented that measures the outcomes at the expenditure of supplementary long-standing and outcome-oriented outcomes which hinder the submission of planned management in local government as a public sector organization. There are different theories in the planned management in the public organization as well as local government (Rosenberg & Ferlie, 2016; Ferlie & Ongaro, 2015).

Much research effort has similarly remained completed on the procedures of strategic planning (Pollanen, 2016; Elbanna, 2016; George et al., 2016; Rhys, 2016), and the application of the actor-network philosophy (Cosby & Bryson, 2009). An activity-based approach has been concentrating on the micro process of managing and strategy-as-practice. (Jarzabkowski & Sililince, 2007; George & Desmidt, 2014; Jarzabkowski & Fenton, 2006; Rosenberg, 2011). Limited studies address the usage of strategic management in the public sector, especially local government on the specifics, approaches, methods, and tools used for practices (Kaplan & Jarzabkowski, 2015). Therefore, this research will take an extensive explanation of strategic management, specifics (performance supervision, knowledge, human resource, and risk management), approaches, methods, and the tools which will be appropriate to be used in the local government as a public sector organization.

Jarzabkowski and Kaplan (2015) claim that “the term tool is the generic name for framework, concepts, models or methods”. This will also bring into line with the managing perspectives and focus on the application of strategic management in the local government as a public sector organization to attain the strategic purpose to manage the organization, especially local government (Jarzabkowski & Fenton, 2006; Lewis & Jarzabkowski, 2011).

## **2. STRATEGIC MANAGEMENT PRACTICES IN THE LOCAL GOVERNMENT**

The specific of strategic management practices in the local government could be seen as human resource management, performance management, knowledge management, and risk management.

### **2.1. Human Resource Management**

For the past decades, public organization administrations were trying hard to develop additional business-like in their developments and measures to realize the anxieties of the citizens that have displayed a transformed concentration concerning economic, policy, and act regarding all stages of management (Nigro & Kelloug, 2006). Because of this, most researchers and consultants have resisted the combination of outmoded and modern ideologies of skills that are required for active human resource management in the era; (Pynes 2009). These variations in the management of workers in the public organization and for that matter have also been the point upon which attention or activities ongoing research is concentrated and other improvement creativities (Moynihan 2005; Goodman & French, 2011). However, private organizations' impact has been frustrating hard to give public organizations such as local government authorities, and managers better managerial scopes overstaff decisions through decentralization and deregulations (Lorence & Battegglio, 2010; Battegglio & Ledvinka, 2009).

In view of these, human resource management plans can be designed to fit the local government administration's strategy to people who are accountable for the success of the local government as a public sector organization that has important contributions vis-à-vis the engagement, reward, and advancement of workers. Scholars have made effort to evaluate outmoded areas of arrangement, presentation, and selection (Delay, 2009; Robert, 2003; Ban, 2002). Therefore, salary for workers or employees' performance has a basic component of modern public service modification still it can be challenging to link reward policies to the chosen outcomes in the local government organization (Bowman, 2010). Therefore, staff development is critical in confirming that the local government as a public sector organization meets the human resource requirements and can report impending trends. (Jacobson, 2009).

From the discussion and other Scholars' views, it could be concluded that several rehabilitations in local government and government ideas to human resource management as strategic management have intensive administrative rules and measures, training and assistance to personnel, labor-management cooperation, and classified organization designs. Hence, this research study assesses the insight of human resource management at the local government concerning the importance of some purposes and actions related to enrolment and collection, reward and reimbursements, performance assessment, labor relationships, and work plan and progression to evaluate the effect of human resource roles to current improvements in the local government.

## **2.2. Strategic risk management**

Scholars Strategic risk management is very vital in planned management in the local government as a public sector organization. Risk management has been acknowledged, defined, and analyzed by several scholars. This concept of strategic management should be noted and employed in the local government when planning the strategies to manage the organization to the goals; objectives vision, and mission and is very applicable as strategic management for the local government as a public sector organization. Therefore, risk management could be defined as the recognition, assessment, and arrangement of risk, which is followed by harmonized application of resources to diminish, display, and regulate the possibility of unsuccessful procedures. The risk may occur from deferent causes as well as indecision in the threats from development disasters, legal responsibilities, acknowledgment risk, coincidences, ordinary courses and calamities, occurrence from an opponent of uncertainty (Johansson & Harenstam, 2013). Methods, explanations, and goals have been presented by many scholars and it varies generally affording to whether the risk management technique in the situation of security, development management, engineering, financial portfolios, statistics to calculate insurance risk and premiums assessments (Massaro et al., 2015).

Nevertheless, the approaches to achieving and being able to succeed in threats naturally consist of evading the danger, falling into the undesirable consequence of the risk, transporting the risk to an alternative, and recollecting the consequences of a part-specific risk. According to Michael (2004), internal regulation is now an opinion strongly felt and unable to change the portion

of the ethical budget of establishments specifically in local government which precise tasks for diverse types of resources that are being assigned. Edge (2005) supported that organizations, as well as local governments, have come to recognize the self-insurance aspects as the basis for reducing and justifying insurance and management of opening and bottom crises in the public health realm, projects, and system failure in the local government organization. Risk is a complex combination of weakness and danger (Blaikie et al., 1994). The calamity risk could be defined as the probability of destructive consequences or expected fatalities outstanding to the collaboration among humans, threats, and weak environments. (Cardona, 2003 & Scott 1999; ISDR, 2002). Risk is a creation of the conceivable harm triggered by the threat, outstanding to the weakness of an organization (Niekerk, 2010).

However, to introduce a company or organizational management thoughts and methods to execute several management purposes. After New Public Management theories and practices promoting highly decentralized administrative systems in the Western world such as that of Finland, Switzerland, and other Western Europe countries, even though they are surrounded by the crossed system of the local authority, in which New Public Management as a strategic management explanation co-exist with a chain of command and power. (Anttiroiko & Valkama, 2016; Yliaska, 2015). From the above context, the introduction of a comprehensive risk management model in the local government such as in Finland, Switzerland, and other countries represents business-driven ideologies and methods in public organizations, which constitute a managerial characteristic of Public Management as strategic management in the local government as a public sector organization (Gill, 2011).

Moreover, risk management has its distinct structures and an exact history path that is vital and must be applied and implemented in local government as a public sector organization, and which should not be ignored. The Enterprise Risk Management and Integrated Framework guidance show how to arrange effective organizational risk management and has become the main standard in the arena (Hayne and Free, 2014; schiller & Prpich, 2014). The Committee of Sponsoring Organizations (COSO) supported that, enterprise risk management is practical as a strategy situation and across the entire activity or project (COSO, 2013, 2014). The committee of sponsoring organizations also argues that this model is applicable, not alone in firms but in other organizations such as public sector organizations, especially in local government (COSO, 2013).

The International Organization for Standardization (ISO) created a risk management standard that defines risk management as coordinating actions directly and control the organization regarding danger (ISO, 2009). Beyond this, many of the dangers or threats in the public organizations are by nature and are difficult to manage (Cooper, 2010).

### **2.3. Performance management**

Performance management has developed into a famous and very important issue in public organizations, especially in the local government subsequently to the introduction of public management. Performance supervision is one of the strategies and practices in the local government extending from controlling to public services. Public sector organizations and institutions especially local governments with performance management systems are performing better and heading towards development and are likely to be more efficient and highly competitive than local governments that do not have performance supervision arrangements in exercise (Ljungholm, 2015).

The concept of performance management has been viewed and defined respectively and, in many ways, or forms by scholars from an economic perspective to management. Most scholars have tacit the idea as an evaluation process and performance-related activity. Some believe that it is a physical activity development driver (Tenakwah, 2015).

According to Pradhan and Chaudhury (2012), performance supervision is a technique of monitoring enhancement in the direction of the success of determining objectives by sustaining clients' needs improved than their participants. Similarly, performance management is a procedure of expressing the competence and success of previous actions of the individuals in an organization (Neely et al., 2002).

Therefore, from these views and definitions of most scholars, it could be concluded in relation to local government that, performance supervision is the development of the components of the local government organization through, which performance is measured. With the intention of enlightening the classification and workers, satisfying the needs of stakeholders, and making the local government organization better than others in terms of competitiveness and development. Aguinis (2009) expresses the view on the performance management process that involves six

circular stages. Performance management as a strategic management concept stage is a pre-requisite, performance development or planning, performance implementation or execution, performance assessment, performance evaluation or review, and performance renewals and re-contracting. The steps of the stages or processes are in circular form and can be illustrated in the diagram below.

### **2.3.1. Performance management Process**

The following stages describes the stages of performance management processes and could be illustrated in the diagram blow.

***Pre-requisite stage:*** To begin with, the performance management process is the pre-requisite stage by Aguinis (2009). This phase is the basis of the entire procedure. In terms of local government issues, this stage has two important aspects of performance management, which is, strategic management could be successfully implemented in the local government organization. These aspects are the facts of the local government's task, vision, and purposes that require identification and acknowledgment. The mission, vision, and ambitions of local government are the powerful strength that drives the organization towards its destination. These developed strategies for departments in the local government organization and the human condition and behavior of the employees.

***Performance development or planning:*** This point is where the planning of a strategic management system in the local government should involve the employees. Stakeholders, actors, supervisors, and employees in the local government organization should meet and be abreast with regard to every detailed discussion to come out with what needs of the organization should be done and when it should be done. The purpose of performance administration is to progress the performance of the people and the organization, and consequently, stakeholders, actors' supervisors, and employees should recognize key parts of the organization for the needs of perfection and map active the areas of the mission and vision to be accomplished.

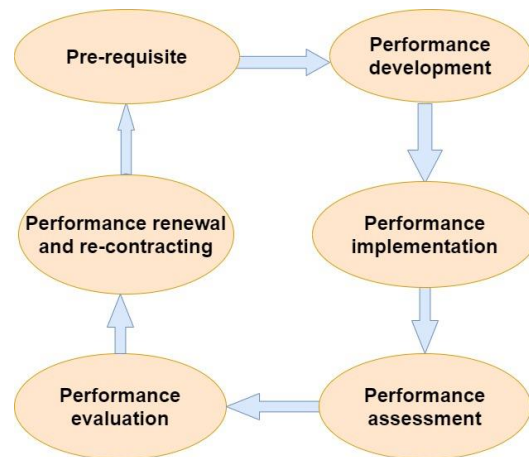
***Performance implementation or execution:*** This is the stage where workers begin to execute the actual planning for the work. The workers work to the expectations and outcomes and exist good behaviors that were decided upon throughout the formation of the goal line, mission, and vision at the stage of development.



**Performance assessment:** At this period, both the stakeholder and actors, administrators, and employees are to assess the outcomes and output to discover how far the projected result has been accomplished and executed. Also, this stage provides appropriate evidence after the past actions, present, and future situations during the performance assessment (Aguinis, 2009).

**Performance review or evaluation:** This step opens the chance for the stakeholders, actors, supervisors, and employees. Consequently, supervisors or stakeholders assess and evaluate their performances in the organization, especially in the local government. This creates independent settings for a conversation approximately to the presentation of employees. They feel possession of the procedure and they increase their commitment. That is the chance for upcoming utilization is highly determined (Aguinis, 2009 & Tenakwah, 2015).

**Performance renewal and re-contracting:** This is the final step of the performance supervision process. This is where the accumulation of evidence and involvement from all the steps utilizes such knowledge and insight gathered from the earlier stages. Moreover, the mission and vision mission of previous stages may be distinguished, renewed, and re-contracted. There may be insufficiencies to set impracticable goals and objectives and the achievable goals and objectives must be set in the next period.



**Figure 3: Shows the process of performance management**

**Source: Aguinis (2009)**

## **2.4. Knowledge management**

Knowledge management is very vital in the local government as a public sector organization. This strategic management has been useful for the past decades. It is very useful and applicable in the local government in these recent years. Because we are in a dynamic world, where the economy is based on knowledge combined with information, communication, and technology (ICT) growing at its fastest rate (BKA, 2014). Global transformation does not only constitute confrontations but gives chances for the public and private organizations (Armutat, 2002). For public organizations to gain a competitive advantage for their survival the ability to do something successfully and efficiently against discontinuous environmental change, most public sectors especially local governments creativities accept strategies, methods, and ideas as strategic management in the local government organization which include strategic knowledge management (Massaro et al., 2015).

History has shown that most strategic management philosophies and concepts were the first practice in private sectors in large companies (Mc Adam & Reid, 2000) for which knowledge management is no exception. Knowledge management in the private sector for the past decades attests that not just another strategic management. It is the opportunity for public sector organizations especially the local government to employ and adopt this knowledge management (KM) as a strategic management approach in the organization (Xiaoming Cong & Kaushik V. Pandya, 2003). According to Hansen et al. (1999), knowledge management is a strategy that organizations have been using to make choices and for good services, in any event, not a conscious and orderly method. Knowledge management is the performance of being aware of the reality of knowledge (Sarvary, 1999). Public sector organizations that use knowledge management without knowledge and awareness of its determination get no benefit to its perfection or strength. Knowledge management is a systematic, comprehensive, and complete way to increase consciousness and benefits of strategic management to the people and organizations, especially to the local governments (Edge, 2005). However, writers or scholars considered that there seems to be a lack of awareness of strategic knowledge management in the local government as a public organization. This seriously delays the real application of knowledge management as a strategic management initiative in the local government to increase performance and competitiveness

(Massaro et al., 2015). Therefore, it is important or crucial for local government as a public sector to introduce or initiate strategic knowledge management in the local government to succeed in their long-term planning to achieve the aims of the organization for development.

### 2.4.1. The variety of knowledge management

Many scholars have addressed the concept of knowledge management, which has been practiced for a long time. Therefore, in the concept of knowledge management, there is a need to understand the differences and relationships between knowledge, information, and data. To start with, is the term “knowledge” which is the most confusing aspect of knowledge management, “information” and “data” are mostly used for each other with “knowledge” but are of different connotations. (Davenport & Prusak, 1998; Bhatt, 2001). The variety of knowledge management from data to wisdom could be illustrated in the diagram below



*Figure 4: Shows a variety of knowledge management*

*Source: OECD (2003) academic conference limited*

From the diagram or with reference to the above figure, knowledge is obtained from information. This is a result of identifying consequences, making connections, and comparisons. Some philosophers, scholars, and experts add insight or wisdom to their definitions of knowledge.

Fred Nickols (2010) supported that, wisdom is how the knowledge that has been collected and gathered is being utilized and contains judgment and “rules and thumb” of trial and error which are developed over time. According to Davenport & Prusak (1998), *“knowledge is a fluid mix of framed skills or experience, values, contextual information, expert insight, and grounded sensitivity in somebody gut when unconsciously know something you are doing is wrong or right that provide an environment of the framework of evaluating and incorporating new experience and information”* (p.5). Furthermore, in public sector organizations especially local government it is always important in organizational processes, practices, norms, and routines not only in documents (Bhatt, 2001). In addition, data, in general, are the raw facts and must be processed to obtain information for which decision can be made. However, the connection among knowledge, information, and data is the process of defining a problem or the solution to a problem and depends on the “organizations” and “interpretations” and it is an understanding that one gain through learning, intuition, experiences, and reasoning (Bhatt, 2001).

According to Kaushik V Pandya and Xiaoming Cong (2003), knowledge management is the “ability of an organization to use its collective knowledge through a process of knowledge generation, sharing and exploration enabled by technology to achieve its objectives”. So, in the local government per the definition above, knowledge management in local government is the capability of the local government to use its cooperative facts by the generation of knowledge, distribution, and exploration which is empowered by expertise to accomplish the goals, mission, and vision of the organization for efficiency and competitiveness.

Analyzing the strategic knowledge management in the local government organization, it is necessary for this research to continue to analyze and identify the classification or types of knowledge in terms of knowledge management that is appropriate and applicable in the local government organization. Therefore, knowledge could be classified into three types or forms, and these are tacit, explicit, and implicit forms of knowledge. The explicit form of knowledge is the one that is written down in documents and comprises instructions, manuals, research findings, written procedures, lessons learned, best practices, and patents (Nonaka, 1991). This explicit form of knowledge is either planned or disorganized. Planned knowledge is the data or information prepared for recovery and examples of structured knowledge names, addresses, dates credit card numbers, stock information, etc. while unstructured knowledge holds information but is

incompetent of identifying the situation in which that information is supportive. Illustrations of unstructured knowledge are images, files, e-mail messages, and web pages of the word processor books, journals, documents, metadata, health, records, audio, video, and analog data, (Anderson1995; Nickols, 2010)

Moreover, implicit knowledge is, essentially, learned skills or know-how and can be articulated (Nickols, 2010). This is grown by taking explicit knowledge and applying it to the exact situation Implicit knowledge is what is to gain when you learn the best way of doing something. To add to these is the tacit form of knowledge. These are the thoughts of individuals and cannot be articulated (Nickols, 2010; Polanyi, 1997). Implicit knowledge is a ‘silent understanding’ of what is problematic to write or transcribe. It is difficult to access this type of knowledge and often not known to others its form where its existence is implied by observable behavior and performance (Nickols 2010).

#### **2.4.2. How knowledge can be managed in the local government organization**

Knowledge can be valuable when there is the creation of room for inspiration and belief and to portion it when there are orderly procedures to discover and create knowledge. knowledge is required for skills to store and create data comparatively simple to determine (CIO Council, 2001). Knowledge also contains approaches to understanding, finding, utilizing, and organizing the knowledge to achieve organizational objectives. Knowledge management generates a rate by reducing the time and outflow of trial and error (CIO Council, 2001). The researcher continues to analyze knowledge management as one of the aspects of the public sector, especially in the local government. Lane (2000) suggested that Knowledge management as strategic management in the local government is a general theory about how government or local government authorities. The concept and practice of knowledge management as a strategy in the local government and its increasing acceptance by local government in many countries around the globe shows that its achievement and disappointment will be contingent on Knowledge management.

## **2.5. Strategic management analysis tools and techniques**

Many scholars and authors in the strategic management field have been expressing their views or opinions on strategic management devices and procedures for several years. These tools and techniques are very vital aspects of the practice of strategic management. The strategic management tools and techniques are general and unspecific content for any techniques, tools, methodology, framework, and models used to ensure that the strategic planning work accordingly (Stenfors, 2007). Williams and Gunn (2007) supported the definition of strategic management tools and techniques as perceptions that help executives in the strategic development as management of the organization. According to (Frost 2003), many scholars have pointed to the view that there are several tools and techniques, which exist for the provision of decision making and examining strategic management in an organization. Paroutis and Wright (2013) suggested that some of the strategic management tools and techniques which are effective for analyzing strategic management in an organization are SWOT Analysis, value chain, VRIO, Porter's Five Forces, PESTLE, Balanced Scorecard, GAP Analysis, Cost-Benefit Analysis, McKinsey 7S Framework, Boston Consulting Group, Performance Appraisal, Management by Objectives and Benchmarking.

Nevertheless, this research will enhance the researcher to focus much on SWOT Analysis, PESTLE, GAP Analysis, Balanced Scorecard, Cost-Benefit Analysis, and Management by Objectives, Benchmarking, and Performance Appraisal as strategic management tools and techniques, which are appropriate and applicable in the public sector organizations, especially local government organizations. Stenfors et al. (2007) suggested that strategic management tools and techniques could be applied to extents such as planning and allocation of resources management, operation management, logistics, procurement, marketing management, science management, efficiency and effectiveness, information and technology, information management and financial management. Executives in the organizations must deal with issues and management in the organization at the same time from diverse directions (Barisha, 2017). Managers as well as executives through the application practice, and implementation of strategic management tools and techniques (Blettner, Wright, 2013; Shiroka, Barisha, 2017) could effectively allocate the complexities and uncertainties issues in an organization.

According to Bickhoff, Berger, and Kotler (2015), the adoption and application of strategic management tools and techniques by managers and executives are very useful and needed in different ways and directions with a diverse range of perspectives for the achievement of the success of strategies effectively and efficiently in an organization. Saruckij and Lisinski (2006) express their opinion that many scholars have presented numerous strategic management tools and techniques that can guide executives as well as managers in the analysis of strategies in the organization. Paroutis, Wright, and Blettner (2013) suggested that with the issues of environmental complexities and uncertainties in the organization, it is very critical and important for executives as well as managers to identify, understand and embrace strategic management tools and techniques at their disposal for better management in the organization. Chalupsky and Afonina (2013) supported that strategic management could be beneficial to an organization if the executives, as well as managers, are able to identify, understand, and have a clear insight and knowledge into the current management tools and techniques.

Anchor and Aldehayyat (2008) reported that the applicable tools and techniques in the public organization for economic analysis is the PESTLE and Porter's Five Forces. Many scholars have expressed their views and opinions on the use of tools and techniques, which could be appropriate for examining strategic management in public organizations, especially local governments. Tools and techniques used to analyze performance management are Performance Appraisal which is used to measure and assess the performance with the aim and determination of increment in salary, promotions, growth of staff, transfers, demotion, and administration (Cox et al., 2003; Condrey, 2012; Zaherawati et al. 2011; Al-Khoury 2014). Where Benchmarking is used to measure and evaluate the gaps in services and practices between organizations regarding performance (Triantafillou, 2007; Ferry et al., 2015). Management by objectives also is a tool and technique for performance management, which is used to ensure the improvement of performance regarding the objectives, and goals, set by the employees and the management in the organization (Hunter & Rodgers 1992). Moreover, balanced scorecard is an appropriate tool and technique to monitor the strategic goals regarding both internal and external communications and the performance of the organization (Litan & Willison, 2000; Hallman, 2005).

According to Christine Namugenyi et al. (2019), SWOT Analysis is a strategic management tool and technique, which is widely used in private and public organizations to analyze the interior and exterior resources of a firm or an organization to verify the performance and achievements of a firm or an organization. Therefore, the strengths are the abilities and capabilities to determine and sustain the performance, success, and achievements of the organization while the weaknesses are the obstructions that can limit and hinder the progress of the performance and achievements of the organization.

In addition, the opportunities on the other hand could be the advantages that the organization might have to make full use of its resources and derive benefit from the available resources. Moreover, the threats are the risks and dangers that may occur or an organization encounter that can suppress the organizational goals and can hinder the progress, growth, performance, success, and achievements of the organization (Christine Namugenyi et al., 2019). Etleva Leskaj (2017) supported the view that SWOT Analysis as a strategic management tool and technique is often used in most public sector organizations to analyze and determine long-term objectives or goals in the organization.

## **2.6. Challenges of strategic management**

Research for previous studies has shown that about 70 percent of organizations both private and public organizations have some shortcomings in achieving their strategic management objectives and goals to accomplish their mission and vision for the organizations. Most authorities and managers would come to an agreement to have a better and regular strategy with excellent implementation and the outstanding and excellent implementation or execution would turn to poor implementation. The question is why strategic management implementation becomes a difficult task for managers and authorities in the private and public sectors. Is it the system, people, or the processes to undertake the execution of strategic management? Who is responsible for the achievement of strategic goals and objectives for the organizations? This research or study will address the most common challenges of strategic management in both private and public sector organizations and provide recommendations of management change that can actively be



adopted for the transformation to achieve highly and active application of strategic management in the organizations.

Sanger (2008) expresses the opinion about the view of advance model of strategic management, which is very difficult to design and implement the strategic management processes in both private and public sector organizations. There are some challenges that obstruct the successful execution and design of strategic management processes in organizations especially the imperfection of implementation of performance management (Gao, 2015). According to Ahmed, et al. (2014) Mohammed (2015), about 65 percent of organizations failed in the implementation of strategic management processes. This is because they do not link the process of budgeting to their strategy, about 80 percent do not link strategy to employee incentives, about 85 percent of managers and entrepreneurs of the private sector as well as authorities in public sector organizations devote less time per month deliberating and discussing strategy and strategic goals and objectives with employees. Furthermore, 96 percent of the workers in the organizations do not appreciate and understand their organizational strategy. According to Ahmed et al. (2014) and Mohammed (2015), there are some challenges that hinder the successful implementation of strategic management processes. These challenges are lack of technology, environmental factors, global economic situations, political influence, and interference, poor goal setting, and weak strategy, lack of resources, ineffective training, motivation, monitoring, and evaluation, the structure of the organization, and lack of communication and people not connected to the strategy. (Ahmed, Baroto, and Arvand, 2014; Mohammed, 2015).

Therefore, the implementation of strategic management may not succeed because of various factors external and internal factors to both private and public organizations. Therefore, the organization should study the environment of the organization and respond accordingly to ensure that the strategies arranged are not disrupted. Therefore, there are serious costs for the unsuccessful strategic execution to both the organization and the individual and should be avoided (Barasa, 2019).

## **2.7. Challenges of Strategic management in Public Sector organization**

According to Leskaj (2017), public sector and private sector organizations especially local governments need to take on strategies to encounter their goals, objectives, and vision but in the process, they encounter numerous challenges that threaten the unsuccessful execution of this task by applying successful strategies in harmony with these plans. The authorities may fail to connect their strategic planning energies to other vital decision-making processes. Hughes (2003) supported this issue with the understanding that public sector organizations especially local governments face more problems and challenges as compared to private sector organizations, but still, public sector organizations could conceivably benefit from a strategic method in their processes.

Arvand, Ahmed, and Baroto (2014), Mohammed (2015) and Leskaj (2017) suggested and identified the main issues and challenges that public sector and private sector organizations especially local governments encountered when the execution or implementation of strategic management as well as strategic processes are as follows.

**Poor goal or objective setting:** Many organizations set complex strategic goals and objectives and these complex goals and objectives require many resources that should be distributed across many departments and positions to perform their task. If organizations fail to set goals and objectives which are not specific, measurable, attainable, relevant, and timely (SMART) it becomes a challenge for the organization to achieve the vision and mission of the organization therefore implementation of strategic processes fails and hence failure of strategic management in the organizations (Arvand, Ahmed, Baroto, 2014; Mohammed, 2015; Leskaj, 2017).

**The structure of the organization:** Public sector and private sector organizations encounter challenges when executing strategy is due to the organizational structure being connected with the needs and challenges that have been identified to achieve the goals and objectives of the organization for successful strategic management in the organization. Moreover, not all these are put in place causing failure in the implementation of strategic management (Arvand, Ahmed, Baroto, 2014; Mohammed, 2015; Leskaj, 2017).

**Lack of financial resources:** This is a big problem and challenge that public and private sector organizations face when implementing strategic management in their organizations.

Implementation of strategic processes fails because of lack of finance and either poor or unfortunate budgeting or financial pressures. Hence strategic management fails (Arvand, Ahmed, Baroto, 2014; Mohammed, 2015; Leskaj, 2017).

***Lack of human resources and human capital:*** These are a critical aspect in strategic management implementation, and these become a problem to organizations when organizations fail to recruit needed talent. Hence, organizations fail to employ skills, experience, trained, knowledge, expertise, and competent people as human capital and human resources that are available human skills, knowledge, and expertise that can be drawn on and developed when required for formulation and execution of strategic management processes. While human resources focus on management and development systems and processes that empower staff or employees to perform effectively in their works or jobs assigned to them, human capital focuses on how employees maximize economic value to the organizations. Therefore, a lack of human resources and human capital results in failure in strategic management in an organization hence the implementation of strategy fails, which is a very big challenge to the organization. (Arvand, Ahmed, Baroto, 2014; Mohammed, 2015; Leskaj, 2017).

***Lack of monitoring and evaluation:*** Poor monitoring and evaluation of strategic management processes, the performance of members of staff, and tracking the progress goals and objectives of the organization. This is a challenge to organizations when organizations fail to monitor and evaluate the strategic processes tracking the performance of employees. Hence, organizations fail to implement strategies, which result in failure in strategic management organizations (Arvand, Ahmed, Baroto, 2014; Mohammed, 2015; Leskaj, 2017).

***Lack of motivation:*** Motivation is a factor that turns a good thought into immediate actions of employees in an organization. If organizations fail to motivate employees through both intrinsic and extrinsic motivation and when these forms of motivation are inadequate, it becomes a challenge to the strategic management in the organizations. Thus, where rewards, incentives, bonuses, promotions, applauds, increments in wages, and salaries are not adequately given to members of staff results in failure in the implementation of strategic processes, and hence strategic management fails in the organizations (Arvand, Ahmed, Baroto, 2014; Mohammed, 2015; Leskaj, 2017).

***Lack of alignment of strategic goals:*** Organizations may face a challenge with lack of alignment, which is caused by the arrangement or ordering issues and collaboration conflict that can disrupt day-to-day activities in the organization to achieve its strategic goals and objectives. Therefore, the implementation of strategic processes fails, and hence strategic management of the organization fails (Arvand, Ahmed, Baroto, 2014; Mohammed, 2015; Leskaj, 2017).

***Lack of strategic team:*** when managers and authorities of organizations fail to connect people to the strategy or strategic planning to be able to set good strategic goals and align goals with personal interests by learning new skills, working with different people and teams, and working outside their departments. Lack of involvement in strategic planning is a challenge to the strategic management processes of the organization. This becomes difficult to implement strategic processes and therefore strategic management fails in the organization (Arvand, Ahmed, Baroto, 2014; Mohammed 2015; Leskaj, 2017).

### **2.7.1. Challenges of strategic management in local government organization**

Many researchers are of the view that there is a variation of factors that influence the strategic management behavior of the local government agencies, and which have challenging situations of strategic management in the local government organization. According to PAQ Summer (1993), factors that account for challenges to the strategic management of local government are the legal bases and origin of the local government and its agencies, services and goals of the agencies, governmental control processes, and financing and resources allocation mechanism.

***Legal bases and origin:*** The general determination of governments is recognized through legal upright resulting from a constitutional compact at the federal or state level and the local government consequent have their upright from the state constitution. Therefore, the wide range of services and the design of the constitution is a challenge to the strategic management of the agencies of the determination of the local governments. Moreover, the power of local government is clearly outlined in terms of territory, Fixed boundaries can only change by the central board and not by the service delivery activities of the administrative division. This hinders strategic management processes and hence the failure of strategic management in the local government (PAQ Summer, 1993).

***Goal setting and Services:*** Strategic goals of local government are very complex and have a wide range of services and responsibilities because the general purpose of local government is to serve the public and provide public goods for the welfare of the citizens of either metropolitan, municipalities, and districts in a country. Therefore, goals and objectives are not specific, measurable, attainable, relevant, and timely which is a problem and a challenge for local governments to achieve the vision and mission of the organization (PAQ Summer, 1993).

***Processes of control:*** The formal and informal mechanism of local government is the general purpose of control processes. The constitutional and legal bases of public ownership are derived from the central government and the elected officials of specific authorities and powers are controlling the purpose and determination of local government. Participating in a democratic government, the ideologies, values, and principles of strategic management in the local government are focused on and controlled by schedules, pressure, and political interests. Moreover, the strategic management in the local government is influenced by the norms and values of democracy whereby the elected officials have the power to select personnel for the top level for policymaking and management of positions in the administrative office. Therefore, the service delivery and budgeting in the local government organization should ensure the 4Es, which are equity, economy, efficiency, and effectiveness to achieve honesty and fair treatment in the operations and service delivery of the government. These complex goals of the local government are influenced by politics and hinder the implementation of strategic management processes and hence failure of strategic management in the local government organization (Lynn, 1987; PAQ Summer, 1993).

***Allocation of Resource and Financing:*** This is a critical challenge that confronts local government organizations. Resource allocation and financing affect the implementation of strategic management of the overall purpose and determination of local government. This concerns fiscal policies such as taxation, which is backed by powers of government to finance public sector organizations. Tax revenues, which form the greater part of the government or public revenue rather than the sale and services, are put into the general fund for allocation of resources among government agencies. Because the allocation of resources involves 4E's that is Equity, Economy, Efficiency, and Effectiveness (4E's) and it is inclined by political-administrative bargaining and budgeting is also detached from service users and taxpayers. Therefore, authorities in the local

government are expected to manage the organization strategically and the political realm than the acquisition and utilization of resources is influencing decision-making. In addition, it makes it difficult to implement strategic processes to achieve successful strategic management. Hence, lack of allocation of resources accounts for failures in strategic management in the local government organization (PAQ Summer, 1993).

According to Mintzberg (1994), strategic management in the local government are expressed and formulated by central management and supported by formal controls that are controllable and practicable in the environment and this is a challenge that public sector organization especially local government encounters in the implementation of strategic management. Stewart (2004) supported that strategy reinforces local government organizations to be successful in strategic management by expectation and dealing with challenges from competitors and claims for the benefits of strategic management, which are more understated.

Hughes (2003) supported those public sector organizations especially local governments face many challenges and problems when compared to the private sector. Many scholars are of the view that the challenges of strategic management in the local government are how to link strategic management planning or processes to the budget and the use of strategic plans to determine the organization's general performance management arrangement (Streib, Poister, 2005; Slyke, 2002). Moreover, monitoring evaluation of the progress of strategic management processes is another problem and challenge to the strategic management of local government organizations (Poister, Streib, 2005; Edward, 2010; Androniceanu, 2017). Poister and Streib (2005) supported the view that linking strategic management planning and processes to the implementation is challenging and a problem for local government and this is where process and progress break down and public authorities may fail to link strategic planning to strategic management processes. Mintzberg (1994) supported that allocation of resources and performance measurement are often separated from strategic management planning in local government organizations.

According to Streib, Poister (2005) and Ohanyan, Androniceanu (2017), strategic management in the local government encounters problems and challenges in linking performance

measurement and budget and this requires federal agencies to develop strategic plans to overcome these challenges.

## **2.8. Benefits of Strategic Management in Public Sector Organizations**

Several kinds of research have shown that the application and utilization of strategic management in both public and private sector organizations are very beneficial to the organizations if strategic management processes in the public sector and private sector are implemented effectively and efficiently. According to Moses Jeremiah (2019), strategic management is very significant, and organizations get benefits from strategic management tools and techniques, approaches, and strategic management and planning.

Heracleous (2000) suggest that strategic management and planning help and allow organizations of the public and private sector to make decisions and prepare themselves to formulate strategic management and planning in a practical and active way as opposed to being sensitive. Therefore, making the organization more successful to adaptive to achieve the goals, objectives, vision, and mission and helps the organizations to predict the future of the organizations.

World Bank (2011) support the opinion that strategic management and planning as the technique for defining the direction of the public and private sector organizations. This enable the determination of goals and objectives that are accurate and possible for the achievement of the vision and mission of the organization and facilitate sustainability, stability, and reliability in processes and actions of the organizations.

According to Bradutan and Sarbu (2012), Strategic management and planning are beneficial because it leads to effectiveness and increases productivity, profitability, and market share in the private sector as the organization gets appreciated the understanding of market trends, consumer sections, and available product. Moreover, helps public sector organizations to be effective and get the insight of the organization to offer good programs and services to citizens with available resources. Ong (2015) supported the opinion of the benefits of strategic management that, strategic management and planning increase the proficiency and effectiveness of the public and private sector organizations by providing a strong roadmap that enables the

arrangement of activities and allocation of resources to set accurate goals and objectives which leads effectiveness and high-efficiency level of the organizations.

Strategic management and planning are beneficial to organizations by facilitating good services and new programs for the development of the organization to meet the needs of consumers and citizens to ensure the competitiveness and development of the organizations (Bradutan & Sarbu, 2012). Strategic management planning and management help organizations explore the future in an organized way and orderly manner (Heracleous, 2000). From the local government perspective, strategic management, and planning in local government as a public sector organization helps the Board of Directors and authorities to set accurate goals and good policies to guide the organization to focus on the management to achieve the vision and mission of local government organization (Ong, 2015).

According to World Bank (2011), successful strategic planning and management of local government organizations enable creditors to involve a strategic plan to provide the foundation for setting urgencies, establishing work, and evaluating progress for public sector organizations and private sector organizations. Moses Jeremiah (2019) expresses his opinion that strategic management and planning encourage innovation and motivation because strategic management involves managers at the top level who are responsible for the setting of goals and objectives and can come out with new ideas for the execution of strategic management. In addition, workers are motivated and increase their commitment and effort to contribute to the goals and objectives to achieve the vision and mission of the organization. Successful Strategic management helps to minimize risk in the organization because strategic management processes provide information necessary to assess the risk and frame strategies to minimize the risk that the organization may encounter (Jeremiah, 2019).



### **3. RESEARCH METHODS AND METHODOLOGY OF THE SURVEY**

This chapter of the research discusses the procedure and methodology adopted for the study. This chapter of the study outlines the objectives and aims of the research and presents in detail how the study was conducted. It, therefore, outlines the description of the research area, research design and approach, instrument for data collection and methods, the population, sample, sampling technique, and intervention processes. To add to these are the case binding and case selection, tabulation of the research disposition, and the limitation of the research.

#### **3.1. The objectives and aims of the study**

The introduction of New Public Management (NPM) in the last decades has made strategic management very significant and necessary in public sector organizations (Ter Borcht et al., 2010). Many scholars have conducted several research on strategic management with a focus on different aspects of the concepts of strategic management. Some scholars focus their research on performance management, human resource management, strategic risk management, and strategic knowledge management in private and public sector organizations (Werner & Karuhanga, 2013). There are many strategic management practices in the local government as a public sector organization. But there are still obstacles that hinder the practice and implementation of strategic management concepts, defining strategic management in the public sector, identification of specifics of strategies, implementation of strategic management processes, and tools and techniques for analyzing strategic management in the public sector. The challenges also help to identify appropriate methods of evaluation and monitoring of strategic management implementation in the public sector organization (Mihaiu, 2014).

The main aims of this thesis are to examine how a selected branch of the public sector organization applies strategic management in practice and what tools are used. Based on the analysis, a strategic approach will be defined that best corresponds to the characteristics of the selected public sector organization. And the selected public sector organization is the local government as a public sector organization.

The general objectives of the study and based on the literature review, this study seeks to achieve the objectives of the study.

1. Identify complex strategic management practices in the local government of selected cities.
2. To identify the approaches of strategic management in the public sector organization.
3. To define the approaches to strategic management that will be best corresponds to the characteristics of local governments as a public sector organization in selected cities
4. To analyze specific strategic management in practice in the local government as a public sector organization in the selected countries
5. To identify tools and techniques that could be used as a comparative analysis of strategic management in local government organizations in the selected countries.
6. Identify challenges that local government could encounter when implementing strategic management in the organization.
7. To identify benefits that local government organizations could gain when strategic management processes are well implemented.
8. To propose recommendations to overcome the challenges that local government could face when implementing strategic management in the organization.

### **3.2. Description of the Research Area**

The researcher undertook this study in local governments as a public sector organization of each city in the countries within the European Union and these are Northern Europe and Western Europe. And these countries are Finland, Norway, Netherland, Switzerland, and Germany. The selected cities for these countries are Helsinki, Tampere, Oslo, Trondheim, Larvik, Amsterdam, Rotterdam, Bern, Berlin, Geneva, and Mannheim. The reason why the researcher is choosing these countries as the research areas is that the selected countries adopt New Public Management (NPM) and strategic management reform project that is presently being debated and discoursed most in the municipalities of these countries. Some of these countries are decentralized and unitary states where Norway is a unitary-centralized state, Finland and Netherland are unitary-decentralized states and Germany is a co-operative- federal decentralized, Switzerland is a competitive-federal decentralized state in the administrative and local government system. All these countries have

adopted New Public management systems in the public sector for the past decades and have been practicing modern strategic management in the public sector organizations (Boyne, Ashworth, and Entwistle; Walker et al. 2010).

According to Verhoest (2011), Finland and Norway have a comparatively similar international situations, backgrounds, and contexts with public management principles, values, and philosophies. And both countries belong to the Nordic organizational practice with an emphasis on transparency, decentralization, and rule of law (Bouckaert & Pollitt, 2017; Greve et al., 2019), which should imply comparatively similar strategic planning and performance management arrangements. Norway and Finland vary in some way by belonging to the Western and Eastern Nordic public management practices and therefore Finland is likely to have a more decentralized system and emphasize long-term planning and evaluation whiles Norway is likely to have the most hierarchically directed or piloted system. Therefore, to emphasize on short-term administrative control of strategic planning and performance management (Wockelberg & Oberg, 2016). Empirical research shows that the Nordic countries have been high strength, result-oriented, notwithstanding realistic and practical new public management (NPM) activists including strategic planning and performance management (Greve et al., 2019).

According to Heinz (2000), Eichhorn and Wiechers (2001), and Siegel and Schedler (2004), the main problem for local governments in Germany seems to be the implementation of modern forms of strategic management, control, and the adoption of strategic management. This is an interesting indicator for the success of the reforms and has been incorporated into the public management reforms since early 2000, which have a popular topic of the discourse reform.

Inside Switzerland, the monetary or financial transfer from the national government to the municipalities is lower compared to other European countries (Council of Europe, 1997). Many of the organizational strategic management reforms are supported and carried out directly by the municipalities. The cantons initiate reform programs and strategic plans as well, but without the support and sustenance of the municipalities, the plans are almost certain to fail. However, according to the cantonal laws, the municipalities can select an appropriate structure and administrative forms and arrangements, levy taxes, and autonomously perform those tasks, which do not fall within the province of the cantons (Linder, 1999). With transferred tasks, there is a propensity towards central strategic control by cantons, while the municipalities have more

and more creative and inspired autonomy or independence when it comes to local implementation of strategic management (Ladner et al., 2000).

Netherland is also an interesting area for the researcher because of its adoption of new public management and practices of strategic management in the local government organization. According to Bordewijk (2000), participation in strategic management and performance measurement is increasing where investigation of performance information in the budget documents is widespread and has been focusing on benchmarking and the use of stakeholders' approach to ensure efficiency and effectiveness in the local government organizations in Netherland. The Netherlands claims to be a topmost or at least a high position in public sector improvements and reforms where the Dutch government seems to have adopted business-like management tools and strategies in the public sector organizations (Hood, 1995; Bouckaet & Pollitt, 2000).

### **3.3. Research Design and Approach**

The qualitative research method approach is appropriate and will be adopted for this study to achieve the objectives, aims, and purpose of this research work. The aim and objectives of this research are to identify strategic management practices in public sector in selected countries as to what tools and techniques are being used. The qualitative research method is a broad research approach that covers many methods of research. This research approach is useful when the study pursues to identify and explore intensely and extensively in the research area where the data are inadequate. Some examples of qualitative research are case study research, action research ethnography, etc. Then the sources of data for qualitative research are questionnaires, observations, the researcher's impressions, and reactions, documents, and text analysis (Myers, 2009). But this research work will focus on the example of multiple case study research methods and the sources of data will be secondary data which will be document and text analysis. Because the main aim of the study is to identify and find out how selected public sector organizations apply strategic management practices and what tools and techniques are being used. In addition, the case study research has been adopted for this research because it allows the researcher to understand complex issues, it allows investigation and reports on the past research or studies. The case study is necessary and helpful when explaining the outcome and processes of situations and conditions

through complete reform, observation, and analysis of the case under study or examination (Tellis, 1997).

The researcher will focus on specifics of strategic management used and practiced in the local government as a public sector organization. Several research has been pointed to positive outcomes processes and implementation of strategic management practices in the private and public sector and for those matter local government organizations. However, by integrating strategic goals across all departments in the local government, the strategic goal is clarified, setting goals within a more strategic context, and providing the link between the mission, vision, and strategy of the organization (Niven, 2006). The qualitative research approach shapes more facts or knowledge entitlements mainly based on different meanings from the skills and experiences of the individual socially and factually with the aim of creating or generating a theory (Creswell, 2010).

According to Tracy (2012), the qualitative research approach makes the researcher descend deep into a situation and determined or motivated to make reasonable thinking about the situation through organizational conferences, meetings, seminars, summits, consultations, or interviews. And this research approach makes researchers examine carefully and take note of any actions, activities, or events that will help the researcher to undertake careful decisions and conclusions about the situation and produce inductive knowledge or idea. The qualitative research approach has an extensive and wide range of methodology, which requires other research approaches, and the qualitative research method is developed by social scientists to empower researchers to have serious study social and cultural acts and divisions (Myers, 2012). Qualitative research produces descriptive data from the topics, own written, unwritten, or spoken words, and observable behavior (Taylor et al., 2015).

### **3.4. Methods and Data collection**

The data for this study will be developed mainly from a secondary source of data for the qualitative research approach. Researchers normally rely on four methods for data collection when conducting qualitative research. These four methods for gathering information from the basis of qualitative research are direct observation, text or document analysis, and material culture analysis (Patton, 1990). Nevertheless, this research will focus on document analysis. The secondary data is a form of data collection in this qualitative research because some form of analysis has experienced

it and other investigators in the form of articles, journals, publications, government written sources, have gathered information and accessible case reports periodically from newspapers (Wilson, 2010).

The data collection for this research will be secondary data, which will be collected from articles in journals, strategic management framework documents from the administration website, strategy documents, textbooks and appropriate published and unpublished research work and additional administrative strategies. The researcher will also employ content analysis for this research for analyzing about sixty articles in journals, documents, and publications on strategic management systems, which are relevant to this study. According to Krippendorff (2012), content analysis is a research method for making replicable and effective implications from data to their situation and context. The sources of content analysis may be any form of communication channel, such as novels, political speech, textbooks, e-mail messages, newspapers, pictures, and music (Patton, 1990). Bengtsson (2016) supported the opinion that content analysis can be measured and considered for all types of written text no matter the basis of the information and which includes pictures, and observation of scenes.

### **3.5. Case binding and Case Selection**

This section does not really refer to the sample of the population but mainly to the cases of this study and concentrate on one or few cases without expecting any population with a larger size (Tomas & Magilvy, 2011). This study will focus on a multiple case study where the researcher uses these multiple cases to discover the differences between the cases and compare these cases and the goal is the imitation of the results across the cases. Multiple case studies should be chosen carefully so that comparable results could be predicted transversely with the cases (Yin, 2017). The case study is a method of qualitative research that helps to investigate cultural, historical, and social phenomena in a normal setting using various sources of information (Baxter & Jack, 2008). The case study method is appropriate when the study focuses on discovering answers to the questions of “What”, “Why” and “How” of a setting issue came about. A case study method of qualitative research directs and helps the researcher to have a better understanding and explanation for the procedure and outcome of the conditions and situations under study by analyzing and observing the case (Tellis, 1997).

The concept of strategic management has become a vital topic in the public sector because modern governments globally distribute a huge portion of the state's budget for the management of the public sector. For that matter, local government as a public sector organization has an important role to play in the living standard of its citizens by providing public goods and services for the people or citizens in their vicinity. According to Buccus et al. (2007), the public sector organizations such as local government is known for attracting the development and delivery of quality facilities and services to the people. For past years, strategic management in the local government as a public sector organization has been gaining attention from researchers and the practices of strategic management has become necessary for the modernization of the local government organization.

The system of local government has made the authorities of the organization identify the specifics of strategic management as significant management planning because it ensures effectiveness, efficiency, responsiveness, and accountability in the local government organization (Dalrymple & Thuy, 1999). In addition, research has shown that organizations in the public sector involved the use of strategic management processes to improve efficiency and effectiveness in the distribution of public goods and services and this is where strategic management planning and processes are mostly applied in the local government organization. Accordingly, local government organizations have been selected for the case study from countries that will be chosen based on the analysis of this study and to identify strategic management practices and the tools used in the local government organization of these countries.

This is to describe the specifics of the strategic management system being practiced by the local government organizations. Identify the tools being used in the selected countries, and identify the challenges that the local government organization encountered in the implementation of the processes of strategic management planning in the local government organization. Recommendations will be planned to overcome the challenges. Based on the aims of this research and the analysis, the selected countries for the research will be advanced countries in the European Union with a long history and good practices of strategic management systems in the local government organizations.

### **3.6. Population and Sample size**

According to Wilson (2010), the population is the whole cases from which a sample is drawn for the study. Public sector organization improvements in most countries order local government organizations to establish public sector departments from which its reality is supported by the legal basis of the country. Public sector departments or offices across the world may include transport administration and planning, waste management, finance and budget, waste management, urban development, land commission, etc. With this view, the population will be the whole departmental heads and intermediate managers that will be nominated from the cases that will be selected for the research.

The serious factor of any research work is the sample size and researchers choose sample size based on the information needed to answer questions that could help the researcher to attain the aims and objectives of the research work (Krippendorff, 2012). According to Marshall et al. (2013), the appropriate range to be considered for the sample size of quantitative research should be a range of 20-30 interviews for grounded studies and 15-30 interviews for case studies. However, the sample size for this research will be five (5) heads of departments in the local government from each of the four countries. Therefore, twenty (20) respondents will be selected.

#### **Sampling technique**

This research will accept and implement the purpose of the sampling technique in the sampling of heads of departments or authorities of the local government for having the necessary information, knowledge, and first-hand experience about the organization and the concept of the research. The purpose of the sampling technique is a global selection of the subject with prior knowledge, information, and first-hand experience that outfit the case study of this research (Etikan et al., 2016). The researcher based on the sampling technique to focus on the familiarity of the population or this research, which will best assist to achieve the aims and objectives of this study.



### **3.7. Limitations of the study**

Qualitative research is seriously criticized because it focuses on a comparatively small population and case numbers, hence the key findings originating from the study will deliver insufficient evidence that is not testable for overview and simplification of larger populations (Yin, 2009). Most researchers and scholars approved that case study method of qualitative research are obviously generalized to theoretical prepositions. Therefore, its generalization is carefully used in qualitative research and the inherent motive behind this kind of research is not to generalize the key findings, populations, or situations outside the scope and possibility of the research (Green et al., 2007).

## **4. ANALYSIS OF STRATEGIC MANAGEMENT IN THE LOCAL GOVERNMENT ORGANIZATIONS**

### **4.1. Strategic management practices, approaches, and tools in the municipalities in Finland, Norway, Netherland, Germany, and Switzerland**

Strategic management systems, practices, and approaches provide both larger and smaller cities with the appropriate tools to ensure that metropolitans and municipalities make informed programs and process improvements to extend that the scarce resources for the budget are more judiciously and to provide the citizens with quality services (McFarland & Robbins, 2015). Metropolitans use strategic management systems and practices to prioritize the need of the organization and the community. Metropolitans and municipalities are more likely to implement strategic management systems and practices (Poister & Streib, 1999).

Therefore, the determination and purpose of this thesis in the metropolitan or the municipalities were selected because of their adoption of New Public management and strategic management practices. In these municipalities and based on the size of the populations in all the five cases (Finland, Norway, Germany, Netherland, and Switzerland) and out of the ten (10) metropolitans or municipalities in these countries, one to three metropolitan or municipality will be chosen from the ten (10) metropolitans or municipalities for this research work. Therefore, these metropolitans or municipalities were selected because of their high population and availability of information on strategic management practices and systems (Poister & Streib, 2002), and the information and data from the metropolitans and municipalities will give the true picture of the current approaches, practices, tools, and challenges of strategic management in the local government as a public sector organization.

## 4.2. Strategic management practices in the municipalities of Finland (Helsinki and Tampere)

*Performance management and measurement:* Helsinki and Tampere cities in Finland have been practicing performance management, knowledge management, human resource management, and risk management in the local government organization. These municipalities in Finland have successfully formulated and executed performance measurement and management systems where performance reporting is practiced and is done annually. **Performance dialogues** are being held in Helsinki and Tampere municipalities. Helsinki held **performance dialogue** two times every month contained by the top management level in the municipality and converge at public meetings to discuss how to improve performance. Projects that should be undertaken, actions that are running in the local government organization and budget allocations in the municipality and the information as to performance report are published to the city or municipal websites. Tampere also holds performance dialogue meetings every day in the organization to ensure improvement in personal performance.

Both the top management and employees to discuss effective and functioning strategies carry on the performance dialogue in Tampere, and short-term issues are being explained in detail. The performance dialogue and performance reporting in these municipalities help to ensure **effectiveness, efficiency, transparency, accountability** in the local government organization, and the citizen's trust in the government.

*Human resource management Practices:* Human resource management is very effective and efficient in the local government of the municipalities of Helsinki and Tampere in Finland. These municipalities have been organizing **workshops, educating, training, and developing** their workforces as an important part of their administrative strategy in the local government organization. Helsinki practices a reward system by rewarding good performance by giving **salaries increment, intrinsic and extrinsic motivation, and promotion for workers**. These practices help to increase the commitment level, performance, and preservation of talents of employees in the organization for the achievement of efficiency and effectiveness to ensure organizational performance.

*Knowledge management practices in Helsinki and Tampere:* The local government of Helsinki and Tampere municipalities in Finland are very vital as a strategic management practice in the organization. Helsinki and Tampere have assigned strategic knowledge management to improve the availability of reliable information for the utilization of decision-making. There has been a significant focus on knowledge management to make decisions based on the best possible information. The initiation and adoption of New Public Management (NPM), which comprises public-private business logic, management by results, and customer orientation, were intended to overcome the acknowledged weakness of New Public Management (NPM) through the introduction of a multiple-provider model in Finland municipalities.

Tampere has been executing an organizational reform that was exceptional in the context of the municipalities in Finland. This multiple-provider model has been developed to promote citizen participation, local democracy, networks, accountability, and openness in administration. Tampere municipality designated strategic knowledge management as a strategic development area that includes, (a) **an operating model for knowledge management**, which is needed to ensure consistent, reliable, and appropriate support of decisions. In addition, (b) **a communication and training plan** is needed for competency and development, (c) **co-ordination, harmonization of the technical planning is also required**, and very vital, (d) **acknowledgment and model of service processes** are needed. Moreover, this would be able to facilitate communication through a common language and knowledge-based management culture within the management of the organization.

Moreover, it was emphasized that all the local authorities in the municipality have a vital role to apply management practices that employ the best possible information. When putting the knowledge management strategy into practice, there were four essential tasks as the main area of development and these are to recognize the key indicators obtained from the strategy to model and represent concrete information needed for the management context, to analyze and present information, and to gather and improve the information. These tasks are very important and facilitate knowledge management and decision-making in the local government of Tampere municipality. Therefore, the manager as well as administrative officer's role is to provide such information, the information specialists are to ensure the reliability of the data, describing the interface, roles, tools for processing data, and responsibilities, while the service administrators use

the information to make decisions that guides and directs the organization towards its goals and objectives. Accordingly, the important progress of the tasks in the strategic knowledge management in the municipality relates to the improvement in the dialogue between the differing perceptions of information requirements and service management.

Helsinki city has also introduced the new participation and interaction model as a strategic knowledge management practice in the local government organization of the municipality for the past two years. This model was created and designed by administrative officers with the citizens. This model has been instituted in the administrative law, which is applied to the operations of the entire organization of the city. The participation model in Helsinki is based on the knowledge and expertise of the citizens whereby it encourages the citizens and their partners to join participate in the development of the municipality, areas, and public services. Helsinki enables positive and spontaneous activities of the citizens, culture, and interactive communication. Where the decision-making is open and participatory.

The participatory and interactive model of the Helsinki local government is a human-driven strategy that intends to be the most functioning municipality in the world, and which wants to provide the best possible city-use experience to a city where citizens, actions, and encounters create a great impact for both the municipality and the citizens through digitalization, organizational dialogue, and design. The participation and interactive model as strategic management in the Helsinki local government utilizes modern approaches of co-design to create innovations as well-being driven through the implementation of digitalization, and organizational dialogue, which was made possible through the participatory collaboration with stakeholders in the city or municipality.

The strategic knowledge management practices in Helsinki aimed to be the best city for the utilization of digitalization where the digital service is the first approach. A combination of **digitalization, organizational dialogue, and design to build an excellent user understanding, knowledge, and experience** to the municipality for user satisfaction. This is the main strategic system of measurement, development of robotics and artificial intelligence as part of digitalization, which are modern technologies to be exploring and renewing municipal services, and learning

services developed by digital technologies in the municipality, and digitalization, which should be one of the principal subjects in international collaboration.

***Risk management practices in Helsinki and Tampere:*** Finland is one of the safest countries in Europe with the most effective rescue services. The specific vulnerabilities of the country to major shocks explain such impressive public policy goals, which are implemented in the municipalities in the country. Helsinki and Tampere have adopted and implemented the advanced policies and capabilities of risk management practices in the local governments of the municipalities, which were developed by the country, with well-recognized cutting-edge national strategies. These policies as strategic risk management in the municipalities of Finland such as Helsinki and Tampere are based on **whole-of-society approaches** to secure the important functions of the public, and to develop self-awareness.

The capabilities and policies for the facilitation of the risk management practices in the municipalities benefited from the high quality of public services from the local levels, attitude of cooperation in society and a sense of harmony and unity, and whole-of-society approaches to protect the vital functions of the society. The practice and implementation of Disaster Risk Reduction (DRR) in the Helsinki and Tampere municipalities in Finland aimed to achieve an ambitious and aspiring whole-of-government and whole-whole society approach to address all risks and threats. It focuses on significant use of research and technological innovation to support skills, capabilities, and policies, an open data policy, which allows significant and considerable accessibility of risk-related information. The government, and local authorities quickness with the willingness to reform and learn from past experience, solid municipal and regional cooperation mechanisms to support risk management, and a strong sense of autonomy and self-preparedness among the people.

The utilization of the National Disaster Risk Management Platform in the municipalities could enlarge the participation of local authorities, NGOs, and parliamentarians to facilitate the development of further policies. The municipalities in Finland such as Helsinki and Tampere practice and implement strategic risk management in the municipalities through the application of HFA priorities where the main recommendations are.

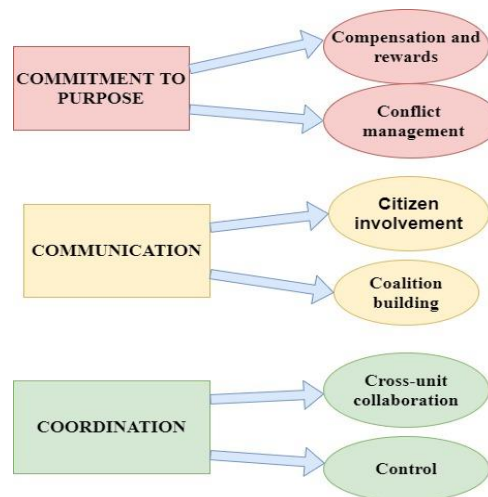
1. Ensuring that disaster risk management reduction is a national and a local priority with a strong institutional basis for implementation: a highly performing national policy and legal framework for disaster risk reduction, disaster risk reduction resources, community participation and decentralization, and national and local multi-sectoral platform for risk reduction
2. Identity, assess, and monitor disaster risk and enhance early warning: national and local risk assessment, monitoring and early warning systems, local, regional, national, and international cooperation on risk assessment and early warning,
3. Use of knowledge, innovation, and education to build a culture of safety and resilience t all levels: information sharing, and dissemination, education, and training aimed at specific stakeholders, research knowledge and innovation, public awareness strategies to stimulate a culture of resilience with outreach to communities,
4. Reducing underlying risk factors: disaster risk reduction and environment-related policies and plans, social development policies and plans, vulnerability reduction in the economic sector, human settlements and disaster risk reduction, post-disaster recovery
5. Strengthen disaster preparedness for effective response at all levels and rehabilitation processes, procedures are in place to integrate disaster risk reduction measures into development projects: technical, policy, and institutional capacities and mechanisms, disaster attentiveness plans, and eventuality plans, financial assets, and eventuality mechanisms, exchange of information relevant during hazards events and disasters, and to undertake post-event reviews.

#### **4.2.1. Approaches to strategic management practices in the municipalities of Finland (Helsinki and Tampere)**

*Stakeholder's approach:* The local government in Helsinki and Tampere municipalities has been applying the stakeholder's approach to strategic management practices in the organizations. In Helsinki, the involvement of actors of the various stakeholders in strategic management practices and implementation is one of the features of strategies in the city. These two cities use the "Six-C Model" which emphasizes the three key functions of **commitment**, **coordination**, and **communication** that the senior management team and other stakeholders to achieve the outcome of the organizational strategies and implementation. These three functions of the management team constitute the "**Six-C Model**" which includes Commitment to purpose:

**Compensation and rewards and conflict management**, communication: **citizen involvement and coalition building**, and coordination: is for **control and cross-unit collaboration**.

The various stakeholders are the council members, the mayor, administrative officers, and the citizens where citizens are the main actor. Helsinki's local government creates a participatory community, not a bureaucracy where they involve everyone who is interested in forming strategic partnerships and building the city to ensure that the future of the city is a better for the citizens. The authorities don't just listen to the people but are encouraged them to use all their passions, skills and capabilities to achieve their goals, objectives, vision, and mission of the local government organization and the entire city to stand in a better position. This is like Tampere the Mayor is the main actor among the various stakeholders such as the council members, administrative officers, and citizens. In Tampere, the Mayor meets the interested groups and listens to their opinion in council and board meetings, and the city managers and administrative officials meet to address the strategies to manage the organization as well as the city and the risks that come from the potential political opposition. The diagram below shows the Six-c Model as function of the management team in the stakeholder's approach.



*Figure 5: The Six-C Model.*

*Source: Padovani, Heichlinger, and Young (2018)*



***Competitive Advantage approach:*** The local governments in Helsinki and Tampere municipalities apply competitive advantage to ensure sustainability and outcomes of the strategic management practices in the organization. The competitive advantage is linked with performance management and measurement are used to achieve maximum utilization of resources by exploitation and development of available resources for the municipalities to be able to compete with other European countries. The demand-side tool used in Helsinki as procurement for innovations and voluntary standards was to achieve sustainable technology innovation. The Helsinki management's decision-making, cooperation, and joint development in the production of digital services support the idea of sustainable development in Helsinki city.

The Helsinki local government strategies for developing, implementing, and utilization of software platforms for participatory process in the city where the utilization and development of Decidim is a participatory democracy platform and is currently employed by many European countries. The Decidim is used to run many e-government participation like citywide participatory budgeting ([omastadi.hel.fi](http://omastadi.hel.fi)) and Mayor's idea in competition. In Tampere, the strategic management goals and objectives of the organization are the focus of the task group and there was not a straight linkage between the allocation of resources and the achievement of goals and objectives of the organization. This competitive approach helps to achieve the organizational aims and for that matter, the city can compete with other cities in Europe.

***Functional approach:*** The local government in Helsinki and Tampere used the functional approach for the effectiveness and efficiency of the strategic management processes and it is linked with performance management and measurement. The functional approach is by these two cities in Finland ensures performance measurement, frame budgeting, and accrual accounting. This approach also emphasizes the coordination of top managers, employees, and citizens, motivation, and control in the organization. In Tampere, strategies, and their processes, as well as financial assets are reported periodically and sent to the city council for coordination and monitoring takes place three times a year to detect possible deviations, changes, and abnormalities. The performance indicators for financial and non-financial assets were reported together and there was also a long-term commitment to strategic projects which was reflected in the budget allocations in Tampere city. In Helsinki, the participation and interactive model supports equal development in the city

and the funds of the participatory budget are equally distributed among the community or the regions in the city.

***Comprehension approach:*** Tampere and Helsinki use this approach by combining the strategic management processes, the shape of the strategic management processes, problems that the local government and the city encounter, and organizational features. The cities that used the comprehensive approach also focus on the importance of the characteristics of strategic management. In Helsinki, a comprehensive approach is used to shape the manage risk through Disaster Risk Reduction (DRR) policies and practices are followed and where monitoring and warning systems have been initiated to manage risk or threats. In Tampere, the city administrators or managers held discussions with other officials to address the risk that came from the potential political opposition and the reluctance of some public officials to commit to the change effort. Additionally, the city engages in ongoing discussions and consultation with the committee members who are the chief shop stewards, municipal officeholders, citizens, and interest groups.

***Integrated approach:*** Helsinki and Tampere cities use this integrated approach for organizational principles through the adaptability of social models to ensure consistency, involvement, ownership, and responsibilities of administrative officials and other stakeholders. This approach is linked with human resource management. In Helsinki, strategic management decisions are taken by authorities in the organization using a **top-down approach** and implemented by the stakeholders for resource achievements. Helsinki and Tampere do have training and workshops for their employees, identify, and build the capabilities of their staff for the achievement of strategic goals and objectives.

#### **4.2.2. Tools and techniques for strategic management practices in the municipalities of Finland (Helsinki and Tampere)**

Helsinki and Tampere have been using strategic management tools in the local government of the municipalities. The application and implementation of such tools are to ensure performance measurement and management framework, which comprises a mapping of the strategies, improvement of services, and evaluation and measurement. In Helsinki and Tampere municipalities **management by objectives, Knowledge-based management, balanced scorecards, benchmarking, participatory budgeting, and performance appraisal** as the key performance indicators to achieve the goals and objectives of the organization. Tampere used

knowledge-based management and benchmarking and performance appraisal for performance measurement and reporting whiles Helsinki used participatory **budgeting, balanced scorecards, performance appraisal, and benchmarking for payment method, rewards, motivation, and promotion of employees** to achieve their targets and the extent for the accomplishment of work. The table below shows strategic management system in Finland.

**Table 1: Strategic management practices, approaches, and tools used in the municipalities of Finland (Helsinki and Tampere)**

Cities	Strategic management practices	Approaches to Strategic management	Actors	Tools	Strategic management processes
Helsinki	<p>Performance management</p> <p>Knowledge management</p> <p>Human resource management</p> <p>Risk management</p>	<p>Stakeholder's approach</p> <p>Functional approach</p> <p>Integrated approach</p> <p>Competitive Approach</p> <p>Comprehensive approach</p>	The central government, administrative officers, and citizens	<p>Benchmarking,</p> <p>Balanced Scorecard,</p> <p>Participatory Budgeting,</p> <p>Knowledge-base management,</p> <p>Performance appraisal</p>	<p>Strategic goal setting, formulation of strategic plans and processes,</p> <p>Implementation of strategic management processes, and assessment and control of the strategic processes</p>
Tampere	<p>Performance management</p> <p>Knowledge management</p> <p>Human resource management</p> <p>Risk management</p>	<p>Integrated approach</p> <p>Competitive Approach,</p> <p>Stakeholder's approach</p> <p>Functional approach</p> <p>Comprehensive approach</p>	The central government, administrative officers, and citizens	<p>Benchmarking,</p> <p>Balanced scorecard,</p> <p>Participatory Budgeting,</p> <p>Knowledge-base management,</p> <p>Performance appraisal</p>	<p>Strategic goal setting, formulation of strategic plans and processes,</p> <p>Implementation of strategic, management processes, and assessment and control of the strategic processes</p>

*Source: Author's own elaboration*

### 4.3. Strategic management practices in the municipalities of Norway (Oslo and Trondheim)

*Performance measurement and management practices:* Oslo, Larvik, and Trondheim municipalities have been practicing performance management and measurement to ensure effectiveness and efficiency in the local government organization. Performance data are attached to the strategic goals and objectives of the organizations and play a vital role in determining resource allocations. Performance information and records are tracked over time to determine whether the municipal or organizational performance is improving. Performance measurement is used in these two cities using **benchmarking** against other municipalities in Norway to test and measure the efficiency and effectiveness of the strategies initiated in the organization. Therefore, performance reports are being used to measure the performance associated with the strategic plans to the municipal council and the public consistently and frequently. Moreover, the use of performance reporting as performance measurement tracks the outcomes of the conditions targeted by the content of the strategic plans and there are more intensive evaluations based on the goals and objectives of the strategic plans for the organization and the municipalities.

In Larvik, Oslo, and Trondheim, performance management practice and improvement meetings are held alongside a peer group review system and there are two meetings within a year the **performance reporting** and communication take place monthly and tertiary or third quarter of the year. And sometimes an official publication on the performance indicators and reports used by the entities may be published online on the municipal and central government websites where performance measurement and reporting associated with the strategic plans are able to be tracked by the public.

*Knowledge management practices:* In Oslo, Larvik, and Trondheim municipalities in Norway have been adopting and implementing e-governance systems in the local government organizations using **high-level internet diffusion** and **mature information and communication technology** for e-governance and e-government policies as strategic knowledge management practices in these municipalities. The municipalities in Norway such as Oslo, Trondheim, and Larvik have improved access and quality of services for employees in the organization and the citizens by using e-government services. This is enacted through the establishment of municipal

websites and online services, which has been increasing the efficiency and effectiveness of central and local government operations, providing better services for businesses and citizens, improve transparency and strengthen democracy. The public websites of the municipalities are used to evaluate the content and quality of public service delivery, which include accessibility for employees and citizens, useful content of information, and communication services.

The establishment and implementation of the e-government system as a strategic knowledge management practice in the municipalities have four main categories of functions to be performed to ensure the efficiency and effectiveness of the strategic management planning. Therefore, these functions are interactive functions (customer and dealer applications, job applications, downloadable forms, parking permit recycling, the street vendor license, driving license, building permit processes, and fees, strategic plans), information dissemination( official minutes, city codes municipal government directory, traffic information), and e-commerce (payment of property taxes aspects, utility, code enforcements, procurements), e-democracy e-forums, volunteer opportunities, user customization, e-meetings).

The municipalities in Norway support their own online payments infrastructure and for other functions like city charter, budget reports, and customer or dealer applications and payment methods normally implemented through account-account transfers via online banking systems. The introduction of domestication of e-government by the local governments in the municipalities in Norway ensures digitalization of local governments in several areas like participation of local democracy in the society for information and ICT in the public services, and online services. This is emphasized rationalization processes, customer orientation, and cost-effectiveness. Therefore, this domestication of e-government as strategic knowledge management in the municipalities of Norway such as Oslo, Trondheim, Larvik, Leka, etc. are predictable to increase transparency and accountability of administrative staff, and politicians to strengthen local democracy and allow new forms of interactions in the municipalities.

However, there are two main institutions responsible for the utilization of e-government technologies in the municipalities of Norway, and these are the Agency of e-Government and Public Management (Difi). They are responsible for the development and monitoring of the execution of ICT in the public sector organizations and Association of Regional Authorities (KS),

which contribute to the development, standards, e-government proposals, recommendations, guidelines, benchmarking, specification and requirements for the exchange of information and solutions of ICT integration for the local governments in the municipalities. The domestication of e-government in local governments focuses on five key areas: information services, interactive services, electronic interaction with the local administration, local politicians, and electronic interaction with local politicians.

The main aims of the domestication of e-government as strategic knowledge management in the local governments of Oslo, Trondheim, Larvik, and Leka are to provide information to residents about municipal services. More so, to provide access to online services in the municipalities, to substitute the efficiency of the services in the municipalities, to expand and improve the progress of quality municipal services, and to generate opportunities for local political debate through the creation of online discussion forums.

***Human resource management practices:*** Norway municipalities such as Oslo, Trondheim, and Larvik have been practicing human resource management as strategic management in the local government organizations. The specifics of the areas of human resource management (HRM) practices are equal employment opportunities selection of staff members, organizational culture, performance appraisals for salaries increment and promotions, and motivation for workers to facilitate their performance to meet the organizational goals and objectives. The local government organizations in these municipalities have greater control over their recruitment and staffing needs and the interest of employees their transfers and leaves are being managed and protected where permanent employment is being systematically established.

***Risk management practices:*** Oslo, Trondheim, and Larvik municipalities' strategic risk management are based on both internal and external risk management of the local government organization. Internal risk management focus on financial crises or risk and corruption in the organization whiles external risk management also focus on natural disasters such as snow avalanches, landslides, and flood, which may occur in the municipalities. The internal risk is being managed by severe monitoring and auditing of procurements and budgeting in the organization. The implementation of e-government systems enhances accountability and transparency, which helps to reduce corruption in the local government organizations in these municipalities.

The Norwegian municipalities oversee the local citizens and public protection and the government of Norway has initiated a policy framework in all municipalities to follow and manage natural disaster issues. It emphasizes cooperation between local actors and national actors where the individual landowner and infrastructure owner have the responsibility to protect themselves and their property where different compensation insurance systems are giving through municipalities against natural disasters, which may occur or happened.

#### **4.3.1. Approaches to strategic management practices in the municipalities of Norway (Oslo and Trondheim)**

**Stakeholder approach:** Stakeholders are largely involved in Norwegian municipalities like Oslo, Trondheim, and Larvik for the implementation of strategic management planning in the local government organizations. The actors of stakeholders' involvement to facilitate the implementation of strategic planning are chief administrative officers, municipal managers, municipal council members, the mayor, lower-level employees, citizens, and external stakeholders. All these actors have been centrally involved in the development of the strategic management plan in the organization, but the chief administrative officers and municipal management are more centrally involved than other actors of the stakeholders are. The city and municipal council members hold the administrative officers responsible for the implementation of strategic plans to enhance the performance, efficiency, and effectiveness of the local government organizations of Oslo, Trondheim, and Larvik municipalities in Norway. These main stakeholder actors in the municipalities communicate with citizen groups and the external stakeholders to maintain supportively intergovernmental relations to achieve organizational goals and objectives. The internal stakeholders and senior officials are often more positive about their own organization's performance than external stakeholders where the municipal administrative officers evaluate the impacts because of their own management efforts in the local government organizations.

**An integrated approach:** Oslo, Trondheim, and Larvik have been using an integrated approach to strategic management practices, which focuses on organizational principles, consistency, adaptability, and responsibility for the achievement of resources. The Integrated approach is used for the development and supervision of employees by the enhancement of employees to focus on organizational goals and objectives and empowering employees to make



decisions and serve the organization by providing direction and control capabilities, skills, and activities. The municipalities also use the integrated approach to provide staff training curricula and opportunities for the development of employees and improve worker's consistency, confidence, and determination for effective management to ensure good performance, efficiency, and effectiveness in the local government organization in the Norwegian municipalities such as Trondheim, Oslo, and Larvik.

***Competitive advantage approach:*** The competitive advantage approach has been used in the Norwegian municipalities to ensure outcomes and consequences of the strategic management planning in the municipalities. These municipalities in Norway by competitive advantage approach make use of good decisions with regards to systems of strategic management and resources which targets maximum utilization of resources by exploiting, developing, maintaining sustainability, and functional structure of the local government organizations in the above Norwegian municipalities. Furthermore, the municipalities use performance measures to track the conditions of outcomes that have been targeted by the strategic management plan and performance data are tied to strategic goals and objectives to determine the allocation of resources. The competitive approach to strategic management practices focuses on the performance and outcomes by making sure that municipalities can deliver high-quality public goods, services, and management of operations efficiently and effectively in the local government to ensure competitiveness with municipalities in other countries.

***Functional approach:*** This approach is also used for the implementation of strategic management planning and practices for the success of the local government organizations in the Norwegian municipalities. The functional approach is used to focus on the **formulation and implementation** of strategic management processes by measuring and **assessing or evaluating** the performance of the organization. The performance reporting is associated with the strategic management planning to the municipal council on a regular basis. There is a cordial relationship between the administrative officers and the municipal council members and the municipal council holds the chief administrative officer responsible for the implementation of the strategic management planning and processes. The **allocation of resources and budgeting** are maintained, well controlled, and monitored where the annual budget clearly reflects the goals and objectives determined in the strategic plans and annual evaluations of the department heads. Other authorities

of the local government organizations Oslo, Trondheim, and Larvik municipalities are based largely on the achievement of the strategic goals and objectives for the success of the local government organizations and the municipalities.

**Comprehensive approach:** Norwegian municipalities such as Oslo, Trondheim, and Larvik have been using a comprehensive approach to strategic management practices to combine strategic management processes and organizational features to shape the strategic management process by focusing on the problems of the local government organization in these municipalities. The comprehensive approach is used to focus on the problems, risks, and importance of the characteristics of strategic management. These municipalities use **cash-base accounting** with modified **accrual accounting** at the local government with messages of allocation of resources, **annual budgets, steering dialogues, annual performance reporting, and auditing**, which emphasize on performance audit in the local government organization to shape the strategic management processes to ensure efficiency and effectiveness of the municipalities.

#### **4.3.2. Tools and techniques for strategic management practices in the municipalities of Norway (Oslo and Trondheim)**

The tools and techniques for strategic management practices in the municipalities of Norway are the use of **benchmarking, performance appraisal, management by objectives (MBO), ICT tools, cost-effectiveness analysis (CEA), and cost-benefit analysis (CBA)**. The benchmarking is used to measure the performance of the local government organization against other municipalities to measure and assess the effectiveness of the strategic plans. Performance appraisal is also used to monitor the performance of local government employees in the Norwegian municipalities for salary increment, promotions, and motivation. This is to increase the commitment level, efficiency, and effectiveness of workers in the local government organization while management by objectives is used to ensure the outcome of strategic management plans to achieve the goals and objectives of the local government organization of Oslo, Trondheim and Larvik municipalities in Norway.

However, the cost-benefit analysis is used to quantify and compare the total cost and benefits associated with a strategic decision to determine whether it makes a good judgment from the local government perspective. Whilst cost-effectiveness analysis is also used to examine and compare the cost, strength, and well-being outcomes of the interventions for the strategic

management practices in the local government organizations in the Norwegian municipalities such as Oslo, Trondheim, and Larvik. The table below shows strategic management system in Norway.

**Table 2: Shows strategic management practices, approaches, tools, and processes in Norway municipalities (Oslo and Trondheim)**

Cities	Strategic management practices	Approaches to strategic management	Actors	Tools	Processes
Oslo	Performance management  Human resource management  Knowledge management  Risk management	Stakeholder's approach,  Functional approach,  Comparative advantage approach,  Integrated approach  Comprehensive approach	Administrative officers,  Municipal council members,  Mayors,  Lower-level employees,  Citizens  Other external stakeholders	Benchmarking,  Management by objectives,  Cost-effectiveness analysis,  e-government tools (ICT),  Performance appraisal	Strategic goal setting,  Strategy formulation,  Strategy implementation,  Assessment and control
Trondheim	Performance management  Human resource management  Knowledge management  Risk management	Stakeholder's approach,  Functional approach,  Comparative advantage approach,  Integrated approach  Comprehensive approach	Administrative officers,  Municipal council members,  Mayors,  Lower-level employees,  Citizens  Other external stakeholders	Benchmarking,  Management by objectives,  Cost-effectiveness analysis,  e-government tools (ICT),  Performance appraisal	Strategic goal setting,  Strategy formulation,  Strategy implementation,  Assessment and control

*Source: Author's own elaboration*

#### **4.4. Strategic management practices in municipalities of Netherland (Amsterdam and Rotterdam)**

*Performance Management and measurement practices:* The Netherlands has a record of accomplishment and pathway of being a forerunner in terms of performance measurement for municipalities where the government of Dutch is famous to be capable of the strongest performance measurement and management practices (Haselbekke 1999; Van Doreen et al., 2010). The introduction of New Public Management (NPM) had led local governments in the Netherlands such as Amsterdam, Rotterdam, Lelystad, Tilburg, and several others had extensively engaged in performance measurement-based revisions and changes. The Netherlands has been focusing on benchmarking where the government has published a report annually on the performance of municipalities based on public information including macro-level information on expenditure and responsibilities. Moreover, the Association of Secretaries of the Netherlands, which is initiated through the online municipal website, has launched the benchmarking project. This creates voluntary participation by citizens and can give information through the survey and investigation of citizens.

The municipal executives are mandated to prepare both the annual budget and annual report in the local government organization to ensure efficiency, effectiveness, and success of performance measurement and management for the achievement of organizational goals and objectives. The municipalities in the Netherlands such as Amsterdam, Rotterdam, and Lelystad apply performance measurement and management in two dimensions. These dimensions are structural and behavioural which indicate fit the organization performing well or not.

The structural dimension consists of the **responsibility of the structure, content, integrity, and manageability** of the local governments in the municipalities. Therefore, a clear education style, tasks, and responsibilities are being identified and applied consistently at all levels of the management. The members of the organization use a set of financial and non-financial performance data and report, which has a strategic focus using critical success factors and key performance indicators. In addition, for the integrity dimension structure, the performance data and evidence are reliable, consistent, and appropriate while the manageability dimension structure

is where performance management reports and systems are more detailed and performance management data is easily accessible and manageable through ICT tools and systems.

Furthermore, **the behavioural dimension structure consists of accountability, management style, action orientation communication, and alignment.** The accountability dimension structure is where the members of the organization in the municipalities feel responsible for the outcome of the key performance indicators of the individual responsibility and the entire organization and for the management structure. The senior administrative officers for management and supervision are obviously involved and interested in the performance of the members of the organization that stimulates and improves the organizational culture and practical behavior where the results of the performance are protected and consistently confronted by the members of the organization.

The action orientation dimension structure is where the performance data and information are combined with the daily activities of the members of the organization where the problems are directly and immediately addressed, and action is being taken upon them. The communication dimension structure is where the communication about the outcomes where bottom-up and top-down approaches are being taken place at regular intervals as well as the sharing of knowledge and performance data between the units of the local government organization and the alignment dimension is where other strategic management practice system in the organization such as human resource management, knowledge management, and risk management are well aligned with performance measurement and management so that the vital issues in the organization are regularly rewarded and evaluated.

***Human resource management practices:*** The strategy for human resource practices applied in the municipalities of the Netherland mainly focus on the competencies of the employees and the organization. The local government organizations in Netherland requires personnel to have new sets of competencies where employees must be independent and determined in problem solving. In addition, they focus on planning on employees by setting strategy to recruit younger employees to replace the old age retirement of employees. Education through training and workshops is very vital to increase the competence level of the employees and to ensure cordial relationship and collaboration with the employees and network collaborators.

***Knowledge management practices:*** Netherlands' local government organization in the municipalities such as Amsterdam, Rotterdam, and Lelystad also uses knowledge management as a strategic management practice in the public sector. The Netherlands has been practicing knowledge management in the local through the initiation of e-government and digitalization using ICT in the administrative process. Netherland has consistently been considered a global and European e-government leader (United Nations 2001, 2008, 2010, 2014, 2016). The local government in the Netherlands has a high level of e-government development through current investment in **ICT infrastructure (telecommunication infrastructure), provision of online services, and human capital**. The Dutch local government in the municipalities committed itself to the fundamental restructuring of the e-government based on the modernization of government programs and several e-government initiatives were undertaken to develop a digital local government, Digital Identity, make all local government websites freely available to all citizens, introduce or present paper-free publication of government decision (European Commission 2015).

The Dutch municipalities such as Amsterdam, Rotterdam, and Lelystad have been practicing e-democracy in the local governments as strategic knowledge management in four stages where the first stage is one-way communication from the municipality to its citizens by the means of municipal websites that provide government-related information, and the communication one-way as no citizen feedback is possible. The second stage is to establish the first method of interaction where citizens can request and apply for permits and documents without going to the municipal office and this is two-way communication. The third stage is a personal account on the municipal websites, which is extensive two-way communication, and the fourth stage is the citizens digitally participating in the democratic process and the citizens now have the chance to contribute to the policymaking process.

***Risk management practices:*** The local government of Netherland municipalities such as Amsterdam and Rotterdam have also been practicing risk management practices as a strategic management practice in the local government organization. The Dutch municipalities practice risk management through the initiation and implementation of local and national law. Both internal and external risks or threats that the organization may face are being managed and such risks are **financial risks and non-financial and disaster risks, risks to property, and risks related to internal organization**. Because municipalities in the Netherlands are dependent on the central

government financially, real estate is given the responsibility to form agencies such as land agencies that buy and sell land to the developers, housing associations, and other real estate users to undertake developmental projects, within their regions or municipalities. This exposes the municipalities to corruption risks and a lack of financial transparency.

Therefore, the initiation of special planning and social security in the municipalities of the Netherlands such as Amsterdam and Rotterdam, are in transition from input to output control to stimulate municipalities initiated by the Dutch Ministry of Home Affairs through the application and implementation of business-like strategic tools like **responsibility accounting, cost allocation, variance analysis, and output budgeting**. Some of the practices to manage risk in the municipalities where about 80 percent of the municipalities in the Netherlands including Amsterdam and Rotterdam are using this oriented output control and planning tools to manage risk in the municipalities. The “**budgetary control**”, which is a **Framework Financial Control** as a provincial or local policy and the law, has been modified on the financial flexibility. This determines the availability of financial capacity per the required financial capacity where the analysis of financial capacity availability, analysis or examination of the risk, and the policy on financial flexibility with risks or threats and measures considered.

Moreover, the local policy, which is the Provincial Law, expresses the risks that are not covered by the reserve of the budget or insurance mechanism and determine the importance and strategy for risk management such as regular risks which occur regularly and that can be easily assessed and the law states that such risks can be covered by insurance. Strategic risk management such as risk prevention and disaster risk reduction instrument or mechanism through education and law enforcement that could be applied in combination with insurance strategy or financial risk management which have a positive and encouraging impact on the cost of the premium.

The Netherlands has a long-time history of flood management where the adoptive risk management in the local governments of the Netherlands requires changes in water governance arrangements, processes, and institutions. Flood management as a strategic risk management practice in the local government has been concentrating on preventing floods through technological measures like storm surge barriers and dikes. There are adoptive and integrated systems of flood risk management in the municipalities of the Netherlands where there is the



probability of flooding multiplied by the potential consequences like economic damages and loss of lives. The local governments as trustees take central control in risk communication to manage risk as a risk management practice in the organization whereby the local government has the statutory obligation to inform about natural hazards and protect its citizens from natural disasters.

#### **4.4.1. Approaches to strategic management practices in the municipalities of the Netherland (Amsterdam and Rotterdam)**

*Stakeholder approach:* Municipalities in Netherland such as Amsterdam, Rotterdam, and Lelystad have been applying a stakeholder approach to strategic management practices in the local government organizations. Netherlands local governments are highly dependent on central government funding. Therefore, the actors for the stakeholder's approach are the government, municipal council members, mayors, municipal executive committee, local businesses and companies, and citizens as multiple actors where the government is the main actor of the stakeholder approach for strategic management practices in the local governments of the Dutch municipalities.

The mayors of the municipalities are the chairpersons of the local or municipal council for the decision-making toward strategic management practices in the local government of the municipalities. The mayors and the portfolio holders of the municipalities manage the municipalities and form the municipal council. The mayors chair the municipal council, but they are of the municipal council in Netherland municipalities. The mayors are members of the municipal executive committee and are responsible for the safety and public order in the municipalities.

The government as the main actor interacts with other actors through technocratic governance, citizen-centric governance, and socio-technical governance. The municipal executive prepares both the annual budget and annual report on performance measurement and management. In addition, the municipal council is the principal stakeholder in the performance budget. The municipal council takes the responsibility to initiate performance reviews. The municipal council as stakeholders of the municipalities of the Netherlands such as Amsterdam, Rotterdam, and Lelystad, makes all the decisions affecting the municipalities and such decisions are the construction of roads and buildings, education, and the level of taxes. The mayors and municipal

council members of the municipalities of the Netherlands come together to perform a performance review.

***Functional Approach:*** The municipalities in Netherland such as Amsterdam and Rotterdam use this functional approach to strategic management practices for the setting of goals and objectives, formulation, implementation, and assessment of the processes of strategic management. The municipalities in Netherland also use this functional approach to focus on motivation and control structure, coordination of the authorities and other stakeholders of the organization, performance, budgeting, and accrual accounting. The coordination between stakeholders is very effective and efficient in municipalities where there is a cordial relationship between the central government, mayors, and the municipal council for better decision-making. For that matter, performance reviews are done through a performance report, budget control and output control are a control structure of the local government organizations in the municipalities of Amsterdam, Rotterdam, and Lelystad which uses the functional approach to achieve the goal, objectives, vision, and mission of the local government organization in the municipalities.

***Competitive approach:*** The competitive approach to strategic management practices has been used by the municipalities of the Netherland, especially Amsterdam and Rotterdam ensure the outcomes of the local government organizations in the municipalities and encompasses sustainability for competitiveness and development for the municipalities in Netherland to be able to compete with other municipalities in Europe. The initiation of smart city and spatial planning projects in Amsterdam and Rotterdam aims at maximum utilization and exploitation of resources to maintain sustainability, competitiveness, and development of the municipalities.

The municipalities of the Netherland such as Amsterdam and Rotterdam have some key targets for the establishment of competitive advantage as part of strategic management in the cities and forecast strategy for 2040 for the cities and municipalities in the Netherland to achieve. These targets are (a) transformation of the cities, which focuses on restructuring the economy and additional housing units, (b) accessibility in the cities and municipalities by increasing internal and external accessibility. Furthermore, (c) sustainability by reconciling human needs with the integrity of blue space and conservation of green spaces for the Netherlands, (d) landscape of the cities and municipalities which emphasis on the physically and functionally result of amalgamation

city with the surrounding landscape. The competitive approach based on development has continuously transformed the cities and municipalities and the metropolitans are the creation of purposes through action. The globalization of the economy of the Netherland municipalities and metropolitans such as Amsterdam, Rotterdam, and Lelystad, population changing aspects, social inequalities, socio-cultural fragmentation, exhaustion of resources, and technological changes contribute to the competitive advantage for the creation and enlargement developments to ensure competitiveness and success of the metropolitans and municipalities in the Netherland.

***Comprehensive approach:*** The municipalities of the Netherland use a comprehensive approach to strategic management practices to combine the strategic management processes, organizational features, and problems that the local government of the municipalities is facing and to shape the organization by focusing on the importance and the characteristics of the strategic management for the development of the local government organization. Through the comprehensive approach, Amsterdam metropolitan area seems to be focused on the creation of a comprehensive and balanced urban area in which common goals, objectives, mission, and vision of the local government organization of the municipalities of the region for the future will be mainspring for all policies in control in the region.

***An integrated approach:*** The municipalities of the Netherland municipalities Such as Amsterdam and Rotterdam use the integrated approach through the top-down approach thus legislation and policies play an important role in decision making in the local government organizations of the municipalities where decisions are been taken at the top management to the low level of management. The integrated approach ensures the capabilities for the principles of the organization through the social model for adaptability of the strategies, consistency, and stakeholder involvement for resource achievement and success of the organization. In addition, the integrated approach focuses on staff training curricula where the Association of Mayors in the Netherland offers training to support mayors in their work. The mayor's performance has been discussed in the performance review with the municipal council and they discuss past promises about their work and draw new plans. The training of the mayors is very vital because they chair the municipal council, which is the principal stakeholder for decision-making in local government organizations of the municipalities in the Netherland. The mayor's training course includes the introductory course for new mayors and a course for dealing with risks or threats that the

organization may encounter and focusing on a particular role that a mayor plays to ensure safety and public order in the municipalities of the Netherland.

#### **4.4.2. Tools for strategic management in Netherlands municipalities (Amsterdam and Rotterdam)**

The municipalities in Netherland such as Amsterdam, Rotterdam, and Lelystad have been using tools for strategic management practices like **benchmarking, management by objectives (MBO) frame budgeting, performance appraisal, financial control, variance analysis, budget control, and e-government tools (ICT tools)** to achieve the goals, objectives, vision, and mission of the local government organizations. The municipalities of the Netherlands use benchmarking, management by objectives (MBO), performance appraisal, and frame budgeting for performance measurement and management but much focus is on benchmarking on annual performance reporting of the municipalities and comparisons with other municipalities. The e-government tools such as ICT tools are used to facilitate knowledge management as a strategic management practice and budget control, Framework Financial control, variance analysis. Responsibility accounting are also used for risk management practices to implement the strategic management processes to achieve the goals, objectives, vision, and mission for efficiency and effectiveness of the local government organization in the Netherland municipalities such as Amsterdam, Rotterdam, and Lelystad. The below shows strategic management system in Netherland.

**Table 3: strategic management practices, approaches, tools, and processes in the municipalities Netherlands (Amsterdam and Rotterdam)**

Cities	Strategic management practices	Approaches to strategic management practices	Actors for the implementation of strategic management	Tools and techniques for strategic management practices	Processes of strategic management practices
Amsterdam	Performance management  Human resource management  Knowledge management  Risk management	Stakeholder's approach,  Functional approach,  Comparative advantage approach,  Integrated approach   Comprehensive approach	Municipal council members,  Administrative officers,  Citizens,  Local business,  Local companies	Benchmarking,  Frame budgeting,  Management by objectives (MBO),  ICT tools,  Performance appraisal	Goal setting'  Strategy Formulation,  Strategy Implementation,  Strategy Assessment and evaluation
Rotterdam	Performance management  Human resource management  Knowledge management  Risk management	Stakeholder's approach,  Functional approach,  Comparative advantage approach,  Integrated approach   Comprehensive approach	Municipal council members,  Administrative officers,  Citizens,  Local business,  Local companies	Benchmarking,  Frame budgeting,  Management by objectives (MBO),  ICT tools,  Performance appraisal	Goal setting'  Strategy  Formulation,  Strategy  Implementation,  Strategy  Assessment and evaluation

*Source: Author's own elaboration*

#### **4.5. Strategic management practices in the municipalities of Germany (Berlin and North-Rhine Westphalia)**

*Performance management practices:* German municipalities have been practicing performance measurement and management as a strategic management practice in the local government organizations. In the cities and municipalities in Germany such as Berlin, Mannheim, North Rhine-Westphalia, and Essen, the local government has been voluntarily engaged professional associations in participating in projects for performance reports and comparisons carried out communication and auditing performance reporting where the municipal budget includes some of the information on performance, but the performance reporting is not audited. The Local Government Management Association (KGSt) in Germany planned and projected about 67 performance indicators with comprehensive performance measurement. In German municipalities, 60 percent of the local government authorities participate in benchmarking process to compare the procedures, structures, quality, and cost of the local services and the implementation of several performance-oriented instruments and procedures for internal self-evaluation are permitted through the interest of local actors in administrative modernization reform.

*Knowledge management practices:* German municipalities Such as Berlin, Mannheim, and Kempten have been practicing knowledge management as a strategic management practice in the local government organization. The local government organizations in Municipalities of German have adopted knowledge management approaches in the private sector to the public sector, especially in the local government, and these approaches are IT-based or supply-driven approaches and demand-driven. The demand-driven approach consists of the management and human aspects of the social and cultural dimensions of creation, sharing, application, and use of knowledge skills and know-how. Moreover, the IT-base or supply-driven is the use of information and communication to deliver access to knowledge and information that consist of software and hardware to set up a computer-generated team, networks, and database in the local government organizations in the municipalities in Germany. The aim of the application of this knowledge management approach is to facilitate the practice of knowledge management as strategic management is to exchange, crystalline, and apply knowledge and ICT knowledge in people's minds for creativity and innovation for the success of the local government organization. The

knowledge management of local government in German municipalities must be regarded to be the framework for development activities, improvement of efficiency and effectiveness, and cost reduction to maintain the quality of services in the municipalities. In addition, the modernization of the local government administration triggered the implementation of information technology and the digitalization of administrative or organizational work, which is e-Government in the local government of the municipalities of Germany.

The implementation of the E-Government-Law (2013) by the municipalities of Germany supports the approved government programs for “*Digital Administration 2020*” as a digitalization framework in local governments in Germany. It involves the cooperation of the federal government, state governments, and the local government in planning, delivery, and implementation of information systems establish time edge for the digitalization of business processes in the public administration as well as local government, which aims to avoid inaccessible and redundant developmental projects.

The initiation of “*Digital Administration 2020*” establishes strategic knowledge management and central information that enables all members to access the experiences from other developments and projects to recognize re-usable resolutions. The introduction of administrative digitalization in the local government’s organization of Berlin, Mannheim, Kempten, and North-Rhine Westphalia in Germany aims to support knowledge learning and sharing of knowledge in local government administration using best practices, networks, and the communities. The practice of strategic knowledge management systems in the municipalities of Germany establishes three key stages: (a) internal platform, which is a federal intranet that enables “*Synergies and innovation*” for the support of information sharing about innovative ideas and practical solutions. Again, (b) platform for a specific program to support the management, delivery, and transfer of the database, (c) platform form for public internet for participation and transparency to inform about virtual teams, database and communication network programs to ensure research and users participation.

***Human resource management practices:*** Municipalities in Germany such as Mannheim, and Berlin have adopted and practiced human resource management as strategic management in the local government organization that allows a more flexible approach to recruitment and staffing,

development, training, performance appraisal, payments, job satisfaction, compensation and rewards to employees. This seeks to sustain commitment of staff members to ensure high performance of the staff in the local government organization. Therefore, German municipalities employ knowledge management practices in the Human resource management department through structured knowledge changes of staff transfer, and consolidation of personnel to save costs for a further demand of workforce to replace the aging workforce, and staff training and development by organizing workshops for new recruits and the entire staff. In Mannheim, there is a development of an employee publication for active information flow. This motivated employees to measure their compliance with the municipal strategies on leadership, cooperation, and communication. The mayor also created an internal management consultancy unit as a permanent cross-disciplinary team and was accountable for the standardization of quality declaration and assurance, coordination, and monitoring of the developments or projects and establishing new units for promotion in development management, eventually conflict management and leadership for the long-term structure of management program.

***Risk management practices:*** German municipalities manage their local government organizations through the practice of strategic risk management. Risk management practices are employed to manage both internal and external threats in the municipalities. Internal risk management is being managed through financial risk management using e-government tools for procurements, auditing, and e-payments to check transparency and corruption. In Mannheim and other municipalities in Germany, the mayor initiated a culture of target and outcome alignment and sustainable finances through financial management and strategy-based budgeting. The municipalities in Germany such as Mannheim and Berlin apply a control management process that comprises budgeting, activities of programming, and developing measuring and reporting for both financial and non-financial information and results. It aims to monitor the performance and to focus on performance indicators and costs that are related to the organizational goals and objectives and is being ensured through budget monitoring control. German municipalities are one of the world's leaders in disaster risk management with an HFA Progress Score of 4.3 (United Nations report 2005). The local governments in the municipalities have been controlling and reserving their forest as a risk management practice, which is considered a natural barrier that acts as a shield against storms and winds. German municipalities have also initiated integrated warning and



prevention systems to help to reduce the harmful effects of natural and technological disasters. The above practices are some of the strategic risk management practices for the local government organizations in the municipalities of Germany to achieve the goals and objectives to ensure efficiency, effectiveness, development, and success of the local government organization.

#### **4.5.1. Approaches to strategic management practices in the municipalities of Germany (Berlin and North-Rhine Westphalia)**

**Stakeholder Approach:** Municipalities in Germany such as Berlin, Mannheim, Kempton, and North-Rhine Westphalia use the stakeholder approach to strategic management practices where the actors of the stakeholder's approach are the city council members, municipal administration officers (mayors and other administration officers), citizens, and local government association. In Mannheim, Kempton, Berlin, and North-Rhine Westphalia, the city council, mayors, and city administration officers are the key drivers of the implementation of strategic management practices where the city council members held three public meetings a year, which was to create a direct connection between the city's administration and the citizens. There is also a wider involvement of citizens to ensure municipal-related developments and projects and permanent citywide. The city or municipal advisory council is strengthened and focused on more collaborative policy-making and greater citizen involvement. The stakeholder approach is very effective to ensure efficient implementation of strategic management practices and processes for the achievement of strategic goals, objectives, vision, and mission of the local government organizations in the municipalities of Germany.

**Functional approach:** The municipalities of Germany use a functional approach for controlling system and motivation to ensure performance targets through budget planning by the implementation formulation of strategy and the strategic goals are formulated by the city council and municipal administration officers. The functional approach to strategic management practices is used in the municipalities to ensure the coordination of the city council, mayors, and other administrative officers to create a trust-based partnership between the administrative management and the city or municipal council for effective implementation of strategic management processes and practices. This aids in achieving organizational goals and objectives for success for the local organizations in the municipalities of Germany.

***Competitive advantage approach:*** The municipalities of Germany used the competitive approach to ensure the outcomes of strategic management and exploiting, developing, and maintaining a sustainable competitive advantage for maximum utilization of resources of the internal and external environment. The municipalities in Germany such as Mannheim, Berlin Kempten, and North-Rhine Westphalia have improved fiscal sustainability where the city or municipal budgets were approved quickly and with nominal adjustments and amendments. The competitive advantage approach is used in the local government organizations in the municipalities to ensure the effective application of strategic management practices and the implementation of strategic processes to achieve organizational goals for improvement in the municipalities in Germany to ensure a competitive advantage over other municipalities in Europe.

***An integrated approach:*** The integrated is also used in the municipalities of Germany to identify the capabilities of the local government organizations and their employees to facilitate the success of strategic management practices and processes in the municipalities. The integrated approach is used to maintain the organizational principles for consistency, involvement, adaptability, and responsibility of the decision-makers in the organization. The municipalities use the bottom-up approach where decision-making is been taken from a lower level to the top and the local authorities played an important role in decision-making. The municipalities in Germany also use the integrated approach to strategic management to focus on staff training and workshop curricula and the municipalities had a process whereby the employees participate in strategic dialogue and focus their attention on issues of citizen severity and satisfaction. The municipalities have developed an integrated strategic management information system that contains financial and non-financial information to assist the coordination of programs and departments in the local government organization in the municipalities in Germany such as Mannheim, Berlin, Kempten, and North-Rhine Westphalia.

***Comprehensive approach:*** The municipalities in Germany use the comprehensive approach to combine the strategic management processes to identify the organizational features to solve the problems to shape the strategic management processes. The comprehensive approach is used to focus on the characteristics of the strategic management where the municipalities develop a budget-monitoring tool to monitor the increase in projected revenue and savings of the municipalities and which is reported every two months on the amount. The administration officers

were drawn attention to the changes immediately and triggered remedial action and the result was the ability to coordinate the strategies in the local government organizations in the municipalities with its financial restrictions.

#### **4.5.2. Tools and techniques for strategic management practices in the municipalities of Germany (Berlin and North-Rhine Westphalia)**

German municipalities such as Berlin, Mannheim, Berlin, North-Rhine Westphalia, and Kempten have been using **benchmarking, balanced scorecards, performance appraisal, cost-effective analysis, participatory budgeting, Knowledge-base management, and e-government tools (ICT tools), and budget monitoring tools** as techniques tools for strategic management practices. The municipalities use benchmarking, balanced scorecards, performance appraisal, and participatory budgeting for performance management, but benchmarking is widely used in the municipalities in Germany. E-government tools and knowledge-based management for strategic knowledge management and budget monitoring tools for performance and risk management practices. These tools and techniques are effective and efficient to carry out strategic management practices to achieve the goal, objectives, vision, and mission of the local governments in the municipalities of Germany.

**Table 4 . Shows strategic management practices, approaches, tools, and processes in the Municipalities of Germany (Berlin and North-Rhine Westphalia)**

Cities	Strategic management practices	Approaches to Strategic management	Actors	Tools	Strategic management processes
Berlin	<p>Performance management</p> <p>Knowledge management</p> <p>Human resource management</p> <p>Risk management</p>	<p>Stakeholder's approach</p> <p>Functional approach</p> <p>Integrated approach</p> <p>Competitive approach</p>	The administrative officers, local government association, and citizens	<p>Benchmarking,</p> <p>Balanced scorecard,</p> <p>Participatory Budgeting,</p> <p>Knowledge-base management,</p> <p>e-government tools (ICT tools)</p> <p>Budget monitoring tool,</p> <p>Performance appraisal</p>	<p>Strategic goal setting,</p> <p>Formulation of strategic plans and processes,</p> <p>Implementation of strategic management processes, and Assessment and control of the strategic processes</p>
North-Rhine Westphalia	<p>Performance management</p> <p>Knowledge management</p> <p>Human resource management</p> <p>Risk management</p>	<p>Stakeholder's approach</p> <p>Functional approach</p> <p>Integrated approach</p> <p>Competitive approach</p>	The administrative officers, local government association, and citizens	<p>Benchmarking,</p> <p>Balanced scorecard,</p> <p>Participatory Budgeting,</p> <p>Knowledge-base management,</p> <p>e-government tools (ICT tools)</p> <p>Budget monitoring tool,</p> <p>Performance appraisal</p>	<p>Strategic goal setting,</p> <p>Formulation of strategic plans and processes,</p> <p>Implementation of strategic management processes, and Assessment and control of the strategic processes</p>

*Source: Author's own elaboration*

#### **4.6. Strategic management practices in the municipalities in Switzerland (Bern and Geneva)**

***Performance management practices:*** Municipalities in the cantons of Switzerland such as Bern, Zurich, and Geneva have been practicing performance management as a strategic management practice in the local government organizations. Switzerland's municipalities practice performance management through performance measurement and performance reporting as a decisional meeting and performance information is included in a financial report and the performance reporting is not audited.

In the municipalities of the cantons of Switzerland, the professional association plays a vital role in the practice of performance measurement and reporting as a performance management practice. This achieved through developing programs for the design of the performance management and measurement indicators like benchmarking and giving recommendations about the performance indicator where the views of citizens are taking into contemplation and consideration.

There have been developing projects in the municipalities of the cantons of Switzerland for the systematic comparison of performance indicators in the local governments, which is a cooperation between the local authorities and the cantonal government where there is always voluntary participation. This aims not to control the local government but to offer useful information for strategic management in the local government organizations and that make effort to improve the delivery of public services to the municipalities in the cantons through the practice and implementation of performance management and measurement. The performance border in the municipalities of the cantons of Switzerland has been increasing in the areas of public transportation, recreation, care of elderly people, youth employment programs, and civil defence.

***Knowledge management practices:*** municipalities in the cantons of Switzerland have been practicing strategic knowledge management as a strategic management practice in the local government organizations by implementing e-government in the municipalities of the cantons. The municipalities of the cantons of Switzerland are some of the most advanced technological municipalities and access to the internet is widespread where almost all local governments in the

municipalities of the cantons have their own websites. Access to internet broadband is largely developed in the municipalities of the cantons.

The local government uses the e-government tools to manage the organization to ensure good governance at the local level and focus on the shifting output towards decision-making, implementation processes, transparency, and accountability. It is very important at the local level to give the local government different organizational characteristics including administrative transparency and openness in the municipalities where the availability of information about the local government organization and the actors of the decision making allow external actors to monitor the performance of the organization. The municipalities use the ICT tools as an e-government tool for strategic management practice in the local government organization to exchange information for monitoring external actors' perceptions in relation to administrative decisions and actions for transparent performance in the municipalities in the cantons such as Bern, Zurich, and Geneva in Switzerland.

*Human resource management (HRM) practices:* Switzerland municipalities in the cantons like Zurich, Bern, and Geneva use human resources as a strategic management practice in the local government organizations. These municipalities apply high-performance human resource practices to ensure the high commitment of workers to increase performance in the organization. The municipalities adopt the human resource management practices such as performance appraisal, selective staffing, equitable and competitive compensation, staff training, workshops, and development activities for the management system to obtain better production and financial performance and results, which enable the staff to be more creative and innovative within the organization to achieve organizational goals and objectives.

The local government organization in the municipalities of the cantons use the control practices to control employees and increase the commitment of employees in the organization. They use strict rules, procedures, working conditions, result-based financial rewards, and penalties as a control, tools, and techniques for the implementation of human resource management as a strategic management practice in the local government organization. These management practices include intrinsic and extrinsic motivation for the focus to reduce employment costs and increase

organizational performance to meet the effectiveness and efficiency level to achieve the goals and objectives of the organization.

***Risk management Practices:*** The municipalities in the Swiss cantons such as Basel Stad, Bern, Zurich, and Geneva have been practicing strategic risk management a strategic management practices in the local government organization. Switzerland is the second world leader being the best at decreasing disaster risks as evident obvious by their HFA Progress Score of 4.8 (United Nations report 2005). Local governments have decided to increase the strength and confrontation with disasters by investing in modest, well-known methods and ways to reduce the risk and weakness of the local government organization. Switzerland's local government in the municipalities in the cantons such as Bern, Geneva, Zurich, and Basel Stad have invested massive funds in establishing early warning systems that predict potential threats like floods, landslides, and fires. A system of isolation channels able to stream heavy rain or melting snow has been established in the major municipalities in the mountain ranges. These measures protect Swiss communes and cantons against flooding.

The introduction of the e-waste system in the local government organizations of the municipalities in the cantons is another risk management practice to reduce and manage risk in the municipalities where there is flexibility to employ realistic and accurate solutions and the cantonal government of Switzerland has the power to issue and withdraw permits to recyclers. The recyclers are accountable for the environmental management of e-waste. They focus on effective and efficient physical recovery and decrease of the final remains that go either to the furnace, incinerator, and to the land fields. The e-waste is arranged into the types by dismantlers and the recyclers. Invoices are sent to the Swiss Association for Information, Communication and Organization Technology (SWICO) and the Stiftung fur Entsorgung Schweiz (SENS) who are responsible for the e-waste management in the municipalities of the cantons accordingly and the local authorities seek to it that the recyclers must adhere to the emissions standards and safety measures. Moreover, consumers are obliged to either dispose of the waste through retailers or put it at the conveniently located points of collection.

There have been financial risk management practices in the Swiss local government because municipalities in the canton such as Bern, Zurich, Geneva, and Basel Stadt can be affected

by a financial crisis in various ways, which have impact on the revenues and expenditure of the municipalities. These crisis occur by reducing revenues from the local government or municipal taxes, fees and fines transfers from the central government, loss of asserts resource in banks (United Cities and Local Government 2009; Taylor 2000; Grafe & Buitter 2004; Soguel 2006) and where the municipality's expenditures increased by the increase in the payments of social services. The practice of strategic knowledge management through the introduction of e-government tools, skilled personnel, and expertise are used to ensure transparency and accountability and check corruption through the implementation of digitalization using ICT tools and accrual accounting to reduce financial and non-financial risk in the local government organizations in the municipalities of the cantons. The Swiss local government manages these financial crises strategically by reducing municipal spending and increasing taxes to attain a balanced budget.

#### **4.6.1. Approaches to strategic management practices in the municipalities of Switzerland (Bern and Geneva)**

**Stakeholder approach:** The local government in the municipalities of the cantons in Switzerland uses the stakeholder approach for the application of strategic management practices to achieve organizational goals and objectives in the municipalities. The actors for the stakeholder's approach are the local authorities, mayors, citizens, and professional bodies. The local government in Switzerland enjoys extensive local autonomy compared with other European countries. The main actors of the stakeholder's approach to strategic management practices in the municipalities are the municipal executives, majors, and the citizens. The municipal councilors are the actors for policy development and decision-making with citizen involvement for the municipalities to be able to provide good public services and good for the needs of the citizen. The professional bodies have been playing a vital role by encouraging participation in the local government's programs in the municipalities. These actors of the stakeholder approach to strategic management in the municipalities of the cantons ensure the successful implementation of strategic management processes for the achievement of organizational goals, objectives, mission, and vision of the local governments in the municipalities in Switzerland such as Zurich, Bern, Geneva, and Basel Stadt.

**Functional approach:** The Swiss municipalities use the functional approach to strategic management practices for coordination of the local authorities and the municipal councilors for



the formulation, implementation, and assessment of strategic management processes to ensure the effectiveness and efficiency of the local government organization in the municipalities. The local actors such as civil society, the market, and other municipalities are also coordinated the implementation process, motivate, and control the actors for the strategic management practices to ensure high performance for the achievement of the organizational goals in the local government organizations in the municipalities of the cantons.

***Competitive advantage approach:*** Swiss municipalities in the cantons such as Zurich, Bern, Geneva, and Basel Stadt use the competitive approach to strategic management practices that comprehends sustainability and outcomes of the local government organization in the municipalities of the cantons. The competitive advantage approach to strategic management is used by the local government organization to exploit, develop, and maintain sustainable development and competitiveness where the internal and external environment as resource allocation is scanned for maximum utilization of available resources for resource-base as a competitive advantage of the local government organizations in the municipalities.

***An integrated approach:*** The municipalities in the cantons of Switzerland use an integrated approach for organizational principles, social models, consistency, involvement, adaptability, and responsibility to implement strategic management practices for the resource achievement. Here, human resource and capital resources are well achieved to ensure capabilities and training of the employees in the local government organization to facilitate the implementation of strategic management practices in the local government organizations in the municipalities of the cantons. The integrated approach is also used to enhance the bottom-up approach, which focuses on the actual strategic management practices in the local government of the municipalities while the top-down approach focuses on the strategic management practices of the local governments in the cantons. The integrated approach allows responsibilities to be shared in the local government to ensure the efficiency of the implementation of strategic management practices in local government organizations effectively for the successful achievement of organizational goals and objectives for the development of the municipalities in the cantons.

***Comprehensive approach:*** The Swiss municipalities in the cantons have been using a comprehensive approach to strategic management practices for the combination of the strategic

management processes, problems, and organizational features to shape the strategic management process organization. The comprehensive approach focuses on the implementation and importance of the characteristics of the strategic management practices to the local government organization in the municipalities of the cantons of Switzerland.

#### **4.6.2. Tools and techniques of strategic management practices in the municipalities in Switzerland (Bern and Geneva)**

The tools and techniques for the implementation of strategic management practices used by the local government organizations in the municipalities of the cantons such as Bern, Zurich, Bern, Geneva, and Basel Stadt are very significant in the strategic management system in the local government organizations of the municipalities in the cantons. These tools are **benchmarking, performance appraisal, cost-effective analysis, cost-benefit analysis, and accrual accounting**. Therefore, benchmarking which is used for performance measurement and management practices, performance appraisal and result-based are also used. Tools and techniques for human resource management practices, and e-government tools and techniques like ICT tools and digitalization are for the implementation of strategic knowledge management practice and e-waste management and accrual accounting are used for the implementation risk management practices. These tools are very important to the local government organization to be able to carry out strategic management practices and the formulation, implementation, and assessment of the strategic management processes for effective and efficient achievement of goals, objectives, vision, and mission of the local government organization of the municipalities in the cantons of Switzerland. The table below shows strategic management system in Switzerland.

**Table 5: Shows Strategic management practices, approaches, tools, and processes in the municipalities of Switzerland (Bern and Geneva)**

Municipalities	Strategic management practices	Approaches to strategic management	Actors	Tools	Strategic management processes
Bern	Performance Management, Knowledge management, Risk management, Human resource management	Stakeholder's approach, Functional approach, Comparative advantage approach, Integrated approach	Local authorities, Mayors, Municipal executives, Professional body, Citizens	Benchmarking, Performance appraisal, Cost-effective analysis, Cost-benefit analysis, Accrual accounting	Strategy goal setting, Strategy formulation, Strategy implementation, Assessment and control
Geneva	Performance Management, Knowledge management, Risk management, Human resource management	Stakeholder's approach, Functional approach, Comparative advantage approach, Integrated approach	Local authorities, Mayors, Municipal executives, Professional body, Citizens	Benchmarking, Performance appraisal, Cost-effective analysis, Cost-benefit analysis, Accrual accounting	Strategy goal setting, Strategy formulation, Strategy implementation, Assessment and control

*Source: Author's own elaboration*

## **5. RESULTS/ FINDINGS, SUMMARY, RECOMMENDATIONS, AND CONCLUSION**

### **5.1. Evaluation and discussion of results**

Strategic management has become an important and a modified topic for efficient and effective management of the local government as a public sector organization that enables local government to provide effective, efficient, and quality public goods and services to the citizens. Henceforth, the local government is a public sector organization whose main responsibility and activity are to provide the public goods and services to the citizens has now been tested and challenged to put strategies, procedures, and measures to ensure that citizens are been provided by the best public goods and services.

Scholars have considered over the past decades the initiation of strategic management systems as an effective and efficient means of applying and implementing strategic management practices in the public sector organizations such as the local government organization. Strategic management is often equated with planning, and it implies a device that should be used to implement human conditions, decisions, and situations to forecast the future condition with the knowledge of the present within an organization (Poister, Bryson et al., 2010). Strategic management allows the public sector organization to adopt strategies and ensures the maximum utilization of resources and capabilities to meet the goals and objectives of the organization and to analyze the situations and problems through the need of the environment to achieve competitiveness, efficiency, and effectiveness of the public sector organization (Anthony, 2021).

The analysis of the research specifies that strategic management practices be extensively used in the municipalities in Finland, Norway, Germany, Netherland, and Switzerland. This is because all the municipalities in the selected countries have adopted and practiced performance management (PM), human resource management (HRM), knowledge management (KM), and Risk management (RM) as strategic management practices in the local governments of the municipalities of the selected countries. Therefore, it could be observed that these strategic management practices are very crucial and important for the local government organizations to achieve their goal, objectives, mission, and vision of the organizations in the municipalities.

The analysis also indicates that strategic management tools and techniques are broadly used in the local government organizations in the municipalities of the selected countries to apply and implement strategic management practices and processes to improve the efficiency and effectiveness to achieve the goals and objectives of the organization. So, the local government organizations in the municipalities used key performance indicators, performance measurements, frame budgeting, benchmarking, balanced scorecards, management by objectives (MBO), performance appraisal, e-government tools (ICT tools), budget control, accrual accounting, cost-effectiveness analysis (CEA), and cost-benefit analysis (CBA) as the tools and techniques for strategic management practices in the local government organization.

Most tools and techniques used for the strategic management practices in the municipalities of the selected countries are benchmarking, key performance indicators and performance measurements, which are used in all the municipalities in the selected countries as tools and techniques for performance management practices. Moreover, benchmarking is extensively used in all the local government organizations in the municipalities of the selected countries. Moreover, benchmarking is used as a tool for cost-effective and cost-efficiency analysis in the municipalities of the selected countries, especially in Switzerland, Germany, and Norway.

This confirms the opinions of other scholars (Kuhlmann & Jakel, 2012, 2013) that, in Switzerland's local government there are effective incentives for cost-effective, cost-efficiency, high-quality public goods and service delivery, using systematic benchmarking is used and key financial indicators to identify the financial strengths and weaknesses of the local authorities. Whereas, in Germany's local government use the ideal-type of vertically co-operative benchmarking for compulsory comparative assessment of the performance of the local governments' organizations in the municipalities (Westfalen, 2008; Bentel & Wick, 2010; Ebinger & Bogumil, 2012). Performance appraisal and balanced scorecards are the next more used tools for performance management practices in the municipalities. Performance appraisal is also used to facilitate performance management practices, which are used to measure and evaluate the performance of employees with the aim and determination of salary increment, promotions, and growth of staff, transfers and demotions. This is to boost the competency and commitment level of employees to increase the performance to achieve the organizational goals and objectives (Cox et al., 2003; Zaherawati et al., 2011; Condrey, 2012; Al-Khouri, 2014). Management by objective

is only used in municipalities in Norway in addition to the above-mentioned tools for performance management practices. E-government tools and techniques such as ICT tools and digitalization are most used for strategic knowledge management in the local government organizations of all the municipalities. While accrual accounting and frame budgeting control are used in some municipalities for financial risk management.

In this analysis of the research, it was found that benchmarking is the most tool used for strategic management practices. Benchmarking is used to facilitate performance management. All the other strategic management practices such as human resource management, knowledge management, and risk management are practiced to increase the performance of the local government organizations in the municipalities of the selected countries efficiently and effectively to achieve organizational goals, objectives, vision, and mission for the organization to be competitive and developed. This corresponds to the facts of other scholars that, benchmarking is used to determine, evaluate, and assess the gaps in practices and services between organizations with respect to performance (Triantafillou, 2007; Ferry, 2015). Moreover, benchmarking tracks and surveys the organizational principles which results in a process that is neither delegated to the intended self-management of local authorities nor carried out in cooperative essence for operational principles of New Public Management (NPM), strategic management and benchmarking tend to be comparatively easily directed into the administrative culture in Europe (Martin et al., 2010).

The analysis also specifies the approaches the local government organizations in the municipalities used for the application of strategic management practices and implementation of strategic management processes are the stakeholder approach, competitive advantage approach, an integrated approach, and comprehensive approach. The observation from the analysis was that the stakeholder approach was given focus and attention in all the local government organizations in the municipalities of the selected countries because of the involvement of actors in decision-making. Therefore, the most actors in the stakeholders' approach are the city or municipal council members, local administrative officers, and citizen's participation who are very vibrant actors to be involved in the decision making for strategic management in the local government organizations in all the municipalities.

The stakeholders' approach is proposed to provide an only a strategic framework that is flexible and adequate to deal with environmental changes without requiring administrators to regularly adopt new strategic models and standards. It focuses on the strategic management process rather than the strategic planning process where the strategic planning focuses on forecasting the future environment, autonomously develop plans for the organization for the achievement of its situation, and position (Freeman, 1984).

In this analysis of the research, it was found that the stakeholder's approach is the very vital approach for the implementation of strategic management practices and processes in the strategic goal setting, strategic formulation, and the assessment and evaluation processes where the actors of the stakeholders are highly involved and take full participation in the strategic management processes. This confirms the views of some scholars that the stakeholders' approach is rational and reasonable incrementalism where strategic management processes are highly influenced by stakeholder interaction, politics, culture, group process, and interpersonal relationships. Local government organizations with high involvement of stakeholders in strategic management planning and processes have good performance for the organization to achieve the goals, objectives, vision, and mission of the local government organization as a public sector organization (Poister & Streib, 2005; Pasha, Poister & Edward, 2015).

## **5.2. Processes of strategic management practices in the municipalities of Finland, Norway, German, the Netherland, and Switzerland**

The processes of strategic management in the local governments in the municipalities of the selected countries are as follows.

***Strategic goal setting:*** The process of strategic management in Finland, Norway, Germany, the Netherland, and Switzerland municipalities is very significant for the achievement of strategic goals, objectives vision, and mission of the organization. The strategic goal setting is done through the internal and external environmental scanning by the local authorities and the municipal council members as decision-makers in the organizations set up strategic goals, which expounded the administration's vision, mission, goals, and objectives and include short-term and long-term objectives, which could be achieved and would be successful. The mayors meet the interested groups and listen to their views in decision-making for setting strategic goals. The municipal

council members are highly involved in decision-making for goal setting in the municipalities of Finland, and Norway. In German municipalities, the council members, mayors, and administrative officers are the main drivers of the strategic management processes where they set up strategic goals. In Netherland, the government with the technocrats and municipal council implement policies to set up strategic goals to manage the local government organizations through environmental scanning. In Switzerland, the local authorities such as the mayors, municipal executives, and professional bodies are responsible for setting the strategic goals and objectives of the local government organization.

*The analysis process* is done where the decision-makers analyze the strategic management processes by collecting data and information that is appropriate to accomplish the strategic goals and objectives set by the decision-makers to meet the vision and mission of the local government organizations in these two municipalities. The administration officers and a municipal council in the above municipalities of the countries analyze the strategic goals by assembling information that is appropriate to accomplish the goals and the objectives. The main actors of the local government strategic management process extend widely to the needs and identify the key problems, and weaknesses of the organization and investigate the internal and external factors that can hinder the goals setting, vision, and mission of the organization.

*The formulation process* is where the decision-makers in the municipalities of the above countries then formulate the strategic plans by developing and articulating the strategies to achieve the goals and objectives through the identification of internal and external resources and the requirements for the organization to succeed in its planning processes. They articulate the development of strategic goals and objectives to be achieved and identify the external resource of the organization to meet the requirements of the strategic goals, objectives set to be succeeded, and which area must focus as most important.

*The implementation process* of the strategic plans is done by a collaboration of stakeholders in local government organizations in the municipalities of the above countries for the execution of strategic management processes as decision-making and other stakeholders. The performance evaluation operate and control the organizational goals, objectives, vision, and mission, and assessment and control of the strategic plans to clarify the achievement of strategic



management processes and practices to identify if strategies goals and objectives can be achieved or not and then revisit these plans for other decisions. This is where the decision-makers involved local employees and citizens to participate in the strategic management processes to achieve the goals and objectives of the local government organization for the effectiveness and efficiency for the organization to be successful.

*Assessment and control* are done through the evaluation of the performance of the internal and external issues. The decision-makers of the municipalities devise educative actions to certify the achievement of the strategic management processes. The decision-makers of the organizations make an effort to assess the effects of the strategic management process. Additionally to revisit the goals and objectives set at the beginning to build up strategies or change some of the strategies and set up another strategic goal, objectives to achieve the vision and mission of the local government organization in the municipalities in selected countries. The diagram below shows steps for the strategic management process.



*Figure 6: Steps for strategic management processes*

*Sources: Nikolaos (2015)*

### **5.3. Benefits of strategic management practices in the municipalities of Finland, Norway, Netherland, Germany, and Switzerland**

A strategic management system of practice is very significant and beneficial to the local government organizations through the introduction and application of Public Management to reform the public sector organizations. The adoption of strategic management practices and the execution of strategic management procedures in the municipalities of Finland, Norway, the Netherland, Germany, and Switzerland has been beneficial to the municipalities to advance to some level of development. First, the application of strategic management practices and processes have enabled the municipalities to facilitate and provide good and quality public goods and services and new developmental programs of the local government organizations to meet the requirements of the citizens to ensure the development and competitiveness of the municipalities in the above-mentioned countries.

Secondly, the application of strategic management practices and processes in the local government of the municipalities have increased the effectiveness, efficiency, and proficiency of the local government organization. It enables the arrangement of activities and distribution of resources to blend with accurate goals which has led to the effectiveness and high level of efficiency of the local government organizations in the municipalities of Norway, Finland, Germany, Netherland, and Switzerland.

Thirdly, the implementation of strategic management processes has helped the local government organizations in the municipalities to exploit, develop, and maximum utilization of available resources to maintain sustainability, competitive advantage and explore the future of the local government organizations in the municipalities in an organized way.

Fourthly, the implementation of the strategic management practices have helped the local authorities and administrative officials, and management to set accurate goals, objectives, good policies that could guide the organizations to focus on the management to achieve the vision and mission of the local government organizations in the municipalities.

Fifth, the application strategic management practices have improved the performance of the local government organizations in the municipalities in an efficient and effective way.

In addition, there has been the promotion of local democracy, citizen involvement and participation, openness and accountability, and a reduction in the level of corruption in the municipalities. The application and implication of the strategic management practices and processes have increased the competencies and commitment through communication and training, and workshops to the staff, which increases the performances of the employees and the local government organizations in the municipalities.

#### **5.4. Challenges of strategic management practices and processes in the municipalities of Finland, Norway, Germany, the Netherland, and Switzerland**

Even though the municipalities have benefited from the application of strategic management practices and processes, there are some challenges that the local government organizations in the municipalities encounter when applying and implementing the strategic management practices and processes. The organizations were facing implementation problems to achieve the goals and objectives of the organization. Where there is a lack of allocation of resources and financial problems and budgeting. In addition, the decision-makers face the challenge of setting broad goals and setting which cannot be achieved to meet the vision and mission of the local government organizations in the municipalities. Moreover, the local government organizations in the municipalities were facing the challenge of planning and mechanisms of control processes for the performance of the personnel department.

Furthermore, the initiation of the use of short deadlines, management by objectives, and organizational principles of management of projects by the local government organizations in the municipalities. To add to these is that the local government organizations in the municipalities sometimes neglect the systematic monitoring and evaluation of the differences between goals and objectives as planned and goals and objectives to be realized. Therefore, the inadequate progress of monitoring and control obviously results in poor scores in quality assurance, reliability, and responsiveness. Moreover, the incompatible information and communication systems, bureaucratic and hierarchical organization structure and principles, and unarticulated strategic management information need to hinder the progress of the application and implementation of strategic management in the local government organizations in the municipalities.

## **5.5. Summary of the results of the analysis**

This research for the diploma thesis on the topic of strategic management in the public sector organization is a very critical and interesting topic in the field of research on public sector organizations. The main aim of this research was to examine how a selected branch of a public sector organization applies strategic management and what tools are used. Based on the analysis, a strategic approach was defined that best corresponds to the characteristics of the selected public sector organization. The theoretical background was done in strategic management systems as practiced and focus on the activities of practices, tools used, processes, and approaches that correspond to the characteristics of local governments as public sector organizations. Case study method of qualitative approach on secondary data where the case study was done on the local governments in ten municipalities of five selected countries in Europe such as Finland, Norway, Germany, Netherland, and Switzerland.

Based on case studies of this research, four strategic management practices in the local governments as public sector organizations were identified which include: performance management, knowledge management, human resource management, and risk management. Moreover, the tools and techniques used for the implementation of strategic management practices and processes were benchmarking, performance appraisal, and management by objectives, balanced scorecards, accrual accounting, cost-effective analysis, performance measurement, and e-government tools like ICT tools. In addition, it was examined that strategic approaches that best

correspond to the characteristics of the local government organizations in the municipalities of the selected countries are the stakeholders' approach, functional approach, integrated approach, competitive advantage approach, and comprehensive approach. Therefore, the processes for the application and implementation of the strategic management practices are strategy goal setting, strategy formulation, strategy implementation, and strategy assessment and evaluation.

The analysis of the cases was examined and found that the most frequent practice among the strategic management practices was performance management. This is because all the other practices aim to achieve improvement in the performance of the organizations while the most tools and techniques used to apply the strategic management practices was the benchmarking where all the local governments in the municipalities in the selected countries used. The most strategic approach that best corresponds to the local government organizations in the municipalities of the selected countries was the stakeholders' approach. Here, the main actors for the participation in strategic management practices and processes were the local authorities of administrative officers, municipal council members, and citizens who were highly involved in the application and implementation of strategic management practices and processes. The diagram below shows the summary of the results of the strategic management system in the local government organizations in the selected countries. The diagram below shows the summary of the results of the strategic management system in the local government of the municipalities of the selected countries.

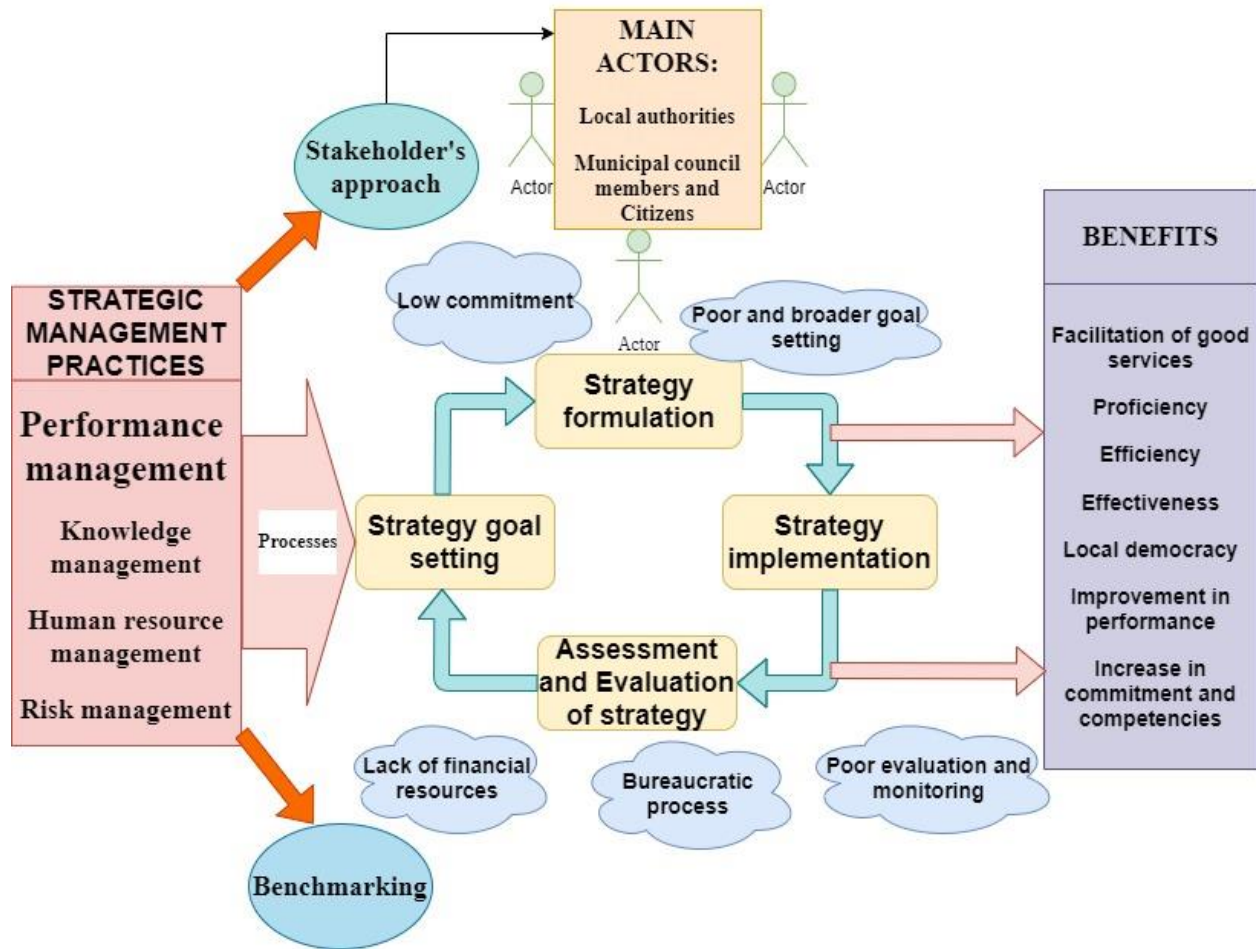


Figure 7: An illustration of the summary of results of strategic management system

Sources: Autor's own elaborations

## **5.6. Recommendation based on the results and future direction**

Based on the evaluation and discussion of the findings in the previous chapter, the following recommendations will be recommended to prevail over the challenges found and associated with the local governments as public sector organizations.

- In relation to strategic goal setting, the management of the organizations should be setting “SMART” goals and objectives which should be Specific, Measurable, Achievable, Relevant, and Time-Bound to enhance the application and implementation of strategic management practices and processes to achieve organizational goals and objectives for efficiently, effectively, and successfully.
- Relating to the evaluation and monitoring of the strategic management processes, the analysis of the result recommend that proper monitoring should be done by the management and supervisors of the organizations to ensure the strategic management processes and practices are well implemented, and evaluated to achieve the goals, objectives, vision, and mission of the local government organizations as public sector organizations in the selected countries.
- Furthermore, with respect to workshops and training of personnel, the management of the organizations should provide prerequisite education, training, and workshops to improve the capabilities and competencies for exploitation and using strategic management practices and processes. If workshops and training are provided to employees, management, and stakeholders who are responsible for strategic management systems (SMS) consistently and frequently, they will be able to deliver up to expectations and requirements. Proper understanding of the needs and ways for accurate application and implementation of strategic management practices and processes to benefit local government organizations in the municipalities for the achievement of successful goals and objectives of the organizations. Through education, training, and workshops, personnel would understand the reasons and needs for the application and implementation of strategic management practices and processes to achieve the goal and objectives of the local government organizations successfully.

- Moreover, based on the results it is possible to recommend that management of the municipalities that, through motivation, both intrinsic and extrinsic motivation such as rewards, appraisal, salary increment, and promotions to employees will be able to ensure and increase the commitment and competencies of the employees. This helps the achievement of goals and objectives or the success of the local government organizations in the municipalities of the selected countries.
- Last but not the least, it could be recommended that the management of the organizations should set strategic goals and objectives that will meet and correspond to the needs, satisfactions, and interests of the local government as the public sector organizations, and the citizens of the selected municipalities.
- Lastly, the researcher recommends to the management of the organizations to maintain a cordial relationship and coordination between the top management and the stakeholders. This is to ensure active participation of the stakeholders in the application and implementation of strategic management practices and processes to achieve the goals, objectives, vision, and mission of the local government as public sector organizations in the municipalities of the selected countries.

In point of view of this, the several times through space, possibly in the future their ideas might likely change, and various outcomes might be presented. Therefore, this evidently offers room for future research that could be conducted with unique practices and approaches such as longitudinal case analyses and by expansion to cover more local government organizations to increase and apply the strategic management practices, tools, approaches, and processes in the organization. Hence, the researcher recommends strategic management practices, tools, approaches, and processes to be applied in countries in Africa such as Ghana as applied and implemented in the selected countries in Europe.



## CONCLUSION

This diploma thesis was examined to find out how the selected branch of the public sector organization such as local government organizations in the municipalities of Finland, Norway, the Netherland, Germany, and Switzerland applies strategic management and tools used. Moreover, based on the analysis strategic approaches were identified that correspond to the characteristics of the local governments as public sector organizations. This diploma thesis represents the actions of the top management and stakeholders' participation to apply and implement strategic management practices and processes at the time when this study was conducted.

The pressure and demand by citizens for efficient and effective delivery of quality public goods and services have forced the local government as a public sector organization in the 21st-century to move through a major transformation and revolution to improve services delivered to citizens, improve employee performance and development, and to become more responsible and accountable to the participants. Therefore, strategic management systems have become the most excellent remedy to cure the inefficiencies and inconveniences that exist public sector and for that matter local government organizations. Strategic management is an effective and efficient way of applying government policies and administration strategies. Strategic management in the local governments as a public sector organization in the municipalities of the selected countries such as Finland, Norway, Germany, the Netherland, and Switzerland are well noted for their success report and history. Although these countries are successful in the implementation of strategic management practices and processes, still they face some challenges in the implementation of strategic management practices and processes.

Consequently, the aim of this research was to examine how a selected branch of the public sector applies strategic management practices and what tools are used. Based on the analysis a strategic approach will be defined that best corresponds to the characteristics of the selected public organization. So based on the broad aim of this research, the following objectives were formulated:

1. Identify complex strategic management practices in the local government of selected cities
2. To identify the approaches of strategic management in the public sector organization.

3. To define the approaches to strategic management that will be best corresponds to the characteristics of local governments as a public sector organization in selected cities
4. To analyze specific strategic management in practice in the local government as a public sector organization in the selected countries
5. To identify tools and techniques that could be used as a comparative analysis of strategic management in local government organizations in the selected countries.
6. Identify challenges that local government could encounter when implementing strategic management in the organization.
7. To identify benefits that local government organizations could gain when management processes are well implemented.
8. To propose recommendations to overcome the challenges that local government could face when implementing strategic management in the organization.

Therefore, for this aim to be achieved there was a comprehensive review of some related works of literature was used to establish and determine the theoretical background of the study. There was intensive research done on the various concepts of strategic management in general, public sector, local government organizations, strategic management in the local government organization, specifics of strategic management practices in the local government organization and these are performance management, knowledge management, human resource management, and risk management, which were examined. And tools and techniques like benchmarking, balanced scorecards, performance measurement, performance appraisal, cost-effective analysis (CEA), cost-benefit analysis (CBA), management by objectives (MBO), and accrual accounting were reviewed to be the tools and techniques used for strategic management practices. In addition, strategic management processes of strategic goal setting, strategy formulation, strategy implementation, and assessment and evaluation of strategies in the local government organization were reviewed. Approaches to strategic management such as stakeholder approach, integrated approach, competitive advantage, functional approach, and comprehensive approach which best correspond to the characteristics of the local government as a public sector organization were also reviewed.

Moreover, the qualitative methods approach to research was used to achieve the aim and objectives of the research where secondary data was chosen for content analysis and case study analysis. To focus on crucial observations from the analysis of the research of the various case study, the following findings and results were described and stated. From the case study analysis, it was found that all the five selected cases apply performance management, knowledge management, human resources management, and risk management as strategic management practices in the local government organizations in the municipalities of the selected countries such as Norway, Finland, Germany, Netherland, and Switzerland. And all the local governments in the municipalities of the selected countries are Finland, Norway, Germany, the Netherland, and Switzerland used a stakeholder's approach, integrated approach, comprehensive approach, competitive approach, and functional approach but in different ways.

Furthermore, it was observed from the analysis that, performance management is the most frequently used strategic management practice by the local government organizations in the municipalities of the selected countries. This is because the other practices such as knowledge management, human resource management, and risk management aim to raise the performance of workers and the organization for efficient and effective attainment of organizational goals and objectives. Moreover, the stakeholder's approach is the approach that corresponds to the characteristics of the local government organization where there is high involvement of local authorities, municipal council members, and citizens to ensure the delivery of quality public goods and services for the need of the citizens. To add to these observations from the findings of the analysis that benchmarking is the most used tool among all the tools used in the local governments in all the municipalities of the five selected countries.

Though strategic management systems design and implementation have been successfully implemented in the local governments in the municipalities of the five selected countries, and from the observation of the results of the research, there were some challenges that hinder the local government organizations in designing and implementing strategic management systems in the municipalities. These include budgeting control, lack of allocation of resources, financial resources, process control, training and workshops for employees, neglection of systematic monitoring and evaluation, broader goal setting and services, planning

and control mechanism, and bureaucratic process. In view of the summary and conclusion of the research, the aim of this research work or study has been accomplished.

After all, the design and implementation of strategic management systems have been successful and beneficial to the local government organizations in the municipalities of the five selected countries where the municipalities are able to achieve sustainability, development, efficiency, effectiveness, motivation, commitment and competencies. Additionally, local democracy, creativity and innovation, transparency and accountability, increase the competent level of employees and the organization, and maximum utilization of resources. Hence, it could be concluded that strategic management systems have been designed and implemented successfully in the local government organizations in the municipalities of the selected countries.

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