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Master in Business Administration

Postgraduate Dissertation

Strategic Management and Strategic Planning in Local
Administration: a comparative analysis

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Patras, Greece, June 2021

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Strategic Management and Strategic Planning in Local
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Abstract

The world has been facing unprecedented events, and it is generally agreed that organizations of private and public sector will have to adjust to the new era. Still, the main goal that remains is growth. And to grow, one needs to plan. But planning is not enough. It is now more than ever that strategic planning and so management are relevant and crucial for the development of the corporations and states.

This study approaches the concepts of strategy, strategic management and strategic planning from a conceptual perspective, it then searches how it applies to the public sector and finally what it means for the local administrations. It looks at the benefits, but challenges as well that strategic management and planning may entail particularly at the local administration level. The study also focuses on two well-known tools, the PESTEL analysis and the SWOT analysis, as the analysis of the external and internal environments of an organization is predominant for the strategy formulation.

The dissertation reviews the international literature and refers to the Greek legislative framework for the strategic planning and management in the local administration, which is rather recent.

Furthermore, it compares and discusses the two strategic plans developed for the region of Western Macedonia for the periods 2015 – 2019 and 2021 – 2025.

Keywords

Strategy; Strategic Management; Strategic Planning; Public Sector; Local Administration.

Στρατηγική Διοίκηση και Στρατηγικός Σχεδιασμός στην Τοπική Διοίκηση: Συγκριτική Ανάλυση

Ευανθία Μπουτσιούλη

Περίληψη

Το τελευταίο διάστημα η παγκόσμια κοινότητα ήρθε αντιμέτωπη με πρωτοφανή γεγονότα και είναι πλέον γενικά αποδεκτό ότι τόσο οι ιδιωτικοί όσο και δημόσιοι οργανισμοί θα πρέπει να προσαρμοστούν στη νέα εποχή. Ωστόσο, ο κύριος στόχος τους παραμένει η ανάπτυξη. Και για να αναπτυχθεί κανείς, θα πρέπει να σχεδιάσει. Αλλά ο σχεδιασμός μόνος του δεν είναι αρκετός. Ο στατηγικός σχεδιασμός, όπως και η στατηγική διαχείριση και διοίκηση, είναι τώρα περισσότερο από ποτέ σχετικά και ζωτικής σημασίας για την ανάπτυξη των εταιρειών και των κρατών.

Αυτή η μελέτη προσεγγίζει τις έννοιες της στρατηγικής, της στρατηγικής διαχείρισης και του στρατηγικού σχεδιασμού από μια εννοιολογική άποψη, στη συνέχεια αναζητά πώς εφαρμόζονται στον δημόσιο τομέα και, τέλος, τι σημαίνουν για τις τοπικές διοικήσεις. Εξετάζει τα οφέλη, αλλά και προκλήσεις που μπορεί να συνεπάγεται η στρατηγική διαχείριση και ο προγραμματισμός. Η μελέτη επικεντρώνεται επίσης σε δύο γνωστά εργαλεία, την ανάλυση PESTEL και την ανάλυση SWOT, καθώς η ανάλυση των εξωτερικών και εσωτερικών περιβαλλόντων ενός οργανισμού είναι κυρίαρχη για τη διαμόρφωση στρατηγικής.

Η διατριβή εξετάζει τη διεθνή βιβλιογραφία και αναφέρεται στο ελληνικό νομοθετικό πλαίσιο για τον στρατηγικό σχεδιασμό και τη διαχείριση στην τοπική αυτοδιοίκηση, το οποίο είναι πρόσφατο.

Επιπλέον, συγκρίνει και συζητά τα δύο στρατηγικά σχέδια που αναπτύχθηκαν για την περιοχή της Δυτικής Μακεδονίας για τις περιόδους 2015-2019 και 2021-2025.

Λέξεις – Κλειδιά

Στρατηγική, Στρατηγική Διοίκηση; Στρατηγικός Σχεδιασμός; Δημόσιος Τομέας; Τοπική Διοίκηση.

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List of Abbreviations & Acronyms

2015 Plan	Business Plan of PDM 2015 2019 - Strategic Planning
2021 Plan	Regional Plan for the Development of Western Macedonia for 2021 – 2025
L.3463/2006	L.3463/2006 (FEK A' 114/30-6-2006)
L.3852/2010	L.3852/2010 (FEK A'/87/7-6-2010)
PDM	Region Unit of Western Macedonia
PESTEL	Political, Environmental, Social, Technological, Economic, Legal
SWOT	Strengths, Weakness, Opportunities, Threats

1. Introduction

1.1 Background

Growth and development are two concepts discussed daily and forming global policies and trends. From multinationals to national governments and from small and medium enterprises to local municipalities, the implicit goal of their actions is growth. In order for a company to grow, it has to stand out among its competition, offer something special to the customers. Similarly, countries and cities will grow and promote the public welfare by investing in their core competencies and address their weaknesses and challenges. What is key for becoming special is to have their own competitive advantage, and there is where strategy, strategic management and strategic planning are crucial.

For the public sector, the terms strategy, strategic management and strategic planning are newer compared to the private sector, and especially for the local administrations, i.e. local governments, municipalities, counties, regional units, etc. The benefits of strategic management and planning in the local administration as reported in researches and observed in practice, outweigh the cost of investing on these procedures. As such, leading the local administration with strategy, strategic management and planning has been gaining space in the past years and the trend continues. In fact, the idea has become so powerful that we may be witnessing the emergence of the Strategic State (to start with) in the near future.

Given the rise of the strategic management and planning in the public sector and local administration, we find important that those who are engaged in public management, as politicians, civil servants or public managers, appreciate the concepts and know how to use them, because these are the keys to success.

1.2 Problem statement and research question

The decentralization of the administration is a global phenomenon. Local governments are assigned more and more roles and responsibilities and are the ones who are requested to lead the development of their regions. In order for an organization or a city or a region to grow, strategizing is a prerequisite. To this regard, understanding what strategy is, what strategic management means and how strategic planning applies should be crystal clear.

This study explains these concepts, highlights their importance, shows the benefits and challenges that may exist, and finally attempts to answer the question – what strategic management and planning entail in local administration.

1.3 The study methodology and tools

The methodology followed for this study is the literature review based on secondary data such as books, articles, e-journals, reports and a case study, namely the strategic planning and management in the Greek local administration and the particular example of the strategic plans developed for the Regional Unit of Western Macedonia, Greece during two administration periods, i.e. for 2015 – 2019 and 2021 – 2025. The tools utilized in this study are the in-depth review and critical analysis of the international literature on the subject, as well as the comparative analysis of two strategic plans developed for the region of Western Macedonia.

1.4 The study significance

The study examines the concepts of strategic management and planning in the public sector and in particular in local administration. It provides insights of what is understood globally to be strategic management and planning, what the process of strategic planning is and presents relevant models, shares experiences from local administrations that have been practicing them and highlights the challenges. Finally, it studies and compares two strategic plans developed for the region of Western Macedonia to show, in practice, what the essentials of strategic management and planning are and what can be done better to accomplish the ultimate goal of growth. As it is widely accepted nowadays that strategic management and planning should be integral to the local administration, the study can be a useful source of reference.

The motivation behind this study for Western Macedonia is to understand how the local authorities have approached strategic management and planning, how these have contributed to the growth of the region and what should be amended or improved for the future, if any. The region of Western Macedonia is one of the most undeveloped regions of Greece with declining population rates, increasing unemployment rates and a unique

environment and resources that have not been highlighted yet. Thus, it may be a typical example of a local region which does require an efficient and effective strategy in order to develop in the future years, and through this study we will try to highlight the elements of a successful strategy, planning and management.

1.5 The study limitations

The main limitations of this dissertation refer to the tools used. The study is based mainly on the review of secondary data, and when it comes to the comparative analysis, it is based on the strategic plans of the Regional Unit of Western Macedonia as they are available online. Further elements, such as direct interviews, research among the public sector employees, analysis of financial results, may need to be considered, and maybe in other regions as well. In addition, it should be clarified that the study does not aim to define the terms, but rather it will present definitions found in the international literature.

1.6 The study structure

The first chapter is the introduction of this study and provides the background, states the problem and poses the research question, describes the methodology and the tools uses, presents the significance of the study and mentions the limitations.

The second chapter provides the definitions of strategy, strategic management and strategic planning from the international literature in general and then more specific for the public sector, describes the main tasks of strategic management and explains the strategic planning process, zooms in the tools of the PESTEL and SWOT analyses which are commonly used. In addition, this chapter introduces the reader to the strategic management and planning approaches in the public sector, it explains why these are different in the private and public sector and highlights their importance. Finally, it provides a closer look to the benefits of strategic management and planning for the local administrations, outlines their benefits and discusses the challenges that should be considered.

The third chapter introduces the reader to the case study, i.e. the strategic management and planning in the Greek local administration and presents the legal framework for strategic planning in the Greek municipalities and regional units.

The fourth chapter describes the study methodology, the study methods and discusses the method for the data analysis.

In the fifth chapter, the study focuses on the two strategic plans developed for the region of Western Macedonia for the periods 2015 – 2019 and 2021 – 2025. It describes the basis on which the plans were developed, their main characteristics and content, notes the gaps, and finally compares them and comments on the outcomes.

The sixth chapter discusses the findings of the case study with reference also the international literature review. It also makes certain suggestions that can be considered in future by the local administration based on the outcomes of the case study. Lastly, the chapter points the study limitations and makes proposals for further research.

The final chapter, Chapter 7, includes the brief conclusions drawn from the dissertation.

2. Literature review – Strategic management and strategic planning

Global community has come across major changes over the last years, which are the result of numerous factors, such as i.e. globalization which means the explosive growth of global trade and international competition, technological change and innovation including the revolutionary advances in the availability of information and the speed of communication, a pandemic which has started shaping a new society and unknown until now needs, etc.

In today's rapidly and everchanging environment, it is not only the corporations of the private sector that need to (re)act and adjust, but also governments and organizations in the public sector. To this regard, it is imperative for public sector organizations, from national governments to local administrations and other organizations, to have their own strategy. In this context, strategic management and planning are of utmost importance.

In this section, we will provide an overview of the international literature on strategic management and strategic planning, we will review how these are understood and developed more specifically in the public sector (e.g. which tools and models are typically used), and we will examine their importance for organizations, and especially for the public sector and local administration. In parallel, we will highlight the importance and need of effective strategizing in the public sector.

2.1 Strategizing in the public sector – a quick overview

Prior to diving into the concepts of strategy, strategic management and planning in more detail, it may be useful to provide a quick overview of their development in the public sector which also shows their dynamic and the different factors and stakeholders that should be taken into account for an effective strategy.

Despite the origin of the word “strategic” and the related concepts to the ancient Greek military terminology, strategic management and planning are relatively new terms in the public sector.

In their research for strategic planning and management for municipal government, Poister and Streib (2005) noted that strategic planning was introduced into the public sector in the 1980s and the first literature was more focused on local government examples, and in later

years the wider concept of strategic management in the public sector has gained more attention.

In practice, it is noticed that over the last 20 years, strategic planning and management have become part of the public policy-making in a modern world, which can accelerate the modernizing of the public sector (at national and local government levels), and contribute to the national and local growth. In fact, strategy is predominant for every government, local administration and other public sector organizations around the world, and approaches such as strategic planning and management are always in the toolbox of public managers and policymakers, as noted by Ferlie & Ongaro (2015).

The reason for this is that it is generally recognized that strategic management and planning produce beneficial outcomes in the public sector – a conclusion which is also evidenced from researches in the field, as amongst others, (a) it aids public managers to be clearer on the future direction of an organization, the vision, the ways to accomplish the goals as well as the future in staffing, (b) it can be entrepreneurial in nature, and therefore new opportunities and ideas could be more easily identified, (c) it assist in resource management and budgeting.

The above focus more on the use of strategic planning and management as a tool, mainly imported from the private sector, but there is a tendency worldwide for governments and public organizations to integrate strategic planning and management in their policy as the strategic capabilities of these organizations are important for their development.

It is interesting that countries like Greece have made legally mandatory for the local administration to develop a strategy and business plan, and the legal framework provides directions on the strategic planning process and management. However, as mentioned previously, strategic management and planning do not implement themselves and therefore those who are engaged in public management, from politicians to civil servants or public managers, should be required to understand the concepts and be familiar with their benefits, challenges and know how to apply them.

For the development of strategic management and planning in the public sector, many have supported the view that lessons from the private sector would be of much relevance. For example, Paul Joyce (2015) refers to arguments that those who are engaged in public management, e.g. politicians, policymakers, public managers, civil servants, should copy

the decision-making process followed in the private sector. However, is this appropriate for strategic management and planning in public sector? Are there any differences between the two sectors, private and public, that should be considered? These are critical questions that we will discuss in the next chapters after reviewing the concepts of strategy, strategic management and planning.

2.2 Strategy

Before introducing the reader to the concepts of strategic management and strategic planning, we will try, in this section, to approach firstly the broader concept of strategy, of which both strategic management and planning are part of.

To start with, the term strategy is defined in the business dictionary as:

- a method or plan chosen to bring about a desired future, such as an achievement of a goal or solution to a problem;
- the art and science of planning and arranging resources for their most efficient and effective use. The term is derived from the Greek word for generalship or leading an army.

While we can find many definitions in the international literature, in simple words, Michael Watkins put it as follows “a strategy is [...] about how people throughout the organization should make decisions and allocate resources in order accomplish key objectives”. And, he clearly stated that strategy is neither a mission nor a vision. These are different concepts and parts of the strategic management as we will also see below.

The different definitions for strategy that can be found in international literature show how broad the concept is and how differently can be viewed.

For Alfred Chandler (1962), strategy can be described as the setting of the goals and objectives of an organization in the long-run and the establishment of the appropriate actions and resource allocations for achieving these objectives.

Michael Porter firstly defined competitive strategy as “a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals.”, and later on (1996), he defined strategy as the creation of a unique and

valuable position involving a different set of activities. For Porter, the essence of strategy is choosing to perform activities differently than rivals do.

John Bryson (1996), defines strategy as a pattern of purposes, policies, programs, actions, decisions, or resource allocations that define what an organization is, what it does, and why it does it.

Johnson, Scholes and Whittington (2008) defined strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.

Finally, in the public sector context, Mulgan (2009) defined public strategy as the systematic use of public resources and power, by public agencies, to achieve public goals.

From the above definitions, we can understand that strategy means more than a direction that an organization must have to compete successfully and meet its goals and it is only of the core elements of the overall strategic direction that leaders must design for their organizations. However, we can observe that a well-planned strategy should provide a clear roadmap, consisting of a set of principles, guidelines, rules, that defines the actions that people in the business should take (or should not take) and the things they should prioritize (and not prioritize) to achieve the desired goals.

2.3 Strategic Management

2.3.1 Definition

Strategic management is a step ahead of strategic planning and with a broader content as it entails not only the developing of a strategy and planning, but also the implementation and evaluation.

In these lines, Fred David (2011) defined strategic management as a procedure of formulating, implementing and evaluating decisions from different departments of an organization that objectives opens the way for achieving its long-term objectives.

It is worth providing some more definitions that are found in the international literature for this concept which show how it has evolved over the past decades.

For Poister and Streib (1999), strategic management is not a linear process of planning, implementation and evaluation, but more of a strategic perspective on an ongoing basis to ensure that strategic plans are kept current and that they are effectively driving other management processes. In addition, they have referred to the concept of performance management as providing direction and control over the work of managers and employees to ensure their efforts focused on achieving strategic goals and objectives.

In their research for corporate strategy, Johnson, Scholes and Whittington (2008) mentioned that strategic management highlights the importance of the managers with regard to strategy. They basically approached strategic management in order to underlying the human element of strategy and they concluded that strategic management includes understanding the strategic position of an organization, making strategic choices for the future and managing strategy in action.

For Bryson (2011), strategic management is the integration of strategic planning and implementation in an ongoing way to enhance the fulfillment of mission, meeting of mandates, and sustained creation of value.

In a more recent study, John Bryson together with Bert George, (2020) noted that strategic management includes strategic planning but also links to strategy implementation through, for instance, organizational design, resource management, performance measurement, and change management.

Lastly, a more technical approach is taken by Mihiotis (2005) who says that strategic management includes the analysis of the external environment (i.e. economy, industry, competition), assessment of the internal competitive capabilities of the organization and finally the selection of the most optimal and suitable way to act in order to achieve the strategic and financial objectives of the organization.

2.3.2 The tasks of strategic management

As mentioned in the above section 2.3.1, strategic management entails the development, implementation and evaluation of a strategy, and therefore includes the following tasks:

1. develop strategic vision and mission
2. set objectives
3. develop a strategy

4. implement the strategy
5. evaluate performance

While the above tasks may seem a logical sequence of actions, their use and importance can be clearly noticed in the corporate environment:

Developing a strategic vision, mission and core values – Vision answers to the question where the company wants to go and so it shows the company's long-term direction, while mission answers to the question what the company is, in other words, it is a statement that describes the company's purpose. Core values are the guidelines to pursue the vision and mission.

According to Thompson, Stickland, Gamble and Petelaf (2018), an effectively communicated vision is a valuable management tool to have the employees of an organization engaged and committed to the company's long-term direction. Moreover, having a written mission statement is important for a company to: (a) ensure unanimity of purpose within the organization, (b) provide a basis for allocating its resources, (c) establish the organizational climate, (d) facilitate the development of mission statements for the company's functions and departments; (e) facilitate the development of objectives.

Setting objectives – this is a task that converts the firm's vision and mission into specific performance outcomes and serves also as a measurement mechanism for tracking the company's performance and its progress in moving in the long-term direction. Objectives can be financial and strategic, short-term and long-term, but whatever the type of the objective, they have to be SMART, i.e. specific, measurable, achievable, realistic and time-oriented. Setting objectives is an important task of strategic management as they provide: (a) commitment to specific and quantifiable performance targets by a certain deadline, (b) direct attention and resources to what is needed to achieve (c) benchmarks for tracking the company's performance and (d) motivation to managers and employees to perform at the company's standards to achieve the objectives.

Crafting a strategy – at this stage, a company would develop its masterplan to achieve its objectives and the strategy it will choose should be the one to maximize its competitive advantage. The development of a strategy process is an evolving process since the external environment and internal environments of a company are constantly changing. In most

cases, it is also a team effort in which every manager has a role in their department, while employees may also participate (top-down approach).

Executing the chosen strategy – it is key to implement the chosen strategy efficiently, i.e. with the lowest cost, and effectively, i.e. the objective is achieved, so that it can be said that a strategy has been implemented successfully and the company has met its objectives and makes good progress in achieving the management's strategic vision and mission. However, it is a demanding procedure which requires key actions from the management team to create a strategy-supportive structure within the company taking into account all of their resources (e.g. human and non-human) and close monitoring.

Monitoring developments, evaluating performance, and applying corrective actions – at this stage, the management team has the opportunity to review what has been done, assess the results, and decide whether to continue or change the company's vision and mission, objectives, strategy, strategy execution methods.

From the above, it can be concluded that strategic management is crucial for an organization, and a complex exercise which requires key professionals to perform it. In fact, strategies do not implement themselves, neither strategic management nor planning are established themselves. Strategy requires human resources, starting from the strategy and decision makers, as managers, to those that would be involved with the implementation. Therefore, leadership is another component closely linked to the concepts discussed herein, which, however, is not to be analyzed as part of this study.

2.4 Strategic Planning

We noted above the different tasks of strategic management and we can say that the first three, i.e. developing a strategic vision and mission, setting objectives and crafting a strategy, make up the strategic plan of an organization. In these lines, Thompson, Stickland, Gamble and Petelaf (2018) mention that a company's strategic plan lays out its future direction, business model, performance targets, and competitive strategy.

The goal of strategic planning is to align the vision and mission of an organization with the internal and external environment in order to compete in the industry and achieve its long-

term direction. The interaction of the different concepts involved in strategic planning are shown clearly in the strategic planning process which is analyzed in section 2.4.2 below.

But firstly, let us provide the definitions of strategic planning as found in the international literature.

2.4.1 Definition

John Bryson (1995) defined strategic planning as a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it. In other words, strategic planning for Bryson is a process through which an organization decides what it intends to do and how it will do it.

Moreover, in his more recent study, John Bryson together with Bert George, (2020) noted that strategic planning can be defined as a deliberate approach to strategy formulation and typically includes elements such as analyzing the mandate, defining a mission and values, analyzing the internal and external environment, identifying strategic issues, formulating strategies to address issues, and often articulating a vision for the future.

Stemming from Bryson's definition (1995), Poister and Streib (2005) approached strategic planning as a systematic process for gathering information for the vision and using it to establish a long-term direction and then convert that direction into individual goals, objectives, and actions. As every other process, it involves critical thinking, objective analysis, and subjective assessment of aims and priorities to craft the proper strategy and actions that will contribute in achieving the organization's results.

Finally, Metaxas and Lalenis (2006) refer to strategic planning as a concept which is derived from the terminology of military sciences and that was later adopted by managerial, economic and regional sciences. In their study, they provide further definitions on strategic planning from the international literature, and the common characteristic of these definitions is that they see strategic planning as a process and therefore they point to the importance of such process.

Last but not least, we should distinguish between strategic planning and long-range planning, as these two concepts should not be confused. Strategic planning looks at the desired outcome and which requires that the management would be flexible to adjust on changing environments (internal and external), while long-range planning focuses on the

current circumstances and endeavors to accomplish the organization's goals and objectives in a fixed timeline, usually over 5 years.

2.4.2 Strategic planning process

Further to the above definitions, strategic planning can be an approach or process or else, however what is common to all views is that strategic planning involves certain tasks that should be put in the right order in order for an organization to have its first and very important element for formulating its strategy.

There are more than enough definitions and approaches of the strategic planning process in the international literature for both private and public sectors, from strictly describing a step-by-step approach to more relaxed models, e.g. management team would simply whiteboard or at the opposite direction employees are asked to fill out pre-designed questionnaires. However, as Cotbrán and Clouser noted (2006) all of them agree that the strategic planning process seeks to answer three broad, but basic questions:

- Who/What are we now?
- Where/What do we want to be?
- How will we get from who we are to who we want to be?

In order to answer the above questions and be in a position to develop the strategy of an organization, the management team should have a good understanding of the organization's present situation. For this, there are two predominant factors that should be considered: (a) its external environment and most notably, the competitive conditions of the industry in which the organization operates and (b) its internal environment, meaning its own resources and organizational capabilities.

Metaxas (2017) has tried to show all the above elements embedded in the strategic planning process in a concrete graph that he developed in 2002 and shown in Figure 1 below.

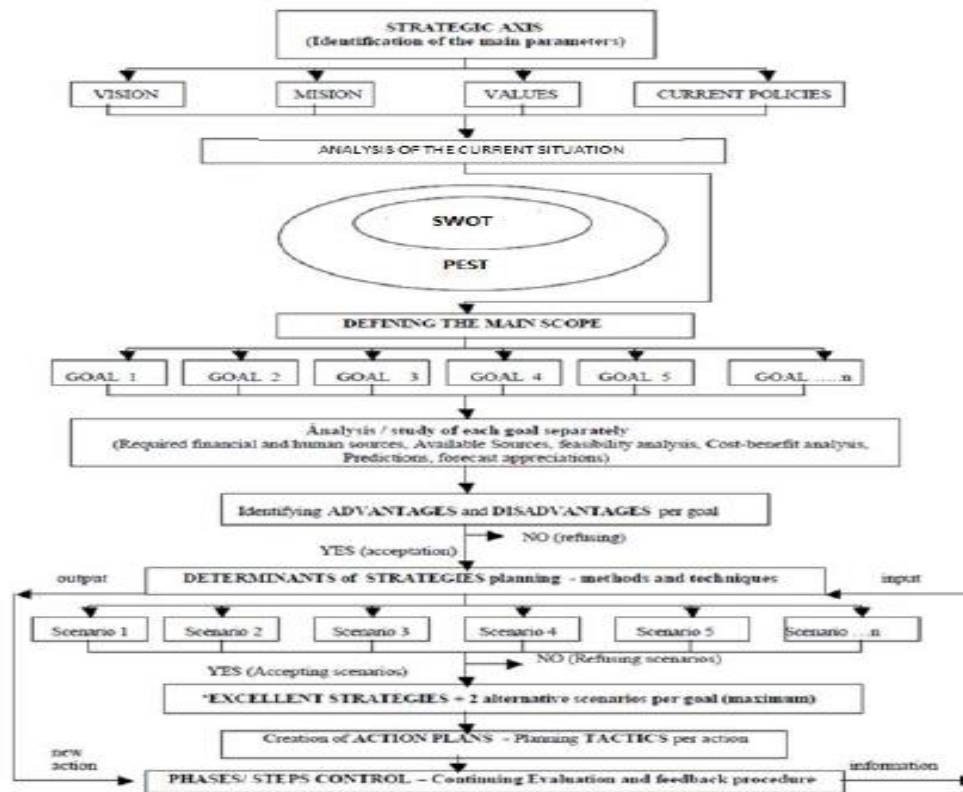


Figure 1: The Strategic Planning Process, *Source: Gavriilidis and Metaxas (2017).*

Strategic planning and city/regional development: Review, analysis, critique and applications for Greece.

Based on this model, the starting point of a planning process is to identify the main parameters and the strategic axis, from which the vision, the mission and the core values would be derived. These will be key to set the objectives and develop a strategy.

We also notice that key elements of the strategic planning process are the well-known PEST (or according to others PESTEL) and SWOT analyses. According to Thompson, Stickland, Gamble and Petelaf (2018), the PESTEL analysis is used to examine the relevance of six main components of the macro-environment, i.e. Political, Economic, Social, Technological, Environmental and Legal.

The SWOT analysis helps in identifying the Strengths and Weaknesses of an organization (internal environment analysis), and the Opportunities and Threats of the organization in its external environment. As shown in the diagram above, the findings of the PESTEL and SWOT analyses would be used to define the main scope of the plan and further determine the strategies.

Ongoing evaluation, control and feedback would be the last part of the strategic planning process.

The model developed by Metaxas is in line with other models found in the international literature, which summarize that the main steps in the strategic planning process in the following: (a) analysis of the macro-environment and current situation/position of the organization, (b) set up of vision, mission and values, (c) analysis of the organization's market position based on the SWOT analysis, (d) development of main scope and objectives, and (e) control, measurement and feedback.

Cotbran and Clouser (2006) follow the same pattern but present a slightly different approach which organize the strategic planning process in the following tasks: (a) get ready, (b) review the organization's values, vision and mission, (c) assess the current situation (SWOT analysis), (d) set goals for the future, (e) draft, revise and adopt a plan and (f) implement the plan.

From the above, it becomes clear that both PESTEL and SWOT analyses are incremental to the strategic planning process, and therefore for the strategic planning and management, and for this reason we will give more details on these two tools in a subsequent section.

2.5 Strategic management and planning in the public sector

In this section, we will focus more on the strategic management and planning in the public sector. While the basic principles derive from the private sector, strategic management and planning have its own characteristics when applied to the public sector given the different factors, stakeholders and ultimate purpose – that is the public value, which add complexity and therefore it requires a more particular review and analysis.

Joyce (2015) refers to the strategic planning in the public sector as a decision-making process as defined by Berry and Wechsler: “Strategic planning is defined as a systematic process for managing the organization and its future direction in relation to its environment and the demands of external stakeholders, including strategy formulation, analysis of strengths and weaknesses, identification of agency stakeholders, implementation of strategic actions, and issue management”.

This definition provides the elements that should be taken into account upon the strategic planning process in the public sector and describes the procedure which can be graphically shown in Figure 2 below.

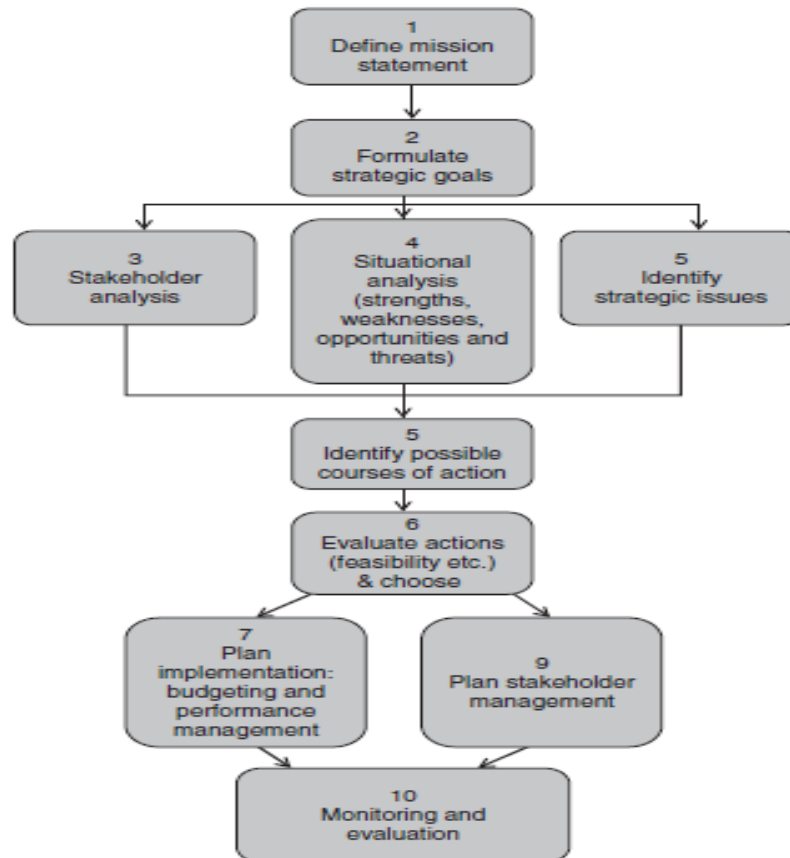


Figure 2: Decision flow diagram for simple strategic planning in the public sector, *Source Joyce, Paul (2015). Strategic Management in the Public Sector.*

Bryson and George (2020) provide more comprehensive definitions for strategy, strategic planning and strategic management in the public sector as follows:

Strategy is defined as a complete and solid approach to align the aspirations and the capabilities of public organizations or other entities in order to achieve goals and create public value.

This definition presents strategy as an approach and clearly shows its goals, i.e. align aspirations and capabilities. International researches suggest that successful strategies happen when these two elements are brought harmoniously together in complicated

networks and collaborations. The identification of aspirations and capabilities and their alignment and interconnection is so powerful for Bryson and George (2020) that they argue that the quality of a strategy should be assessed by the nature of the aspirations, the capabilities required to meet the aspirations, and how well they are linked together within the given context. Additionally, the definition highlights that strategy in public sector is not necessarily about competitive advantage but more about create public value.

Strategic planning is described as an approach to strategizing and defined as “a reasonably deliberate and deliberative approach to strategizing by public organizations or other entities that focuses on strategy formulation and typically includes (a) analyzing existing mandates, mission, values, and vision; (b) formulating updated mission, values, and vision statements; (c) analyzing the internal and external environment to identify strategic issues; and (d) formulating concrete and implementable strategies to address the identified issues”.

Unlike Berry and Wechsler who defined strategic planning as a process which also resembles to the generic strategic planning definitions applicable also for private sector, Bryson and George (2020) perceive it as an approach, same as for the strategy. Yet, the two definitions are similar to the part where they provide the elements and procedures involved in strategic planning. However, two interesting terms introduced in the Bryson and George definition, i.e. strategic planning is a deliberate and deliberative approach, meaning that those who are engaged in public sector management intentionally formulate strategies, and their outcomes are often, but not always, presented in a strategic plan. According to Bryson and George, this may be an indication that even though there may be certain formalities in the strategic planning process, creativity and innovation are not excluded. Finally, it should be noted that the above definition and its individual concepts did not lack of criticism, albeit not strong enough to overcome the positive outcomes that have been noticed in international researches from the use of strategic planning in public administration.

Strategic management is “an approach to strategizing by public organizations or other entities which integrates strategy formulation and implementation and typically includes strategic planning to formulate strategies, ways of implementing strategies, and continuous strategic learning”.

The above definition highlights the importance of strategic planning as part of strategic management and adds the implementation as the second element. What is new compared to

other definitions is the last element of strategic learning. In other definitions, strategic learning can be recognized as monitoring and evaluating the strategy. This in essence shows that strategic management does not stop at or with the implementation of the strategy, but it is there to make sure that the management team periodically and continuously evaluates the relevance of its strategies to decide if they are effective or corrections and even new strategies are required (OECD, 2018).

For the rest, it is clear that the purpose of strategic management is to assist the strategizing efforts of those involved in public management which involves the alignment of aspirations and capabilities. And, in more practical terms it can translate into coordinating key decisions across levels and functions within an organization and across organizations. It becomes clear from the above that without an effective strategy, organizations of public sector may remain uncoordinated and without a clear purpose which usually makes them cumbersome and detrimental for the regional growth.

Finally, before looking in more detail at the planning process in the public sector, it is worth providing also the definition for strategic management in the public sector as given by Poister (2010) as it adds the elements of budgeting and performance measurement as well. According to Poister, strategic management consists in (a) strategic planning, (b) budgeting, performance measurement and evaluation, and (c) feedback among the above items to strengthen the achievement of the mission, the objectives, and monitor creation of public value via strategic learning.

2.5.1 Strategic management and planning processes and models for the public sector – The Bryson model

From the definitions given by Bryson on strategic management (2011 and 2020), it is apparent that he perceives this as an approach which integrates strategic planning, implementation and learning. He has depicted all these in a comprehensive diagram which is presented in Figure 3 and we will analyze in this section.

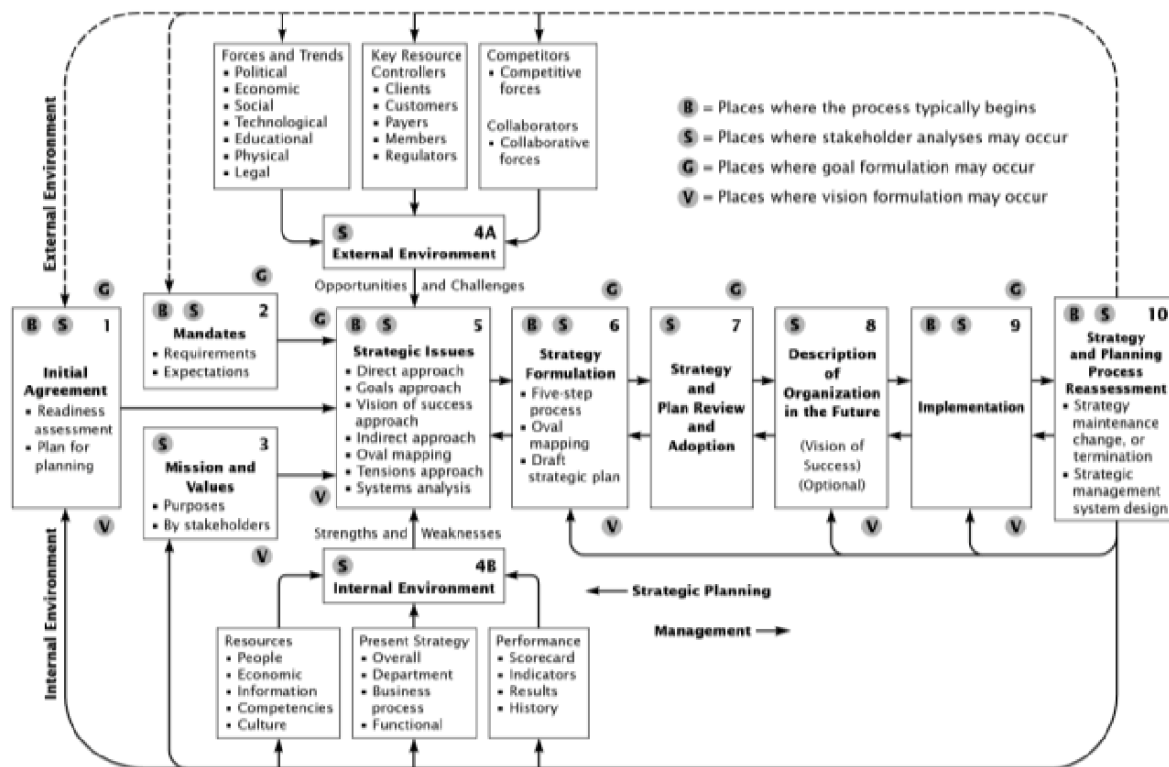


Figure 3: Bryson's framework of strategic management for public sector, *Source: Wauters Benedict (2017). Strategic Management in the Public Sector: A tool for improving performance of ongoing operations or redefining performance to meet new challenges? Report to the European Commission's Public Administration and Governance network.*

To start with, it should be noted that the model has different starting points in order to be useful for any stage in the strategic management process and certain actions can occur in different times, i.e. it is not necessary for an action to be complete before moving to the next one. With these caveats, the typical strategic management process that is proposed follows the below steps:

1. **Initial agreement** – at this stage, the key decision-makers are identified and agree on the strategic planning process. Moreover, it is explored which persons, teams, organizations will be involved, and what the key criteria for assessing the organization are. Finally, a preliminary stakeholder analysis is conducted.
2. **Mandates** – at this stage, formal and informal orders, rules, requirements, limitations, expectations are discussed and identified.

3. **Mission and values** – at this stage, it is attempted to clarify the mission of the organization which requires a thorough stakeholder analysis and their desires (socioeconomic, political, environmental, legal, etc).
4. **External and internal environment** – at this stage, a SWOT analysis is performed to assess the strengths, weaknesses, opportunities and threats of the organizations. This process requires monitoring of both the external trends to identify opportunities and address challenges, and internal resources and capabilities.
5. **Strategic issues** – at this stage, the management team would try to recognize the strategic issues which are of particular importance as they can direct to the formulation of vision and goals. There are several techniques that can be used to identify the issues ranging from the direct approach, e.g. resulting from the SWOT analysis, to more complex ones, e.g. spotting issues from a misalignment of the vision, mission, objectives and strategies.
6. **Strategy formulation** – at this stage, the strategy is formed following a suggested five-step approach, i.e. (a) design visions and alternatives to address the issues in question, (b) list the limitations to the visions and alternatives, (c) draft proposals to achieve the vision and clarify how the different proposals interact, (d) prepare specific actions that should be taken in a specific timeframe, e.g. 2-3 years, in order to implement the proposals and (e) prepare a detailed workplan for the immediate actions. An overall mapping and drafting and release of a strategic plan is included here.
7. **Strategy and plan review and adoption** – this stage involves a review, and amendment if needed, of the strategic plan that was designed in prior steps taking into account the following criteria: the plan should be feasible from a technical and administrative perspective, have the potentials to be accepted politically by the stakeholders, be results-oriented and addressing the existing issues, be suitable for the organization, be compliant from a legal and ethical point of view.
8. **Description of organization in the future** – at this stage, the organizational vision should be quite clear and answer the question of what it would look like, or what the result would be once the strategies have been successfully applied and the goals have been attained.
9. **Implementation** – at this stage, the management team should provide an effective and efficient implementation process which should consist in the assignment of roles

and responsibilities to the persons, teams and organizations involved, defining and communicating to the relevant stakeholders the expected outcomes, objectives, milestones, action items, timetables and schedules, dealing with resourcing and staffing, reviewing, monitoring and adjusting the strategy as needed, and finally setting accountability procedures.

10. **Strategy and planning process reassessment** – this stage the last stage and closely linked to the strategic learning whereby a thorough review of the full procedure should be conducted, observations should be made and use the strategic management procedure as basis for development and future strategies.

Based on the above, we understand that the strategic management process is an ongoing and continuous exercise which requires special attention by the management team, mindful analysis and can be revised several times and at different stages until its completed. Another interesting point in Bryson's model is that the starting point can be either at the time when the strategic issues are identified, but can also be at the very last stage upon the strategy and planning process reassessment. Similarly, the vision and goals may be defined through the process and not necessarily from the beginning.

Compared to the generic strategic planning process developed by Metaxas, Figure 1 above, we notice that the strategic planning process in the public sector can be more complex and time-consuming as there are multiple dynamics that should be considered at each step.

These are all supporting the general observation that the strategic management and planning processes and models developed in the academic theory can serve as a framework for the organizations and they can be adjusted to the different facts and circumstances.

2.6 A closer look to the PESTEL and SWOT analyses

As mentioned above, environmental scanning is embedded to the strategic planning process as it is a helpful tool for managers (in both private and public sectors) to observe, review and transmit information and knowledge from the internal and external environments to key stakeholders within the organization. The PESTEL and SWOT analyses are the most commonly used tools to conduct the relevant macro-environment, external and internal

environment analyses, and at this stage, it is helpful to explain them briefly as we will meet them again in this study and the case study.

2.6.1. PESTEL Analysis

Every organization operates in a general macro-environment which consists in six main forces: political, economic, social, technological, environmental, and legal, and each of these can affect the organization's industry and competitive environment. In more detail, the six PESTEL forces relate to the following:

Political factors can present equally opportunities and threats for the growth of an organization, as they can directly affect them. Some of them include cross-border relationships, (un)stable political environment, changes to economic and fiscal policies.

Economic conditions impact the worldwide, national, regional, country economy and its performance, which in turn impacts the organizations. Examples of economic variables are the availability of credit, inflation rates, interest rates, employment or unemployment trends, fiscal policies, tax rates.

Social and cultural forces which are changing continuously can have a major impact on the products and services in all industries. To name a few, immigration and emigration rates, average disposable income, ethical concerns attitudes towards leisure time, customer service, career, work-life balance.

Technological factors include the pace of technological change and development which can dramatically affect all industries from the agricultural industry to tourism and so on. Aside from the internet which reshaped the modern world, technological changes in research and development, automation, artificial intelligence are forming the world market.

Environmental forces refer to ecological and environmental factors such as climate and climate changes, geographical locations and affect multiple industries tourism, agriculture, packaging, even private equity investments lately.

Legal and regulatory factors refer to policies and rules which are necessary for an organized society and social justice. These may generally include commercial and corporate law, competition law, cross-border treaties and arrangements, employment laws, safety regulations.

Thompson, Stickland, Gamble and Petelaf (2018) have summarized the six components of the macro-environment in the table below shown in Figure 4.

Component	Description
Political factors	Pertinent political factors include matters such as tax policy, fiscal policy, tariffs, the political climate, and the strength of institutions such as the federal banking system. Some political policies affect certain types of industries more than others. An example is energy policy, which clearly affects energy producers and heavy users of energy more than other types of businesses.
Economic conditions	Economic conditions include the general economic climate and specific factors such as interest rates, exchange rates, the inflation rate, the unemployment rate, the rate of economic growth, trade deficits or surpluses, savings rates, and per-capita domestic product. Some industries, such as construction, are particularly vulnerable to economic downturns but are positively affected by factors such as low interest rates. Others, such as discount retailing, benefit when general economic conditions weaken, as consumers become more price-conscious.
Sociocultural forces	Sociocultural forces include the societal values, attitudes, cultural influences, and lifestyles that impact demand for particular goods and services, as well as demographic factors such as the population size, growth rate, and age distribution. Sociocultural forces vary by locale and change over time. An example is the trend toward healthier lifestyles, which can shift spending toward exercise equipment and health clubs and away from alcohol and snack foods. The demographic effect of people living longer is having a huge impact on the health care, nursing homes, travel, hospitality, and entertainment industries.
Technological factors	Technological factors include the pace of technological change and technical developments that have the potential for wide-ranging effects on society, such as genetic engineering, nanotechnology, and solar energy technology. They include institutions involved in creating new knowledge and controlling the use of technology, such as R&D consortia, university-sponsored technology incubators, patent and copyright laws, and government control over the Internet. Technological change can encourage the birth of new industries, such as the connected wearable devices, and disrupt others, such as the recording industry.
Environmental forces	These include ecological and environmental forces such as weather, climate, climate change, and associated factors like water shortages. These factors can directly impact industries such as insurance, farming, energy production, and tourism. They may have an indirect but substantial effect on other industries such as transportation and utilities.
Legal and regulatory factors	These factors include the regulations and laws with which companies must comply, such as consumer laws, labor laws, antitrust laws, and occupational health and safety regulation. Some factors, such as financial services regulation, are industry-specific. Others, such as minimum wage legislation, affect certain types of industries (low-wage, labor-intensive industries) more than others.

Figure 4: The six components of the macro-environment, *Source: Thompson, Stickland, Gamble and Petelaf (2018). Crafting and Executing Strategy – The Quest for Competitive Advantage: Concepts and Cases.*

2.6.2. SWOT Analysis

It is commonly accepted that the strategy of an organization should be compatible with its resource capabilities, i.e. balance of strengths and weaknesses, and its external environment, i.e. opportunities and threats. As such, a SWOT analysis examines the relationship between the environmental forces and the strategic capabilities of an organization compared with its competitors, in order to provide a solid overview of the organization's position in the market.

Moreover, as noted by Thompson, Stickland, Gamble and Petelaf (2018), the SWOT analysis can serve as the basis for developing a strategy which would capitalize the organization's strengths, overcome its weaknesses, capture the best-fit opportunities and defend against competitive and macro-environmental threats.

The context of each of the four components of SWOT analysis is presented here:

Strength should be understood as the organization's competitive asset, something that it is good at and it supports its competitiveness in the market. It is important for an organization to identify its strengths because these would reveal its core competencies and further its competitive advantage. Examples of strengths can be a skill or expertise, fixed or physical assets, human resources, etc.

Weakness can be defined as a deficiency or a competitive liability in the organization's strategic balance sheet. Weaknesses can relate to (a) lack of physical, organizational, (in)tangible assets, (b) inferior skills and expertise, or intellectual capital in competitively important areas of the business, (c) lack of competitive capabilities in key areas.

Opportunities depend much on the macro-environment forces and they can be described as the market needs in which a company can perform profitably.

Threats are mainly the challenges from the external environments that can lead an organization's lacking a competitive advantage to recession or prohibit / delay its growth. Threats may be caused by different factors including the development of innovative and more customer-friendly technologies or political instabilities, or even a pandemic like the most recent covid-19.

A more comprehensive list of strengths, weaknesses, opportunities and threats examples are shown in the below table (Figure 5).

Potential Strengths and Competitive Assets	Potential Weaknesses and Competitive Deficiencies
<ul style="list-style-type: none"> • Competencies that are well matched to industry key success factors • Ample financial resources to grow the business • Strong brand-name image and/or company reputation • Economies of scale and/or learning- and experience-curve advantages over rivals • Other cost advantages over rivals • Attractive customer base • Proprietary technology, superior technological skills, important patents • Strong bargaining power over suppliers or buyers • Resources and capabilities that are valuable and rare • Resources and capabilities that are hard to copy and for which there are no good substitutes • Superior product quality • Wide geographic coverage and/or strong global distribution capability • Alliances and/or joint ventures that provide access to valuable technology, competencies, and/or attractive geographic markets 	<ul style="list-style-type: none"> • No clear strategic vision • No well-developed or proven core competencies • No distinctive competencies or competitively superior resources • Lack of attention to customer needs • A product or service with features and attributes that are inferior to those of rivals • Weak balance sheet, insufficient financial resources to grow the firm • Too much debt • Higher overall unit costs relative to those of key competitors • Too narrow a product line relative to rivals • Weak brand image or reputation • Weaker dealer network than key rivals and/or lack of adequate distribution capability • Lack of management depth • A plague of internal operating problems or obsolete facilities • Too much underutilized plant capacity • Resources that are readily copied or for which there are good substitutes
Potential Market Opportunities	Potential External Threats to a Company's Future Profitability
<ul style="list-style-type: none"> • Meeting sharply rising buyer demand for the industry's product • Serving additional customer groups or market segments • Expanding into new geographic markets • Expanding the company's product line to meet a broader range of customer needs • Utilizing existing company skills or technological know-how to enter new product lines or new businesses • Taking advantage of falling trade barriers in attractive foreign markets • Taking advantage of an adverse change in the fortunes of rival firms • Acquiring rival firms or companies with attractive technological expertise or capabilities • Taking advantage of emerging technological developments to innovate • Entering into alliances or joint ventures to expand the firm's market coverage or boost its competitive capability 	<ul style="list-style-type: none"> • Increased intensity of competition among industry rivals—may squeeze profit margins • Slowdowns in market growth • Likely entry of potent new competitors • Growing bargaining power of customers or suppliers • A shift in buyer needs and tastes away from the industry's product • Adverse demographic changes that threaten to curtail demand for the industry's product • Adverse economic conditions that threaten critical suppliers or distributors • Changes in technology—particularly disruptive technology that can undermine the company's distinctive competencies • Restrictive foreign trade policies • Costly new regulatory requirements • Tight credit conditions • Rising prices on energy or other key inputs

Figure 5: What to Look for in Identifying a Company's Strengths, Weaknesses, Opportunities, and Threats, *Source: Thompson, Stickland, Gamble and Petelaf (2018).*

Crafting and Executing Strategy – The Quest for Competitive Advantage: Concepts and Cases.

It should be mentioned that SWOT analysis is not as simple as making lists. What is also important is how to use the SWOT lists to draw conclusions for the organization and converting these conclusions into strategic actions to develop a strategy for the organization that would be aligned with its internal strengths and market opportunities, as well as to correct or improve weaknesses, and defend against external threats.

This last part of translating the conclusions drawn from the SWOT lists to actions is highly important for the management team which, in short, should consider the following when crafting the organization's strategy based on the SWOT analysis:

- The internal strengths should always serve as the basis of the organization's strategy, as it is generally expected that the company would use its identified competitive advantage to place itself in the market;
- Correcting competitive weaknesses that make the organization vulnerable or place it in a disadvantageous position in the competition;
- Be focused and aim to pursue attractive market opportunities that are appropriate to the organization's capabilities and strengths; and
- Navigate the external threats and be ready / flexible to defend against them.

2.7 Importance of strategic planning and strategic management

Having familiarized ourselves with the basic concepts of this study and before exploring the case study, we should answer the question why strategic management and planning are important.

This is addressed in all the above sections, but as simply said by George Harrison "*if you don't know where you're going, any road will take you there*". Strategic planning is therefore the roadmap which paves the way for an organization to succeed.

Throughout the strategic planning process, an organization get to learn itself and the industry in which it belongs or wishes to enter, as it requires, amongst others, analysis of the external opportunities and challenges and finding ways to address them, identifying its own strengths and weaknesses, thinking about the future and improving decision making.

As a result, an organization which engages in this process will have an improved understanding of its current situation and potential future, and so it should be a position to identify its competitive advantage, craft a well-informed and the best-fit strategy for its purpose and become more efficient and effective. Furthermore, a focused organization may gain political support and become more effective in communicating its mission, vision, and values to the public and key stakeholders.

As important as strategic planning is, it should be reminded that it may be the primary, but it is not the only element of strategic management which consists of others, like implementation and evaluation. On the same page are Poister and Streib (2005) who note that while strategic planning is a central element, strategic management is a more holistic and a much more demanding process. Therefore, a well-structured strategic management is key to an organization's success.

Strategic management allows an organization to be proactive than reactive and its importance is evident even from the different definitions that have been referenced above, but if we want to summarize, we can see that the importance is derived from two main reasons:

1. It is essential to develop and implement a strategy, so that the management team can proactively understand the organization's profile, make well-informed decisions and shape the way it conducts business. Without a strategy and a process to develop and monitor it (plus revise as necessary), there would be no direction / structure on how to meet the market's needs and expectations and achieve competitive advantage.
2. It is essential to unify and coordinate an organization, so that its different departments and functions become mutually supportive and the resources (human and non-human) are invested efficiently, and work towards the ultimate goal.

Strategic management, and its process, are also important for the benefits that it provides to the organization which are both business and financial benefits (Mihiotis, 2005) and include, but not limited to, the following:

- Helps in formulating better strategies
- Managers and employees are committed to support the organization
- Enables open discussions between managers and employees
- Helps managers and employees to understand what the organization is doing and why
- Provides the ability to empower individuals and integrate them in the organization
- Contributes to the profitability of the organization (unlike organizations without strategic management)
- Contributes to the long-term high financial performance of the organization
- Provides the ability to the managers to make well-informed decisions

2.8 The benefits of strategic management and strategic planning in local administrations – a quick look at recent studies

For the purposes of this study, it is quite interesting to draw our attention to the importance and benefits of strategic management and planning in local administrations. As we have already noted in previous sections, strategic management and planning in public sector are relatively new concepts compared to private sector, and therefore the researches in international literature are not as many as for private sector, and this is particularly true when it comes down to the local administration. However, the studies referenced herein offer useful findings.

Joyce (2015) refers to two surveys conducted in the 1990s by Flynn and Talbot and Berry and Wechsler in 1994 in the UK and in 1992 the US, respectively. Flynn and Talbot conducted a survey among UK public sector senior managers and the main question was the benefits and usefulness of strategic planning. Berry and Wechsler asked senior state executives in state agencies about the most important outcome of the strategic planning process. Achieving goals and objectives was found to be the top ranked benefit of the strategic planning in the UK survey, while a close to 90% of the responders in the US survey though that the strategic planning process is helpful in establishment management direction and clarifying priorities. The tables below in Figure 6 and Figure 7 show the rest of the responses.

Table 1.1 Benefits of strategic planning perceived by senior managers in UK local government (1994 survey of UK public services managers) (N = 241)

Effect	Strategic planning helping to ... (percentage)
1 Achieve goals and objectives	81
2 Specify milestones for organizational achievement	70
3 Achieve better use of resources	69
4 Create a unified vision of organization's future for staff	59
5 Identify new opportunities and ideas	54
6 Achieve cost savings	43
7 Direct resources into areas of opportunity	41

Source: Flynn and Talbot, 1996.

Figure 6: Benefits of strategic planning perceived by senior managers in UK local government, Source Joyce, Paul (2015). *Strategic Management in the Public Sector*

Table 1.2 Benefits of strategic planning perceived by senior state executives in the US (1992 survey) (N = 295)

Outcome		Percentage of respondents identifying outcome as most important outcome of strategic planning process
1	Established management direction	30
2	Clarified agency priorities	17
3	Guide to policy decisions	11
4	Guide to budget decisions	9
5	Gaining support for budget priorities	7
6	Improved constituent relations	3
7	Increased legislative support	3
8	Increased gubernatorial support	2
9	Greater commitment to customer satisfaction	6
10	Improved teamwork	4
11	Improved internal communications	3
12	Enhanced corporate culture	1
13	Improved staff morale	0
14	Agency reorganization	1
15	Service delivery improvement	3
Total		100

Source: Berry and Wechsler, 1995.

Figure 7: Benefits of strategic planning perceived by senior state executives in the US,
Source Joyce, Paul (2015). Strategic Management in the Public Sector

More recent researches that conducted in the 2000s shed light to other aspects and benefits of the strategic management and planning which are worth mentioning here.

Boyne and Gould-Williams (2003) conducted a research among 188 public managers of local administrations in Wales which responsibilities include the strategic planning, setting of objectives, analyzing external and internal environments and developing of action plans. Based on their responses, the public managers feel that the strategic planning process as a whole, as well as its individual items, have a positive impact in organizational performance, e.g. in effectively addressing the citizens' demands, improving the public services quality, cost efficiency, reducing bureaucracy.

Poister and Streib (2005) conducted a survey among municipal officials in all the US jurisdictions with populations of 25,000 or more. The survey asked general questions around budgeting, performance management and measurement systems used by these local governments, the strategic planning followed in these regions (if any) and relevant questions. However, the main research question was focused on the overall strategic management process, the items and resources (human and non human) that it involves and the interaction between them, as well as the relationship between strategic plans and

performance measures. The survey was sent to 1,247 senior officials in municipal governments and the researchers received 512 complete questionnaires with an overall response rate of 41%, which was considered a sufficient sample of the US cities.

Based on the results, 44% of the responders said that they have initiated a strategic plan for their cities in the past 5 years. This percentage is higher than the 38% reported in the previous survey Poister and Streib which was conducted in 1994, which is an indicator that there has been improvement in the field. Their strategic plans were mainly used to establish long-term direction, set priorities and direct decision making. An important finding was that in many jurisdictions, the use of specific budgeting, performance management, and measurement methods aimed at implementing strategic plans effectively. In general, the survey revealed that the majority of public managers are satisfied with the implementation of strategic initiatives and the accomplishment of goals and objectives, suggesting that benefits from the strategic planning outweighed the costs of undertaking it.

Moreover, this research provided helpful insights about the success elements of strategic plan and management which can be summarized in the following: (a) connection of individual performance with strategic goals, (b) being accountable by reporting strategic performance measures to the public, (c) assessing whether the proposed strategies are workable, (d) tracking performance through the process, (e) targeting new sources for additional funds to meet the budget goals and (f) involving stakeholders in the planning process.

Jimenez (2011) started from existing models on public management to study how and when management matters in the context of state bond ratings and proved that the development and implementation of strategic planning in local governments in the US was connected with their financial situation.

Hendrick (2003) conducted a survey around the dimensions of strategic planning in 14 public organizations in Milwaukee, WI. He studied the elements that contribute to a complete strategic planning, the monitoring of a strategic plan, the participation of the employees in the development of the strategic plan as well as the participation of stakeholders of the external environment, and their commitment. The research indicated that the participation of qualified stakeholders in the strategic planning process can be beneficial.

From the above-mentioned researches, we understand that strategic management and planning in local administration level have significant benefits, not only for the organization itself but for the public interest, that cannot be ignored. It can be said that a well-planned strategy followed by its efficient and effective implementation are critical for the improvement of the quality of public services and for creating public value. Further, the studies revealed the willingness of the public sector stakeholders, e.g. managers and employees, to engage in the strategy and relevant processes, which is an encouraging finding to keep investing in this field.

2.8.1 Strategic management and strategic planning in local administration from a financial perspective

At this stage, we find it useful to zoom in the financial benefits derived by the strategic management and planning in local administrations. Firstly, as already briefly mentioned in section 2.8 above, Jimenez (2011) showed that local US governments with high quality of management systems and practices tend to have better credit ratings, which means lower cost of borrowing. Low cost of borrowing is of utmost importance for national and local governments as it enables them to attract necessary funds to pursue and implement their strategies and policies, leading to the overall growth of their jurisdictions.

Credit ratings agencies are likely to perceive state governments with high quality management systems as having a lower probability of defaulting on their debts, other factors considered. The reasoning of their view can be found in the following: (a) governments with solid management systems are assumed to be able to run more efficiently and sustain a good fiscal position, (b) the simple adoption of well-known management structures and processes is perceived as an indicator the governments are focused on organizational efficiency.

It should also be noted that a well-developed and solid management system is generally expected to reduce the credit default risk of the national or local government. This is valuable for governments and local administrations because it allows them to develop long-term plans with higher financial security and they can prioritize capital projects based on current and future needs, identify funding requirements and opportunities and decide on the best fitted option.

The above are valid for local administrations as well. Furthermore, Hendrick (2006) provides evidence that municipalities with professional fiscal management structure are

more likely to be in a health fiscal position. Similarly, Rubin and Willoughby found in their study that local governments with quality budgeting and financial systems present higher fund balances, which is an indicator of government fiscal health.

Finally, it should be noted that it is not only the capital markets that value positively public organizations with high quality management, but Gilmour & Louis (2006) highlighted that local governments in the US with well-developed management structures are likely to be allocated higher portion of the federal budget.

2.8.2 How strategic management and strategic planning in local administration can contribute to their financial growth

Jimenez (2011) identified the basic characteristics of strategic management and planning that they are linked with the financial position of local administration:

- Strategic management is closely connected with internal and external environments and a careful analysis of those is required;
- A complete management plan must include all the items that have been considered for the strategic planning, the budgeting, the strategy implementation and the methods to review and assess the performance;
- Via the strategic management, the local administrations adjust their financial situation to the external environment and current circumstances so that they manage the financial risk to which they are exposed;
- Creating a plan with written goals and objectives provides the local administration with a tool to better monitor themselves and the effectiveness of their operations; and
- Strategic management and planning impacts directly and indirectly the performance of the local administration.

The above are just some characteristics and more can be added on case by case basis, but they can serve as basis for local administrations when considering their strategic management and planning from a financial perspective.

2.8.3 Weaknesses and challenges of local administrations for developing strategic management and planning

All the above show clearly the key role of the good strategic management and planning in local administration. For this reason, it may be useful for the reader to understand, which factors on the other hand may impede the development of a successful management structure, which in its turn can delay the economic growth at either local or national levels. These factors can include the following:

- Political and regulatory changes in public administration
- Economic situation at national level, but globally as well
- Social changes, e.g. pandemic, remote working, flexible working schedule
- Lower income levels from goods and services provided by local governments, and therefore lower funds for future investments
- Lack of qualified personnel with strategic management and planning capabilities
- Key decision-makers, such as mayors, may not have appropriate qualifications to lead a strategic management and planning process
- Local administrations tend to concentrate more on social services which require more resources to be allocated to the immediate needs of their citizens, rather than strategizing and managing the organization

An explicit message of the above is that an analysis of the external and internal environments of the organizations is key in order to identify the weaknesses and challenges that can hold back their strategic management and planning.

2.9 Strategic management and planning from the private sector to the public sector

So far, we have reviewed the concepts of strategy, strategic management and planning, strategic planning process in general and then more specific in the public sector. We have also analyzed the importance of strategic management and planning in the public sector and their position in the local administration. Throughout our analysis we have noted that strategic management and planning in public sector derive from the private sector.

While several practices from the strategic management and planning in the private sector can, indeed, be used as reference for the public sector, e.g. in the framework of the

developing new public management concept, it is generally accepted that it is not very straightforward to incorporate the practices of the private sector into the public sector as such, because the theories that formulate strategic management and planning in private sector are based on growth, profit, and competitive advantages, which do not always match to the public sector, i.e. without adjustments (Caicedo, Martensson, Svardsten, 2018). The public sector has certain characteristics that should be considered separately.

Benedict Wauters in his paper (2017) examined the different characteristics of private and public sectors when it comes to strategic management and planning, and one of the main things he pointed was that in the public sector the starting point is the “value”, not the “competition”, which is a core difference.

In this context, Kelly, Mulgan and Mullers (2002), described the role of a government as being the steward of future generations, while private sector companies are accountable only to the current shareholders. Therefore, the public value element in the public sector should be in the center of any strategy.

In his paper, Wauters (2017) presents an interesting synthesis of the different reasons why private and public sectors are different which he has grouped in four categories and can be summarized in the following:

1. Differences linked to the external environment of the public sector organizations which:
 - have a different level of complexity because of the variety of stakeholders with conflicting interests, e.g. taxpayers v. service recipients;
 - cannot disregard the stakeholders’ demands that influence the policy formulation and implementation process;
 - have to deal with different political environments, and in some case instabilities with frequent changes in policies and authorities, e.g. frequent changing of governments that they have their own policy and agendas;
 - have less competitors, compared to private sector competitors, and are forced more to collaborations, rather than competition which can easily generate the competitive advantage of a private sector organization.
2. Differences linked to the aims of organizations, which for public organizations are:

- multiple and diverse and many times conflicting, as the stakeholders vary widely and it requires a special ability to balance and align them;
 - general and vague, which is an outcome of the required, in many times, political negotiations and consensus required in order to satisfy as much demands and stakeholders.
3. Differences linked to the internal characteristics of public organizations which:
- involve more bureaucracy, meaning that there are multiple formal procedures that should be followed in the decision-making process, with a higher level of risk reluctance, less flexibility, and more people involved;
 - can be counter-productive with more focus on rules, formalities and processes rather than on outcomes, which results in delays and nuances;
 - has less autonomy for public sector managers to instruct, engage and coach lower level staff, as the rules around on hiring, promoting, rewarding and dismissing civil servants are less flexible in the public sector.
4. Differences linked to the culture in the public sector and its staff which are assumed to be:
- less money-oriented and therefore less likely to be driven by financial rewards;
 - motivated by a stronger desire to serve the public interest and promote public welfare;
 - less likely to feel a sense of personal significance as it is less evident to see the connection between their contributions and the growth of their organization because of the abstract nature and big size of many of the public organizations, the multiple levels of policy development and implementation networks, the lack of clear guidance as well as performance indicators.

It becomes evident that the public sector has a special nature and purpose, priorities, different stakeholders and much different cultures and human resources. All these are factors to take into account when formulating strategic management and planning in the public sector, although it cannot be entirely excluded that best practices from the private sector cannot serve as a pattern for the public sector.

3. Case study – Strategic management and planning in the Greek local administration

A common characteristic between the Greek local administrations, mainly municipalities, is there inability to successfully manage their financial situation which have a direct impact in the quality of the public services, the sustainability of the organizations and of course their growth. In 2010, a milestone administrative reform was introduced, named “Kallikratis” which completely reorganized the municipalities and replaced the prefectures with regional units (in Greek: περιφέρειες).

In the preparatory works of Kallikratis, the long-lasting issues that the local administrations have been facing were noted and they relate to: population, society, economy, geography, development and growth, culture and spatial planning.

The new law L.3852/2010 (FEK A’/87/7-6-2010)¹ regarding the new architecture for the local administration (“**L.3852/2010**”) is the outcome of Kallikratis which for the first time made it mandatory for regional units to develop business plans as they are generally called. In fact, these plans can be found with different names, e.g. strategic planning, business plans, plans for developments and growth, depending on the administration level, time and purpose (if there is a special one) – however, the framework for their design is based on the guidelines provided by L.3852/2010, and can generally be understood as strategic plans.

This is not the first time though that the concepts of strategic management and planning are introduced in the Greek local administration. Municipalities are obliged to develop and implement business plans since 2006, according to Article 203 of L.3463/2006 (FEK 114/A/8-6-2006)² (“**L.3463/2006**”).

3.1 Business plans of Greek municipalities

Legal framework

Based on Article 203 of L.3462/2006, the business plan should include a comprehensive plan of priorities for actions focused on local growth and should aim in the implementation of a strategic planning of the local administration. The business plan is mandatory for

¹ <https://www.e-nomothesia.gr/autodioikese-demoi/n-3852-2010.html>

² <https://www.e-nomothesia.gr/autodioikese-demoi/n-3463-2006.html>

municipalities with population over 10.000 and should cover a 4-year period. It should be designed in the first 6 months of the governance period (usually this is 4 years) and in accordance with Article 206 which provides the content and structure of the business plans:

- The business plan should provide the strategic goals, priorities of local growth, the organization of the resources of the local administration and the specific actions for the accomplishment of the strategic goals.
- The business plan should provide the budget for the envisaged actions and the existing funding sources.
- The business plan should comply with legal requirements and regulations in order to be approved. Once approved by the regional unit, the municipalities should break down the business plan in shorter yearly action plans.

Main characteristics

The main characteristics of a business plan of municipalities can be summarized as follows:

- it must be a complete and well-structured plan for the local growth and development, as well as the management of local administration;
- it must serve as the action plan for the local administration and its organizations;
- it must be integral to the daily actions of the local administration and their management; and
- it must be designed by the local administration and its stakeholders, e.g. organizations of the municipality, public managers, employees, decision-makers.

Main goals (general and individual)

Based on the aforementioned, it can be noted that the basic goals of a business plan are the promotion of the local growth and development, the development of local administration as a public organization and the collaboration between different local administrations and organizations.

In more detail, the goals that local administrations are looking to accomplish with the business plans are:

- to ensure and upgrade the physical environment within their jurisdictions;
- to operate efficiently and effectively and manage their resources;
- to promote their social role for their jurisdictions;

- to ensure and develop the public welfare;
- to improve the public services;
- to attract funds and efficiently and effectively utilizing them;
- to address and limit issues that impede the public welfare and growth;
- to develop collaborations and partnerships with internal and external stakeholders;
- to support and encourage the participation of the citizens in the public affairs, decisions and actions.

Planning process

The planning process that is proposed for the strategic planning and business plans in municipalities does not differ much from the planning processes that we have analyzed in prior section. Kotios, (2018) suggests that the strategic planning process should follow the below steps: (a) analysis of internal and external environments, (b) development of a strategic planning, (c) implementation of the strategy and the business plan.

Monitoring

Monitoring and evaluation are also envisaged in the strategic management in local administrations and the authorities should establish mechanics that would effectively and accurately monitor their performance, e.g. budget reviewing and evaluating of financing results is one common method.

3.2 Strategic planning at Greek regional units

Legal framework and responsibilities of the Greek regional units

The high significance of strategic management and planning at the level of the regional units is evident even from the fact that it is placed first in the L3852/2010 which sets out the nine fields for which they are responsible.

Based on Article 186 of L.3852/2010, the regional units are responsible, amongst others, for the sector of planning and growth which involves in more detail the following activities:

- Designing the developing a plan for the regional unit, implementing related actions and monitoring;
- Specifying the objectives and directions of the growth strategy;

- Preparing proposals for the development policy of the regional unit;
- Promoting the national strategic goals;
- Managing, controlling and implementing specified development related actions;
- Preparing the business plan for the development of the regional unit;
- Approving specified and individual business plans related to the development of the regional unit;
- Coordinating the resources and functions which will be involved in the implementation of the business plan and monitoring its implementation;
- Proposing actions and measures targeting to the development of the regional unit to the national public organizations;
- Preparing general and technical studies relevant for the development of the regional unit;
- Partnering with stakeholders to prepare proposals for specific development projects that can be funded by the EU initiatives and regional programs;
- Finalizing, approving and monitoring the implementation of the annual public investments projects that are carried out at the level of the regional unit;
- Monitoring, and even conducting audits, the resources and organization which are involved in the implementation of the projects, in order to ensure that the projects are executed smoothly and all the compliance rules and budget are followed.
- Monitoring the implementation of projects that are funded with national funds, by the Public Investments Plan or other funds;
- Allocating the credits of the Public Investments Plan;
- Allocating and approving the funds of the Public Investments Plan;
- Assigning the beneficiaries of the funds of the Public Investments Plan;
- Collecting, reviewing and verifying data (geographical, demographic, economic, social and others) that are relevant for the regional union;
- Monitoring and evaluating the planning and implementation of all the development and regulatory initiatives in the jurisdiction of the regional unit;
- Forming a technical committee whose main goal would be to opine on proposals for development and investments projects, in accordance with the relevant laws;
- Following the procedures related to investment projects from receiving the proposals to monitoring their implementation;

- Establishing control and audit mechanisms, such the Regional Control Bodies, that would be responsible for approving and auditing the expenses in relation to the execution of specified projects;
- Paying approved subsidies for investment costs, monitoring the implementation of the investment project and verifying the starting of the production when the project is completed;
- Recording the new job positions that are created from the progress of approved investment projects;
- Providing necessary data, as requested, regarding the investments to the Ministry of Finance, Competition and Shipping;
- Preparing of technical reports for private investments that are part of the business plans;
- Creating and operating a data basis for the support, monitor and evolution of small and medium enterprises of the regional unit, per industry and sectors of the economy;
- Preparing proposals and measures for the development of the small and medium enterprises and submitting these to the Ministry of Finance, Competition and Shipping;
- Informing and supporting small and medium enterprises in order to promote and develop their entrepreneurial activities and competitiveness;
- Submitting proposals to the relevant stakeholders for measures that aiming at improving the life quality of the citizens and public welfare; and
- Opining for any subject (regional or general), when asked.

The strategic plans of the regional units

In assisting the regional units with the designing of their plans, the relevant authorities have issued the Circular 35829/2010 (FEK B' 2642/06-10-2014)³ and the Circular 95189/2020 (FEK B' 3961/16-09-2020)⁴ which provide guidelines on the content of the strategic plans.

Based on the most recent one, the strategic plan of regional units should include at least the following:

³ <https://www.taxheaven.gr/circulars/19663/ariom-35829-22-9-2014>

⁴ <https://www.taxheaven.gr/circulars/34214/95189-2020>

1. Analysis of the exiting situation of the regional unit, including also the legal framework under which the administration will prepare the plan, the national provisions related to the planned strategies for the regional unions, the SWOT analysis, the evaluation of the existing situation;
2. The strategic planning for the development of the regional unit for the period 2021 – 2025, which should include the strategy of the regional unit for this specified period, the setting up of individual objectives and their alignment with the development goals of the National Development Plan, the priorities and their alignment with the priorities of the National Development Plan, a detailed budget noting also the sources for the funds.
3. The technical support for the program, which will support in achieving the goals and priorities and will ensure the smooth execution and management.
4. The contribution of the proposed business plan in the national policies and its alignment with the European and national strategies;
5. The contribution of the strategic plan in sustainable development, equal opportunities and abolishment of discriminations;
6. The organizations / functions / bodies that would manage the business plan, and their legal and operational framework;
7. The main criteria for selecting individual projects that would be part of the business plan;
8. Any special and technical issues; and
9. The brief description of the strategic planning process, describing the steps followed as well as the involvement of stakeholders.

From all the above, it becomes clear that strategic management and planning is core nowadays for the local administrations and the national government and legislator are taking all the necessary measures to promote them and ensure that the local authorities would use them as their roadmap for the growth and development of their regions.

In the Chapter 5, we will see the strategic / business plans that have been developed by the Regional Unit of Western Macedonia in the last decade and we will zoom in also in the strategic planning process.

4. Study methodology and methods

The study methodology combines a review of the international literature on the field of strategic management and planning focused on the public sector and local administration and a case study, i.e. the strategic planning and management in the Greek local administration and the particular example of the strategic plans developed for the Regional Unit of Western Macedonia (“**PDM**”) during two administration periods, i.e. for 2015 – 2019 and 2021 – 2025.

After presenting and critically discussing the international literature, we describe the legal framework around the strategic management and planning for the Greek local administrations. Then, we present and analyze (narrative analysis) the last two, which are the only ones available, strategic plans developed for the PDM, and throughout the case study, we try to identify how the theoretical concepts of strategy, strategic management and planning have been approached by the local administration of PDM, as well as the tools used in these processes, and whether they have followed the legal provisions. Furthermore, we provide a comparative analysis of the two strategic plans and highlight their key characteristics and takeaways.

Hence, the case study addresses the main question of this dissertation, i.e. what strategic management and planning entail in local administration.

The data for the case study were collected from the official website of PDM (<https://www.pdm.gov.gr/>) during the months of June and July 2021 and therefore represent secondary data (desktop research). It should be noted that the strategic plan for the period 2021 – 2025 is only in its first version (not in final form) and it was open for public comments until 5 May 2021. At this stage, the administration of PDM is reviewing the comments received and it is unknown when a revised version would become available.

5. Presentation of data for the case study – Strategic management and planning: The case of the Regional Unit of Western Macedonia

This chapter studies the strategic plans developed for PDM during two administration periods, i.e. for 2015 – 2019 and 2021 – 2025. PDM consists of four individual units, Grevena, Kastoria, Kozani and Florina, that are located in the north west part of Greece. For the purposes of our analysis and in order to understand through a practical example what strategic management and planning entails in local administration, we studied both plans and we present below their basic characteristics, similarities and differences, the procedures followed, and outcomes that can be relevant for the future.

5.1 Strategic planning for the period 2015 – 2019⁵

On 27 January 2019, the Regional Council of PDM approved the strategic plan for the period 2015 – 2019 (“**2015 Plan**”). The plan was developed based on L.3852/2010 and the Circular 35829/2010.

In the introduction of the 2015 Plan, it is already acknowledged that the lack of strategic planning and management in the past years has held back the development of the region and that the modern world requires specified strategic plans and initiatives. In this sense, the strategic planning as legal requirement for the regional units was welcomed. Hence, in the first part of the 2015 Plan, the focus was on presenting the current situation and the proposals that will aim to transform PDM in a development hub.

5.1.1 Main characteristics of the 2015 Plan

The main characteristics of the 2015 Plan as presented by PDM are:

- It is a complete program for the development of the region and improvement of the administration itself.
- It is the action plan which reflects the vision of the authorities of PDM and their priorities.
- It is an integral to the day-to-day operations and activities of PDM.

⁵ <https://www.pdm.gov.gr/egkrisi-schedioly-stratigikoy-schediasmoy-perifereias-dytikis-makedonias-2015-2019/>

- It is designed with the participation of all relevant stakeholders within and outside and the administration of PDM.
- It will be implemented in steps, via the annual project plans, and evaluated based on certain performance indicators.

5.1.2 Structure of the 2015 Plan and planning process

Firstly, the 2015 Plan presents an overview of the region of PDM, which as noted consists of the units of Grevena, Kastoria, Kozani and Florina, and describes the main features of each unit. Then, it presents the distinct characteristics of PDM as a whole by development sector, i.e. (a) environment and growth, (b) social care, health, education, culture and sports, (c) local economy and employment.

The second part is quite interesting as it focuses on the evaluation of the current situation in PDM and for this the below steps were followed:

- a SWOT analysis was conducted for the whole region of PDM per the strategic goals as they had been identified in the project “Europe 2020” which included the following: (1) R&D, technological development and innovation, (2) access, use and quality of IT systems, (3) competitiveness of small and medium enterprises, (4) switching to a low emission economy (5) promotion of adjustment to the climate change, prevention and managing of dangers, (6) protection of environment, (7) promotion of sustainable means of transportation, (8) promotion of employment and support of mobility, (9) promotion of social inclusivity and dealing with poverty, (10) investment in education, capabilities and lifelong learning, (11) improvement of the effectiveness of the local administration from an operation perspective and (12) promotion and support of agricultural growth;
- a survey among the public servants was conducted to examine the resources available for the execution of the plan. The survey revealed the lack of physical resources, such as computers and inefficient IT systems, lack of directions and guidance, lack of management and coordination and lack of qualified personnel. To this regard, the 2015 Plan proposes certain measures for the development of the efficiency and effectiveness of the local administration including but not limited to the simplification of procedures that would reduce bureaucracy, communication, establishment of a new administration system with strategic goals, evaluations and performance indicators;

- as a result of the above analyses, the key issues were identified in the three sectors mentioned above, plus in the sector of administration of PDM as a public organization; and
- the competitive advantages, 33 in total, of each regional unit were identified – however, it should be noted that the 2015 Plan does not describe how the advantages were identified.

Subsequently, and by taking into account the outcomes of the previous steps, the 2015 Plan presents the strategy for PDM and how this was designed. The 2015 Plan includes the vision and the mission of PDM, the directions and values, and the goals. The goals are then broken down in specific objectives and measures / actions. Finally, the 2015 Plan refers to funding sources. In more detail:

- The basic axis of the 2015 Plan is the public welfare.
- The mission of PDM was defined as the design and implementation of development policies aiming at the improvement of the life quality of the citizens and public welfare, the economic / social / cultural growth of the region, by making use of the local and regional competitive advantages.
- The vision of PDM referred to a strong region which will have the people in its center and focus on public welfare via a competitive, qualitative and open sustainable growth that would be based on the promotion of the local characteristics and the modernization of the local administration, resulting in a recognized and modern center of mobility, energy and business.

The strategic plan is also depicted in Figure 8 below.

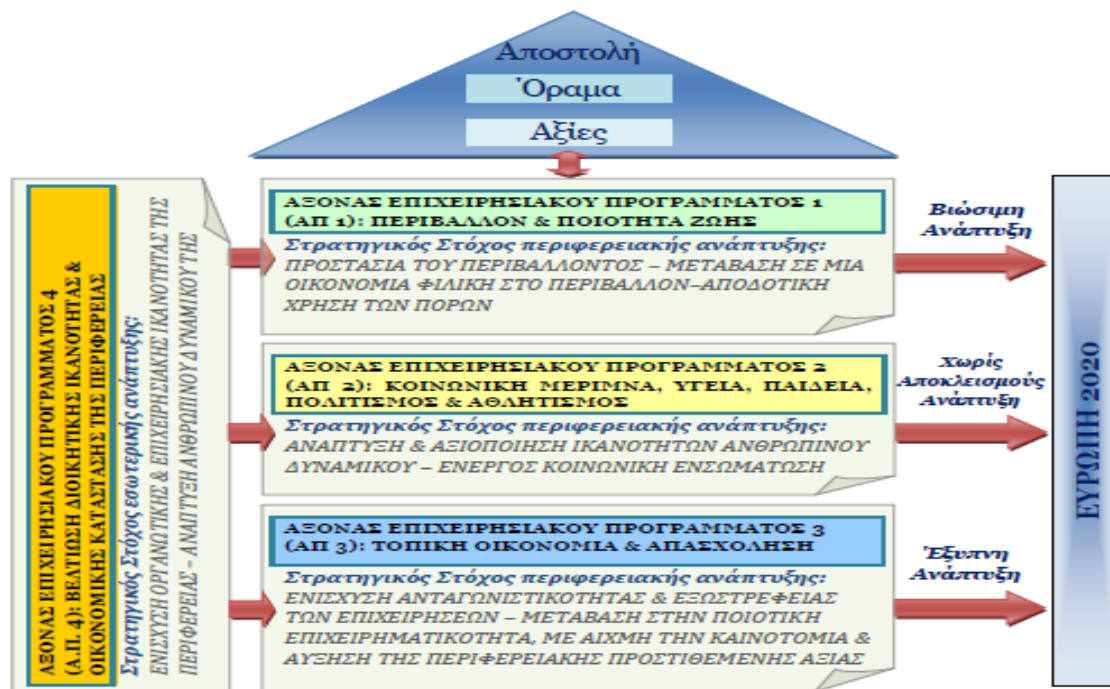


Figure 8: Strategy of PDM for 2015 – 2019. *Source: Business Plan of PDM 2015 2019 - Strategic Planning (2015)*

5.1.3 Observations

Based on the above we can summarize our observations on the 2015 Plan in the following:

- The main characteristics are similar to the ones required for the business plans of the municipalities.
- The basic axis of the 2015 Plan is the public welfare, which is an indicator of the “public value” element that is found in strategic plans of public sector worldwide.
- While the goals that are used as basis for the SWOT analysis are in line with the “Europe 2020” project, they do not necessarily address clearly and to the point the different factors of the external and internal environments.
- Competitive advantages of the four regional units appear to be material for the strategic plan and development of the region, however the 2015 Plan does not provide details on how the advantages mentioned therein were identified.
- The goals, objectives and actions seem well-structured, but there is no specific timeframe for their execution.

- Finally, the 2015 Plan does not describe how the structuring plan will be managed, i.e. how it will be implemented – there is not sufficient information for resources and budgeting - and monitored.

5.2 Strategic planning for the period 2021 – 2025⁶

On 20 April 2021, PDM released the first version of the strategic plan for the period 2021 – 2025 which is called Regional Plan for the Development of Western Macedonia for 2021 – 2025 (“**2021 Plan**”). The plan was open for public comments until 5 May 2021. At this stage, PDM is reviewing the comments received. However, even if not in final form, we can study the plan and make preliminary comments.

5.2.1 Main characteristics of the 2021 Plan

The plan was developed based on L.3852/2010 and the Circular 35829/2010 and its estimated cost is approximately EUR 105 million. In accordance with these rules, the 2021 Plan provides:

1. description of current situation and limitations of PDM;
2. description of individual strategic goals that would promote the development and alignment of these objectives with priorities and specific projects that would be implemented for achieving the goals;
3. description of output indicators and potential beneficiaries;
4. detailed financial presentations;
5. general criteria for selecting which project proposals will be implemented;
6. suggested resources for management of the plan and description of the management plan; and
7. justification for the compatibility of the plan with the National Development Plan and the relevance with other policies.

5.2.2 Structure of the 2021 Plan and planning process

Firstly, the 2021 Plan describes the region of Western Macedonia and its four individual units highlighting the pillars on which the growth of the region has been based so far and recognizes the urgent need to adapt to the new environment and trends (e.g. de-lignification, post-covid environment, etc.). Another indicator for the urgency to transform the region and

⁶ <https://opengov.pdm.gov.gr/cons/wp-content/uploads/2021/04/PPA20042021.pdf>

promote its growth is that in the period between 2011 and 2018 it is estimated that the population of PDM was reduced by nearly 5% which is mainly due to the financial crisis.

The 2021 Plan includes numerous statistical data for the region that are used as tools to identify the issues and opportunities, and as sources for the SWOT analysis that follows. The SWOT analysis for the region is based on the pillars that also form the strategic goals of the 2021 Plan: (a) smart development, (b) green development, (c) social development, (d) infrastructure development and (e) promotion of an extrovert and open region. A helpful element in the plan is that it briefly mentions the strengths, weaknesses, opportunities and threats for each pillar before analyzing in more detail.

The strategic plan for PDM is based on the five pillars mentioned above which are also the strategic goals. For each goal, there are priorities, objectives and specific actions. The overall strategy of PDM is briefly depicted in the below chart (Figure 9).



Figure 9: Strategy of PDM for 2021 – 2025. *Source: Regional Plan for the Development of Western Macedonia 2021 – 2025 (2021)*

While the plan provides a detailed budget for the accomplishment of each objective and related actions, and the allocation of the total budget between these items, it also mentions that additional funding may be required.

Moreover, the 2021 Plan envisages the establishment of a new organization within PDM that will be responsible for the management of the strategic plan. The 2021 Plan provides details for the creation of this new body and explains its responsibilities. In short, the management team would be responsible for the initiation of the program, the selection and integration of individual projects, the budget, the monitoring and evaluation of the projects and the overall progress of the strategic plan, and the final review and report.

Finally, the 2021 Plan describes the planning process followed for its preparation which included:

- Analysis of the legislative framework and national development plans;
- Internal and external environmental analysis of PDM and setting of strategic goals and objectives;
- Definition of the development prospects of PDM in conjunction with the National Development Plan;
- Preparation of a detailed budget for the 2021 Plan;
- Preparation of the performance and financial indicators for the monitoring of the Plan 2021; and
- Set framework for the establishment and operation of the organization that would be responsible for the management of the Plan 2021.

5.2.3 Observations

Based on the above, we can summarize our observations on the 2021 Plan in the following:

- The plan is clearly structured based on the guidelines provided in the law
- It has been developed based on the five strategic pillars which is helpful to align the issues, with prospects and goals
- The plan does not clearly indicate the competitive advantages of the region and/or the four units
- The plan does not contain a vision, and the mission is not clear enough
- Budgeting per goal and objectives is a good indicator for review

- The responsibilities of the management team are well defined and complete the strategic plan
- The strategic planning process follows the Bryson model adjusted as needed for the specific case here

5.3 Comparative analysis of the 2015 Plan and 2021 Plan

To sum up, both the 2015 Plan and the 2021 Plan have succeeded to set the strategic goals and objectives for the development of PDM following strategic planning models available in the international literature and practice and according to the relevant Greek laws. In particular, both plans contain an environmental analysis, including SWOT analyses. The environmental analysis, on which the international literature is also rich, is critical which provided lots of insights for the current situation of PDM and its position in the country, also compared to other regional units.

Also, in both plans, their ultimate purpose of public welfare, which will be achieved via the regional growth, is evident and to this regard they both stress the importance of an effective strategy for the region.

The 2015 Plan follows a more traditional approach, as it clearly defines the vision, mission and objectives, however, it does not provide details for the implementation of the plan and budget, as well as monitoring process and tools. As such, evaluation the 2015 Plan and its contribution to the growth of the region would not be a simple task.

On the other hand, the 2021 Plan seems to be a more thoughtful and structured plan with clear objectives which are budgeted and provides the rules for establishing the management team. These are elements that can become key for the successful completion of the plan as they provide clean guidelines and put pressure on meeting certain goals at certain timeframes. The contribution of this plan to the development and growth of the region is to be seen, but as a starting point, it has the necessary elements to do so.

It should be noted that the 2015 Plan, was the first attempt of such plans at regional level and therefore it is not supposing that the 2021 Plan is a more comprehensive one. As a final observation, we should note the importance of the involvement of a strategic management team which can ensure the implementation and review of the strategy not only by the current administration but by the future ones.

6. Discussion

The study of the Greek legislative framework for the strategic plans and the Plans 2015 and 2021 show the add value of the strategic planning and management in the local administration in the current world and this is already clear from the fact that the legislator have listed them as the first responsibility of the regional units in the L3852/2010. From the study, we also understand that the concepts and models developed in the international literature have been followed as guidelines in practice, which means that the theoretical framework is a helpful tool that the local administrations can use as reference. Finally, as it happens with every other concept, strategic planning and management, are developing ideas and there is always room of improvement and the study was useful to this regard to identify potential loopholes on which we can make certain recommendations

6.1 Theoretical implications of the study

The international literature and researches underline the benefits of an effective strategy for the public sector organizations and highlight the role of strategic management and planning. Whether defined as an approach or process, strategic management and planning are found to serve as the roadmap for a public organization and an integral part of local administration. The case study verifies the views expressed in the literature and research findings, as the Greek legislator have realized the significance of having regional strategic plans and have made it a mandatory priority for municipalities and regional units to set their own strategic plan for their administration period.

The case study also confirmed the importance of the strategic planning process and the environmental analyses in this process. For both the 2015 Plan and the 2016 Plan, PDM performed PESTEL and SWOT analyses as a starting point in order to assess the current position of the region.

The international literature pointed the tasks of monitoring and reviewing the strategy as key for a strategic management, which also referred as strategic learning. Indeed, based on the study, we noted that as the legislation develops, having a team responsible for the management of the strategy have become another requirement.

6.2 Managerial implications

Based on our observations from the case study, we would suggest the following points to be taken into account in strategic planning and management in the local administrations:

- Educate the stakeholders who will be responsible for the strategic planning process and strategic management around these concepts and their mechanics;
- Promote the involvement of the public in the strategic planning process, e.g. by actively conducting open researches via questionnaires;
- Clearly communicate the vision, mission and objectives, as well as the strategy to the public and the stakeholders who will be responsible for the strategy implementation and monitoring in order to motivate them and keep them engaged; and
- Cooperate with the private sector, where appropriate, to share experiences on the strategic planning and management and integrate successful methods, as appropriate.

We believe that these proposals are in line with the current trend of strategizing in the public sector and can help local administration to develop their skills in this field and achieve better results.

6.3 Limitations and recommendations for future research

The study herein is mainly based on secondary data and focusing in one region, that of Western Macedonia.

While the strategic planning is mandatory for the Greek regional units only as from 2010 and we would not expect to find lots of historic data to analyze in more detail how the local administrations have implemented strategic planning and management through the years, it would be worth conducting a broader study (which could be both qualitative and quantitative) to cover the total of the Greek regional units.

Moreover, direct interviews with those who were involved in the development of the strategic plans would be useful to get a direct feedback of how they found the process, what they have really enjoyed, where they find the significance, what are the areas of improvement.

Another idea would be to conduct a research among the employees of the local administrations, similar to the 90s' ones of Flynn and Talbot and Berry and Wechsler in the UK and the US, respectively, to have their perspective as well.

Additional researches would definitely explain further the question of this study, i.e. what strategic management and planning entails in the local administration and the concepts will develop to align with the needs of the public and contribute to the local growth.

7. Conclusions

Strategy, strategic management and strategic planning are concepts that have been existing for decades in the private sector, and those organizations which focused on these elements and formulated and implemented a good strategy have managed to succeed and achieve their desired goals and long-term directions. The organizations of the public sector have only started to familiarize themselves with strategic planning and management in the 1980s. However, the positive results were quickly noticed and we see more and more national governments, local administrations and other public organizations to integrate strategic planning and management in their functions.

An important element of strategic planning and management is actually the strategic planning process, which involves the definition of the vision, mission and values of the organization, the set up of objectives and the development of a strategy. Implementation and monitoring of the strategy, together with strategic planning, make up the strategic management.

The strategic planning process is important because throughout this, the organization gets to know itself. During the process and the analysis that are carried out, e.g. PESTEL analysis and mainly SWOT analysis, the organization is able to analyze the macro-environment in which it (wishes to) operate and to analyze its external and internal environment and identify its competitive advantages and position in the market. Without the strategic planning process, a strategy cannot be formulated. And, without a strategy, there is no clear direction and path to success.

The strategic planning process is more or less the same for both the private and public sector, but it is true that applying strategic planning and management in the public sector is much different than in the private sector and this is because of its nature – the public sector's ultimate goal is the creation of public value, not the competition. Hence, when formulating a strategy and going through the strategic planning and management processes, public sector organizations should take into account their specific characteristics.

The development of strategic planning and management has reached Greece in 2006 where the design of a strategic plan became mandatory for the municipalities. As from 2010, the same requirement applies to regional units. During this study, we noticed how the strategic planning process has developed over the past years in the Greek local administration, by

comparing the 2015 Plan and 2021 Plan, and the steps that were made towards a more systematic and structured strategic management. It is with no doubt encouraging that the local authorities recognize that strategizing is key for the growth of their region, however, it appears from the recent plans that were studied here, that there is still room for improvement and to this regard some proposals were made in section 6.2 above.

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