

THE IMPLEMENTATION OF STRATEGIC MANAGEMENT IN LOCAL GOVERNMENTS. AN INTERNATIONAL DELPHI STUDY.

VICENTE PINA
LOURDES TORRES
ANA YETANO

Universidad de Zaragoza, Spain

ABSTRACT

Strategic management in the public sector is a controversial issue. Both supporters and detractors coincide in the difficulties of introducing the changes that it involves. This paper analyzes the different factors involved in the implementation process of strategic management and how they affect the result of the implementation. We study twelve local governments in Australia, Spain, Sweden and the USA with acknowledged experience in strategic management. We find that, although local governments state similar objectives, they are not always consistent with the efforts carried out in the strategic management implementation process. We also show that the behavior of the personnel is a key aspect of the implementation process.

Keywords: Strategic Management, Local government, Delphi

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INTRODUCTION

In recent decades, local governments have introduced a wide range of techniques to improve their management. The objectives pursued vary depending on the initiatives, the implementers, the specific contexts and

the moment. Nevertheless, they have usually been to reduce costs, to improve performance in terms of quality, efficiency and effectiveness, to improve citizen satisfaction, to become more responsible and accountable and to improve citizen trust in government. In spite of the criticisms about the suitability of some of these techniques or the difficulties that they imply in practice, public sector organizations are “obliged” to introduce new ways of managing their resources as traditional managerial processes seem to have serious shortcomings. Management improvement has become a must as the environment has become more competitive and uncertain (Naschold and Daley, 1999).

This atmosphere of necessary change has encouraged the implementation of performance measurement (Bouckaert, 1993; OECD, 2005; Yang, 2007) and strategic management systems (Vinzant and Vinzant, 1996b; Poister and Streib, 1999, 2005). Public organizations, particularly local governments, have embraced different management initiatives and municipal managers have adopted recognized private sector management tools (Chan, 2004), such as the Balanced Scorecard (BSC), the Triple Bottom Line (TBL) and Global Reporting Initiatives (GRI), in their quest to introduce strategic management. Poister and Streib (1999, 2005) show the growing interest in strategic management in the public sector, despite the difficulties of implementing it in the public arena. According to Chan (2004), in the USA and Canada, most municipal governments have developed measures to assess their key organizational areas such as finances, customer satisfaction, operating efficiency and employee performance.

This paper aims to analyze the different factors involved in the implementation process of strategic management and how they affect the result of the implementation. We study the behavior of local

governments when implementing strategic management, taking the BSC¹ as a benchmark, and to what extent that behavior explains the degree of alignment between local governments' publicized objectives and the actual configurations of their strategic management system. The sample is made up of local governments with acknowledged experience in strategic management in Australia, Spain, Sweden and the USA. This study contributes to a better understanding and planning of the implementation of strategic management initiatives in local governments.

The rest of the paper is structured as follows: in Section 2, we introduce strategic management in the context of the public sector; in Section 3, we present the theoretical framework; Section 4 develops the methodology; Section 5 contains the analysis of the results and Section 6 the discussion. Finally, we draw conclusions about the main findings of our study.

STRATEGIC MANAGEMENT FRAMEWORK IN THE PUBLIC SECTOR

In the eighties, New Public Management initiatives drove the public sector in the direction of management. Since then, the focus on securing organizational change as opposed to organizational maintenance has become more important in the public sector (Ferlie, 1992), and public

¹ As there are many ways to introduce strategic management, we have used the BSC as a benchmark to compare initiatives with similar characteristics. We chose the BSC because it was designed to respond to the need for integrated management systems and because it is considered a useful tool for implementing strategic management (Kaplan and Norton, 1996, 2005, 2007). For an extended explanation of the model and its evolution from a performance measurement system to a strategic management framework, see among others Kaplan and Norton (1996, 2005, 2007).

sector reforms have increased awareness of the importance of strategic choices about how to provide public services. The need for strategic management practices in the public sector grew when public organizations moved from relatively stable environments into more rapidly changing and competitive ones that are characterized by resource scarcity (Montanari and Bracker, 1986). Ansoff and Hayes (1976) argued that strategic management was needed in environments where new patterns of power and influence were emerging, where basic norms and values were being challenged and where the legitimacy and social utility of the organizations was being redefined.

Bracker (1980) defined strategic management as the application of the concept of business strategy. For him, strategic management involves the analysis of the internal and external environment of an organization to maximize the use of resources in relation with the organizational objectives. For Ansoff (1972), strategic management is concerned with establishing and maintaining a set of relationships between the organization and the environment which enable it to pursue its objectives, are consistent with the organizational capabilities and fulfill the demands of the environment. Strategic management, in the public sector, encompasses the whole process of developing and managing a strategic agenda (Poister and Streib, 2005).

Ansoff, Declerck and Hayes (1976) argued that strategic management was a response to the shortcomings of strategic planning which produced plans but not actions or visible changes. Comparing strategic planning with “the symptoms of a foreign organ transplant”, they claimed that an organization focused exclusively on strategic planning will neglect the potentially more important need to change its internal culture. Strategic management is a behavioral phenomenon that involves the managers, the structure, the process and the total management system of planning implementation and control (Davous and Deas, 1976).

For Vinzant and Vinzant (1996a; 1996b), strategic management in the public sector involves profound changes in organizational cultures and its successful implementation requires time, resources, strong leadership and commitment. But, strategic management is not without controversy as there are authors that doubt its applicability to the public sector environment. In general, the adoption of private sector models has been viewed with much skepticism in the literature on public administration and public management (Parker and Subramaniam, 1964; Ranson and Steward, 1994; Boyne, 1996).

THEORETICAL FRAMEWORK

Institutional theory has been extensively used by academics to explain the adoption of managerial accounting innovations and voluntary disclosures (Ribeiro and Scapens, 2006). Institutionalism describes the adoption of reforms through isomorphic processes that explain the homogeneity of organizational structures within organizational fields (DiMaggio and Powell, 1983). Similarly, resource dependence theorists have also stated that organizational fields can influence the actions of an organization, both through networks and dependency relations (Pfeffer and Salancik, 1978).

Both theories view the implementation of strategic management as a response to the pressures from the organizational field. These theories consider organizational fields as contexts imposing requirements and/or constraints on organizations (Scott, 2008). They claim that if organizations operating within a given context want to be successful, they are obliged to conform to the dictates of their institutional environments (see DiMaggio and Powell, 1983; Powell, 1988). As such, performance information systems have been seen as attractive reforms by elected officials who value their symbolic benefits, but who are

reluctant to undertake important changes that could dismantle the traditional civil service (Moynihan, 2009). These theories have overestimated of the role of the taken-for-granted rules in an organizational field (Oliver, 1991; Beckert, 1999; Sandfort, 2003; Cooney, 2007).

However, Scott (2008) argues that corrections and refinements to both theories have recognized, in addition to the influence of organizational fields, the possibility of choice and of agency behaviors among actors -both individuals and organizations. Attention turned to analyzing the role of agency in organization-environment relations –some examples are DiMaggio (1988), Oliver (1991), Scott (1995), Kostova *et al.* (2008). Several authors (among others, Oliver, 1988; Oliver, 1991; Barman, 2002) have characterized organizations as strategic actors responding to changing conditions.

Oliver (1991) established different types of organizational behavior or strategy –acquiescence, the most likely option, compromise, avoidance, defiance and manipulation– from the analysis of five factors: cause, constituents, content, control and context. These strategies are a result of combining institutional and resource dependence theories. Defiance implies rejecting the change and manipulation is the purposeful and opportunistic attempt to influence institutional pressures to change (Nabatchi, 2007). These two strategies would not be expected in the implementation of a voluntary reform. So, in the implementation of strategic management, local government strategies will range between avoidance and acquiescence.

There is a growing body of literature that has developed the theoretical perspectives and methodologies to incorporate a multilevel analysis of the agency behavior of organizations and individuals (Barley and Tolbert, 1997; Sillince, Harindranath, and Harvey, 2001). Cooney (2007) shows that institutionalization is a highly contentious

process involving actors who engage, reject and, sometimes, transform the reform. In short, societal actors may have their own strategy. Burns and Scapens (2000) emphasize that, although institutions shape behavior, they are themselves the outcome of the actions of the individual members of the organization. Therefore, management changes must also be understood in terms of the behavior of individuals: their strategic behavior should not be underestimated. Organizations would be more successful if they dealt with their members' strategies by orienting individuals' strategic choices towards acquiescence.

METHODOLOGY

The Delphi method is a systematic approach for gathering experts' opinions. Hennessy and Hicks (2003) define the Delphi method as "a multiple interaction survey technique that enables anonymous, systematic refinement of expert opinion, with the aim of arriving at a combined or consensual position". It is a highly recommended technique to study areas where little is known about the topic (Hennessy and Hicks, 2003). The value of the Delphi method lies in its ability to generate ideas, both those that evoke consensus and those that do not. The Delphi method has been widely used in the private and public sectors in different areas with a variety of modifications and interpretations (Powell, 2003). According to Keeney *et al.* (2001), this technique has gained popularity in a great number of disciplines.

The method comprises a series of questionnaires sent to a pre-selected group of experts. These questionnaires are designed to elicit and develop individual responses to the problems posed and to enable the experts to refine their views as the group's work progresses. The essential elements of the Delphi method are an expert panel, a series of questionnaires, the search for consensus,

anonymous participants and feedback between phases. Typically, three rounds are carried out (Powell, 2003). The moderator can stop the process when the criteria for consensus are achieved, when results become repetitive or when an impasse is reached. Because the number of respondents is usually small, Delphi does not (and is not intended to) produce statistically significant results. So, the results provided by any panel do not predict the response of a larger population or even of a different Delphi panel.

In this study, the application of the Delphi method has been divided into two phases. The first phase was the design of the Delphi application in which we selected the panel of experts to be interviewed², carried out the preliminary interviews and designed the questionnaire based on the interviewees' answers. In the second phase, we applied the Delphi. First, the interviewees answered the first round of questions and we analyzed their responses. Then, we sent the second round of questions to those who answered the first round and analyzed the second round answers and the final results. As the results did not change much from the first to the second round and a sharp decrease in participation was observed, we considered further rounds unnecessary. In fact, according to the literature, almost all the improvements towards statistical reliability take place between the first and second rounds (Hennessy and Hicks, 2003).

The experts, for the preliminary interviews, were selected from among implementers of strategic management systems³. They were from Fairfax County and Prince William County, in the USA, and from San Cugat del Valles (hereafter referred to as San Cugat), in Spain. At the time, Fairfax County was considered one of the best American counties in the area of management (Ingraham,

² Three local governments were selected for carrying a pilot study.

³ The experts allowed us to indicate their position and the local government for which they work.

2003). Prince William County has been used in case studies of strategic management implementation in US public administration (Bernstein, 2001) and San Cugat is one of the most dynamic and innovative Spanish local governments and one of the first implementers of the BSC in Spain. The purpose of these interviews was to reach an agreement about the main areas of concern in the implementation and the benefits of Strategic Management Systems (SMS). We took the elements of the BSC as a framework: mission, vision, values, strategic plan and perspectives for the performance measures. The results of the interviews were used to design the questionnaire for the next round⁴. The questionnaires were sent to the department in charge of the SMS⁵.

In the first round, 23 local government implementers of strategic management systems were invited to participate in the Delphi study. The initial sample consisted of Brisbane, Holdfast Bay and Melbourne, in Australia, Kingston and North Bay, in Canada, Mataro, Mostoles and San Cugat, in Spain, Austin, Charlotte, Chula Vista, Fairfax County, Maricopa, Milwaukee, Multnomah County, San Jose, Scottsdale and Tucson, in the USA, Plymouth, in the UK and Gothenburg, Tierp, Norrtälje and Lulea, in Sweden.

⁴ For the design of the questionnaire, we also had the cooperation of Blue Wooldridge and Carolyn Funk at the Virginia Commonwealth University, USA.

⁵ The interviews were answered by managers or coordinators of the following areas or departments: the area of Corporate Services in Holdfast Bay, the area of Sustainable City Research (Dpt. of Corporate Services) in Melbourne, the area of Management Accounting and Cost in San Cugat, the department of Planning, Quality and Organization in Mataro, the Department of Budgeting and Management in Mostoles, the department of Finance and Administrative Services in Austin, the department of Budget and Evaluation in Charlotte, the area of Management for Results in Maricopa, the area of Public Outreach (Dpt of City Manager) in San Jose, the department of Human Resources in Scottsdale, the department of Budget and Research in Tucson, the area of Balanced Scorecard (Dpt of Human Resources) in Lulea.

All of them were distinguished in the implementation of strategic management systems. Some of them have received awards for the soundness of their systems. This is the case of Brisbane and Charlotte, which received the Balanced Scorecard Hall of Fame Award, and Austin, San Jose and Chula Vista which have been highlighted by the International City/County Management Association, Center for Performance Measurement (ICMA, 2004). Others have participated actively in initiatives to develop performance indicators. This is the case of Melbourne, which collaborates with the Global Reporting Initiative (GRI), Charlotte with the North Carolina Local Government Performance Measurement Project, Kingston and North Bay with Ontario projects of reporting systems, Maricopa with the Government Performance Project of The Maxwell School-Campbell Public Affairs Institute. Plymouth was considered a council that made good progress in addressing the corporate weaknesses identified through its corporate assessment in 2002 (Audit Commission, 2004). Finally, some of them, such as Multnomah County, Prince William and Tucson (Bernstein, 2001)⁶, Milwaukee (Hendrick, 2000), Scottsdale (Clifford, 1998) and Lulea (SKL– Sveriges Kommuner och Landsting –Swedish Association of Local Authorities and Regions)⁷, have been used in case studies of strategic management implementation.

In the second round, we re-sent the questionnaire to the first round respondents together with the results of the first round. Only 12 local governments answered the second round: Holdfast Bay and Melbourne in Australia,

⁶ Prince William County uses performance measures to monitor strategic initiatives, to guide the budget process and to allocate resources. Tucson has been monitoring performance measures for so long that, during the 1990s, the City had to reinvent how it monitored performance in order to focus attention on the achievement of community-identified priorities (see Bernstein, 2001)

⁷ See <http://www.skl.se>

Mataro, Mostoles and San Cugat in Spain, Austin, Charlotte, Maricopa, San Jose, Scottsdale and Tucson in the USA, and Lulea in Sweden. These entities are small and medium-sized local governments. They share common features and may have a more homogeneous culture than large local governments and central and regional governments (Torres and Pina, 2002). Because no noticeable differences between the answers to the first and second round were found, no further rounds were carried out. Only the answers of these twelve local governments have been considered as results from the Delphi study since they were the interviewees who completed the process.

We have also included, in Appendix A, some additional information obtained in the interviews, useful to better understand the answers of the experts and to give a detailed view of the strategic management system of each local government studied. This information includes the year of implementation, the reasons for implementation, who decided to implement the SMS, the perspectives of each strategic management model, external channels of strategic management communication and information about strategic management externally communicated by each local administration.

ANALYSIS OF RESULTS

Consensus or Lack Thereof

The global results of the Delphi study are shown in the following tables, which group the items thematically. In the first round, the interviewees were asked to score each issue according to its contribution to the successful development of their own strategic management system. Column A collects the opinion of the interviewees about both their experience in strategic management systems and what can be expected from them. We consider that there is consensus about the importance or non-importance of each

issue when the mean value of answers is in the first or the last third of the range. For example, in questions with two options (zero and one), the local governments had reached consensus when the score is between zero and 0.33 or between 0.66 and one. In questions with five options (one to five), they had reached consensus when the mean value of answers is between one and 2.33 or between 3.66 and five. The answers to the first round in which a consensus had not been reached (with a mean value between 0.33 and 0.66 or between 2.33 and 3.66) were sent to interviewees to be considered again.

The issues in the second round, those in which there was no consensus in the first round, could be interpreted as those whose importance and contribution to the successful implementation of strategic management systems is not clear for the local government implementers interviewed. Finally, consensus was achieved in some questions in the second round (column B). The absence of consensus enables us to identify where the differences in the implementation process lie. The synthesis of the final results of the Delphi analysis is as follows.

To what extent do strategic management systems follow the BSC model? The strategic management systems of local governments share the same characteristics as the BSC. Nevertheless, they are adapted to each organization's features. There is agreement about the main features of the strategic management system structure (Table 1): it should be based on the mission, on the link between management systems and strategy and on the use of perspectives in the SMS emulating Kaplan and Norton (1992) model. The perspectives developed by the different local governments show various approaches to the implementation process (Appendix A).

San Cugat uses the four Kaplan and Norton perspectives: Customer, Financial health, Internal processes and Growth and learning. Charlotte has defined four perspectives of its own: Serve the customer, Run the business, Manage resources and Develop employees. Lulea also has four: Personnel, Development, Customer and Private sector and society. Holdfast Bay and Melbourne, Mataro and San Jose only have three perspectives. Other local governments, for example, Austin uses the departments as perspectives. Maricopa and Tucson define the main lines of action as perspectives, while Mostoles, the last to introduce the model, develops them around the budgetary items.

Table 1

Main characteristics of the SMS

TO WHAT EXTENT DOES THE SMS FOLLOW THE BSC MODEL? (Yes=1, No=0)	A	B
Is the SMS based on your organization's mission?	0.92	
Has the local government linked its SMS to its strategies?	0.75	
Has the local government grouped its performance measures into different categories (e.g. personnel, financial, process and customer)?	0.83	
Do you consider that your organization's SMS fits the BSC definition?	0.67	

A. First round, B. Second round

The objectives of strategic management implementation. From the answers obtained in the interviews, nine principal objectives of strategic management implementation were extracted (Table 2). These objectives represent the main advantages that local governments seek from the implementation of strategic management and summarize the main concerns of local governments nowadays. The objective with the highest score is the *setting of meaningful goals*, showing that it is the main concern of public administrations in order to manage by objectives.

The next highest scores refer to the *improvement of efficiency and effectiveness, improvement of customer satisfaction and strategic planning. Cost reduction and improve accountability* were the objectives which aroused the least interest. As the human factor is the main cost in the provision of local services and *cost reduction* is not among the main objectives, it would seem that the implementation of strategic management techniques does not seek redundancies in the public sector. Although *improve accountability* is not considered an important objective by implementers in this survey, it should be highlighted that eight out of the twelve local governments interviewed make their strategic plans, performance reports and performance indicators available to the public (Appendix A).

Table 2

Objectives of implementing SMS

TO WHAT EXTENT DOES EACH OF THE FOLLOWING OBJECTIVES INFLUENCE THE DECISION TO IMPLEMENT A SMS? (response choices: 1= very great extent, 2= great extent, 3= moderate extent, 4= some extent, 5= not at all)	A	B
A) Cost reduction	3.00	2.75
B) Improvement in efficiency and effectiveness	1.92	
C) Improvement in customer satisfaction	1.92	
D) Improvement in the decision-making process	2.08	
E) Alignment of the organization to its mission	2.08	
F) Setting of meaningful goals	1.83	
G) Strategic planning	1.92	
H) Better resource allocation	2.17	
I) Improve accountability	2.42	2.42

A. First round, B. Second round

The implementation process. Strategic management systems are initiated by the politicians or managers of the area or department which is delivering the service (Appendix A). Appendix A shows that the most common reasons for the implementation of strategic management were to experiment with the model (Austin, Charlotte, San

Jose) and the experience of chief executives in other public organizations (San Cugat, Mataro, Mostoles, Maricopa, Lulea). Other reasons given are that it fits well into the organizational culture (Holdfast Bay), external mandate (Melbourne) or to better understand the performance of the organization (Scottsdale).

a) Prior situation. There is no coincidence about what has been and what should be the recommended starting point for the implementation of strategic management. As can be seen in Table 3, there is no agreement about the contribution of previous experience in organizational reform initiatives before the implementation.

Table 3
Scope and prior situation

	A	B
What is the scope of implementation? (comprehensive =1, partial=0)	0.83	
<i>Prior Situation</i>		
Before implementing the SMS, was there any management improvement? (yes=1, no=0)	0.50	0.50
The existence of other management improvement initiatives influenced the decision to implement the SMS: 1= Strongly agree, 2=Agree, 3= Undecided, 4= Disagree, 5= Strongly disagree	2.67	3
Did you make an initial analysis of the local government strengths, weaknesses, opportunities and threats before implementing the new model? (yes=1, no=0)	0.50	0.50

A. First round, B. Second round

b) Personnel. The answers of implementers show that the level of participation of the staff is different in each case (Table 4). The implementers do not agree that the involvement of personnel is essential for the successful implementation of strategic management. Notwithstanding, there is a strong consensus about the convenience of implementing training programs in order to reduce the resistance of staff and to make the implementation process easier.

Table 4
Personnel

	A	B
We have informed all our employees about how the SMS will affect their work (1=Strongly Agree, 2=Agree, 3=Undecided, 4=Disagree, 5=Strongly Disagree)	2.67	3.00
The employees have participated in the design of the SMS:(1=Strongly Agree, 2=Agree, 3=Undecided, 4=Disagree, 5=Strongly Disagree)	3.00	3.08
The local government provided training for employees in the new system: (yes=1, No= 0)	0.75	
During the past 3 years, has your local government arranged training to help to accomplish the following tasks? (yes=1, No= 0)		
A) Set performance goals	0.67	
B) Develop performance measures	0.75	
C) Adopt decisions based on performance information	0.33	

A. First round, B. Second round

c) Leadership and compromise. Managers play a more crucial role than politicians in the implementation of strategic management systems (Table 5). These results reflect one of the most important reasons given for the implementation of strategic management, namely, the experience of chief executives (see Appendix A). The low influence of *improve accountability* in the decision to implement a SMS (see Table 2) is consistent with the lack of consensus about the role of elected officials in strategic management implementation.

d) External assistance. It seems that the majority of local governments had some kind of external assistance (Table 5). As the local government budget for the performance management system project is low, the use of this kind of assistance is limited, although it is much appreciated.

e) Resources. All the local governments interviewed have spent less than 5% of their budget on this project and half have funded the project without a specific budget (Table 5). If we take into account that they are medium-size local

governments, we can conclude that strategic management will be an affordable initiative in almost all cases.

Table 5
Other implementation aspects

<i>Leadership and compromise</i>	A	B
Managers exert strong leadership to guide the changes taking place in the organization: (1=Strongly Agree, 2=Agree, 3=Undecided, 4=Disagree, 5=Strongly Disagree)	2.08	
To what extent does top management demonstrate commitment to the new SMS? (1 Very great extent, 2 Great extent, 3 Medium extent, 4 Small extent, 5 Not)	2.42	2.33
To what extent have elected officials supported the implementation of a new SMS? (1 Very great extent, 2 Great extent, 3 Medium extent, 4 Small extent, 5 Not)	2.58	2.92
<i>External Assistants</i>		
Did the local government use the help of any external assistance?(yes=1, No= 0)	0.67	
We found their help: (1=Very useful, 2=useful, 3=Undecided, 4=Useless, 5=Absolutely Useless)	1.88	
<i>Resources</i>		
The local government has specific budgetary resources for SMS (yes=1, No= 0)	0.58	0.58
What percentage of the total local government budget is dedicated to the SMS project: (1= Between 0%- 5%, 2=Between 6%-10%, 3=Between 11%-15%, 4=Between 16% and 20%, 5=More than 21%)	1.00	

f) Sense of urgency and priority of the initiative. Table 6 shows that there is no consensus about urgency and priority in the implementation of strategic management in the local governments interviewed.

Table 6
Sense of urgency and priority of the initiative

	A	B
Most people in the local government feel a sense of urgency for successful implementation of the SMS: (1=Strongly Agree, 2=Agree, 3=Undecided, 4=Disagree, 5=Strongly Disagree)	3.00	2.50
The performance management system is considered the main management improvement priority (1=Strongly Agree, 2=Agree, 3=Undecided, 4=Disagree, 5=Strongly Disagree)	3.5	2.82

The adaptation of local government organization to the new management system. a) Mission agreement. Some groups were suggested as potential stakeholders in strategic management initiatives in the interview phase. As can be seen in Table 7, there was agreement on the involvement of elected officials and senior managers in the setting of the mission statement as well as on the non-involvement of unions, employees, governmental agencies and state auditors. The opinion of middle managers and citizens was only taken into account in some cases. These results are consistent with a top-down implementation process and with a modest involvement of staff in strategic management developments.

b) Organizational culture. The results show that the implementation of strategic management does not necessarily bring about structural changes in the organization or in the behavior of the members of the organization. These results show that some NPM initiatives introduced into the public sector do not always seek noticeable organizational changes but only the enhancement of the image of the entity as well managed.

Table 7

Participation in the design of the model and Organizational culture

HOW MUCH DID EACH OF THESE GROUPS PARTICIPATE IN SHAPING THE MISSION OF THE ORGANISATION? (Grade from: 1 very great participation, 2 great participation, 3 moderate participation, 4 small participation, 5 No participation)	<u>A</u>	<u>B</u>
A) Elected officials	1.92	
B) Senior management	1.67	
C) Middle management	2.83	2.75
D) Front-line employees	4.00	
E) Unions	4.17	
F) Citizens	3.58	4.17
G) State government agencies	4.50	
H) State Auditor	4.75	
Organizational culture		
The SMS implemented has modified the behavior of the organization's members:(1=Strongly Agree, 2=Agree, 3=Undecided, 4=Disagree, 5=Strongly Disagree)	2.92	2.92
The organization has changed its rules and procedures due to the introduction of the new system:(1=Strongly Agree, 2=Agree, 3=Undecided, 4=Disagree, 5=Strongly Disagree)	2.75	2.75

c) Barriers to the implementation. The majority of scores (see Table 8) have a value over three, which shows that the obstacles listed have had a moderate or small effect on the strategic management implementation and adaptation process. It is worth highlighting that no one barrier has been considered a crucial threat to the process. These answers are consistent with the answers to previous questions about the limited involvement of bureaucratic staff, the implementation of training programs and the top-down implementation process, as well as with the limited depth of the changes brought about by the introduction of strategic management.

Table 8
Barriers to the implementation

	A	B
How much did each of these common obstacles hinder your implementation (Response choices: 1= very great extent, 2= great extent, 3= moderate extent, 4= some extent , 5= not at all)		
A) Employee resistance to the change	3.00	3.17
B) The absence of an implementation schedule	4.08	
C) Lack of resources	3.25	3.00
D) Lack of agreement between different stakeholders about the organization's mission and vision	3.92	
E) Lack of employee skills, abilities and knowledge	3.42	3.67
F) Inadequate support/commitment from top management	3.83	
G) Inadequate support/commitment from elected officials	4.17	
H) Lack of communication between different organization levels	3.00	3.08
I) Incompatibility with organization culture	3.09	3.42
J) Incompatibility with other organization systems	3.55	3.83
K) Model complexity	3.36	3.42
L) Insufficient time to properly implement the project	3.3	3.09

d) The impact of the implementation. The opinions of implementers show no consensus (Table 9) on the benefits of the achievement of the strategic management objectives included in Table 2. Only the *setting of meaningful goals* seems to be reinforced by the implementation of strategic management. With regard to what can be expected from the implementation of strategic management systems, implementers still expect improvements in the future in all the items considered.

Table 9
The impact of the implementation

	<u>A</u>	<u>B</u>
Which results (and to what extent) have you seen from the implementation? (Response choices: 1= very great extent, 2= great extent, 3= moderate extent, 4= some extent, 5= not at all)		
A) Cost reduction	3.9	
B) Improvement in efficiency and effectiveness	3.27	3.27
C) Improvement in customer satisfaction	3.18	3.36
D) Improvement in the decision-making process	3.09	2.82
E) Alignment of the organization to its mission	2.73	2.42
F) Setting meaningful goals	2.64	2.27
G) Strategic planning	2.82	2.54
H) Better resource allocation	3.27	2.91
I) Improved accountability	2.91	2.91
EXPECTATIONS FOR THE FUTURE		
Which results do you expect to see in the future? First round (column A): We assign "0" when no results are expected, and, "1" when improvements are expected.	A	B
A) Cost reduction	0.70	
B) Improvement in efficiency and effectiveness	0.80	
C) Improvement in customer satisfaction	0.80	
D) Improvement in the decision making process	0.80	
E) Alignment of the organization to its mission	0.80	
F) Setting meaningful goals	0.80	
G) Strategic planning	0.80	
H) Better resource allocation	0.80	
I) Improved accountability	0.90	

e) Dissemination of Local Government information about strategic management. As can be seen in Appendix A, the majority of local governments disclose performance information such as strategic plans, performance reports, performance indicators and annual reports, which means that local governments also consider stakeholders as primary users of strategic management information. Although the improvement of accountability is not among the objectives on which consensus was reached (see Table 2), the disclosure of strategic management information through the Internet is a common practice which improves the accountability of local governments. The disclosure of

this kind of information through the Internet is consistent with the improvement of local government image that the implementation of strategic management may produce.

Analysis of the Lack of Consensus

To analyze the lack of consensus, we have created four indexes (see Table 10). The first, the “Objectives index”, measures the objectives that a local government aims to achieve with the implementation. They are cost reduction, improvement in efficiency and effectiveness, improvement in customer satisfaction, improvement in the decision-making process, alignment of the organization to its mission, setting of meaningful goals, strategic planning, better resource allocation and improvement in accountability. The maximum value of the index is 18, we considered “low” between 0 and 6, “medium” between 7 and 12 and “high” between 13 and 18. For each objective, we consider 0 as “not important”, 1 as “some or moderate importance” and 2 as “important or very important”.

The second, the “Implementation index”, takes into consideration the efforts made by the organization in the implementation. It values the implementation section of the questionnaire –initial analysis, vision and mission, personnel, training, top management and leadership, the existence of an implementation team, external assistance, planning and timing, compatibility and sense of urgency. This index has a maximum of 30 and the intervals were scored from 0 to 10, “low” effort, from 11 to 20, “medium” effort, and from 21 to 30, “high” effort. For each aspect, we consider 0 as “no presence” and 1 as “presence”.

The third index measures the change in the organization culture, the “Cultural index”. It varies from 0-2, and it values the perceived changes in the organizational rules, behavior and procedures. We consider 0 as “no change”, 1 as “some change” and 2 as “change perceived”.

Finally, the “Impact index” measures whether the objectives have been achieved. The maximum value of the index is 18. We considered “low” between 0 and 6, “medium” between 7 and 12 and “high” between 13 and 18. It is calculated with the same procedure as the objectives index. We also employed correlation analysis to show the relationship between the indexes and to analyze the importance of the factors that integrate the implementation index.

Table 10
Process of implementation indexes

	Objectives	Implementation	Culture	Impact
San Jose	High (16)	High (29)	Perceived change (2)	High (16)
Austin	High (18)	High (28)	Perceived change (2)	High (14)
Melbourne	High (18)	High (27)	Perceived change (2)	High (13)
Mataro	High (13)	High (25)	Perceived change (2)	High (16)
Charlotte	High (16)	High (23)	Some change (1)	High (14)
Maricopa	High (17)	High (22)	Some change (1)	Medium (11)
Lulea	High (15)	Medium (14)	Some change (1)	Medium (7)
Holdfast Bay	High (16)	Medium (17)	No change (0)	Medium (7)
Mostoles	High (13)	Medium (12)	No change (0)	Low (0)
Scottsdale	Medium (12)	Medium (11)	No change (0)	Low (5)
San Cugat	High (16)	Medium (11)	No change (0)	Low (0)
Tucson	High (17)	Low (9)	No change (0)	Low (1)

As we found above in the global analysis, the objectives of the implementation were one of the areas with the greatest consensus. We can see that all the local governments have far-reaching objectives. Consequently, the Objectives index cannot be considered an explanatory

variable of the strategy of implementation and its impacts because the corresponding indexes vary among cities. This is confirmed by the correlation analysis (see Table 11). Although all local governments claim to have the same “politically correct” objectives, the Implementation and Cultural indexes show that this does not mean that they become the objectives pursued. The similar objectives suggest that local governments perceive similar pressure for the implementation of strategic management. On the other hand, the differences in the implementation and the impacts confirm that their answers to these pressures differ.

Table 11
Correlations between indexes

		Implementation	Culture	Impacts
Objectives	Pearson Correlation	0,413	0,337	0,257
	Sig. (bilateral)	0,182	0,285	0,420

The analysis of the Implementation index shows three different levels of effort (Table 10). There is one local government with low effort, five with medium and six with high. Tucson showed the lowest effort, which suggests an avoidance strategy. This strategy reflects that this local government is not really trying to implement strategic management. In other words, it is simply window dressing. The implementation effort of Tucson is characterized by not making an initial analysis of the situation and by a very low effort regarding the involvement of employees – participation in the vision and mission, awareness of the change and training.

San Cugat, Scottsdale, Mostoles, Holdfast Bay and Lulea show a medium effort in the implementation, which, in most cases, produces no cultural change. This suggests a compromise strategy, where the organization has the spirit of introducing strategic management and, thus, made some efforts, but tries to accommodate it to their own rules. The

efforts related to personnel are higher than in Tucson, but not enough to produce strong cultural changes. In fact, these cases suggest that they are not seeking strong cultural changes. Holdfast Bay and Lulea, the cities that have achieved a medium impact, carried out an initial analysis of the situation, which may show some intention to balance or to pacify (see Oliver, 1991) the introduction of strategic management. In the case of Lulea, we also find some cultural change, which may be produced by the stronger effort in training, a variable with a stronger effect on cultural change (see Table 12).

The final group, with Maricopa, Charlotte, Mataro, Melbourne, Austin and San Jose, is integrated by cities that made a strong implementation effort. This group could be subdivided into Maricopa and Charlotte with a high effort (index less than 25) and Mataro, Melbourne, Austin and San Jose with a very high effort (index of 25 and above). These cities are identified as having a strategy of acquiescence as they made the greatest effort to implement strategic management by acting in all the areas that are considered necessary. In the acquiescent behavior, the local governments consciously choose to comply with external pressures considering the possible benefits ranging from social support to resources.

The Implementation index shows a strong correlation with the Cultural and Impact indexes. Consequently, the local governments that have adopted a positive strategy towards change have identified how to introduce it and made efforts in this direction. These local governments have achieved their objectives.

In addition, we have analyzed the correlations between the Cultural and Impact indexes and the different aspects that integrate the Implementation index. We find that the strongest influence on cultural change and on impacts comes from aspects related to the personnel – training, personnel awareness, involvement in the

development of the mission and vision, and level of participation of middle and front line employees-.The influence is lower for the following aspects: the elaboration of an initial analysis, the sense of urgency and priority and the leadership and compromise of managers and politicians.

The other factors analyzed –initial situation, existence of a change team, consultant, planning and compatibility– do not have a clear influence. This confirms the key role of personnel in the change, a role that seems to be acknowledged by those wishing to change. It could be argued that the local governments with more active strategies towards the change have considered the possibility of individuals, in particular the employees, resisting the change and have taken actions to neutralize it.

Table 12
Correlation between indexes and factors

		Culture	Impacts			Culture	Impacts
Implementation	Pearson Correlation	0,921(**)	0,943(**)	Training	Pearson Correlation	0,835(**)	0,859(**)
	Sig. (unilateral)	0,000	0,000		Sig. (unilateral)	0,000	0,000
Previous Experiences	Pearson Correlation	0,483	0,453	Support-Leadership	Pearson Correlation	0,592(*)	0,589(*)
	Sig. (unilateral)	0,056	0,070		Sig. (unilateral)	0,021	0,022
Initial Analysis	Pearson Correlation	0,677(**)	0,594(**)	Change Team	Pearson Correlation	0,321	0,443
	Sig. (unilateral)	0,008	0,021		Sig. (unilateral)	0,155	0,074
Mission-Vision involvement	Pearson Correlation	0,703(**)	0,754(**)	Consultant	Pearson Correlation	0,342	0,380
	Sig. (unilateral)	0,005	0,002		Sig. (unilateral)	0,138	0,112
Middle/Front-line Employees	Pearson Correlation	0,703(**)	0,705(**)	Planning-Compatibility	Pearson Correlation	0,474	0,294
	Sig. (unilateral)	0,005	0,005		Sig. (unilateral)	0,060	0,176
Personnel Awareness	Pearson Correlation	0,775(**)	0,903(**)	Urgency-Priority	Pearson Correlation	0,843(**)	0,869(**)
	Sig. (unilateral)	0,002	0,000(**)		Sig. (unilateral)	0,000	0,000

DISCUSSION

There is a high degree of coincidence between the objectives proposed by the OECD to encourage the implementation of strategic management systems and the objectives established by the local governments studied: the setting of meaningful goals, the improvement of efficiency and effectiveness, citizen satisfaction and strategic planning, improvement in the decision-making process, the alignment of the organization to its mission, and improving resource allocation. This suggests a certain degree of

rhetoric when setting objectives, as local governments state those which are 'politically correct'. No government or stakeholder would deny that efficiency and effectiveness and customer satisfaction are key objectives of public entity reforms.

These objectives show that one of the goals of strategic management implementation is to gain legitimacy, as institutional theory and resource dependence theory state. The level of information disclosed by the local governments also suggests a search for legitimacy (see Appendix A). This consensus on the objectives declared contrasts with the lack of it in most implementation aspects and with the different levels achieved in the Impact, Cultural and Implementation indexes (see Table 10).

The Delphi answers show that the BSC model is usually adapted, rather than adopted, to the local governments' different cultural and organizational characteristics and traditions. Adapting a trusted system may give additional credibility (legitimization) to those using it. Or, as suggested by Czarniawska (2005, 2009), the local government may select the system because it is fashionable. Only San Cugat has defined the four perspectives as Kaplan and Norton proposed. Charlotte, San Jose and Lulea also have four perspectives, but different ones. Charlotte initiated the implementation with the Kaplan and Norton perspectives, but changed later to adapt the system to the public sector setting⁸.

In fact, Kaplan and Norton (1996) suggested adapting the perspectives of the BSC. In most cases (see Appendix A), strategic management has been adapted to the public sector setting: this is the case of Holdfast Bay, Melbourne, Mataro, Austin, Charlotte, Maricopa, San Jose and Lulea. Nevertheless, there are three cases, Mostoles, Scottsdale and Tucson, that suggest a different behavior as

⁸ See www.charmeck.org .

they maintain their previous structure to implement strategic management and use budgetary items, departments and programs categories as perspectives, respectively. These cities have made either low – Tucson– or medium efforts –Mostoles and Scottsdale– and have had no cultural change and low impact. This shows that a lack of real adaptation to strategic management postulates may prevent positive impacts in its implementation. Notwithstanding, the consideration of strategic management, as a socio-dynamic process (Ansoff, et al., 1976), implies that strategic management requires not only an adaptation to the environment but also an important change in the internal culture.

The Implementation index shows a positive correlation with the Cultural index and the Impact index, but no correlation with the Objectives index (see Tables 11 and 12). Furthermore, only the cities that have made a very high implementation effort –Mataro, Melbourne, Austin and San Jose– have perceived some cultural change and have a high impact. This is evidence that the strategic choice made by the local governments in the process of implementation has a great influence on the result.

The implementation effort indicates the strategic choice made and allows us to understand the relationship between implementation efforts and results. It shows why the results can differ from the stated objectives. In fact, the aspects that create lack of consensus, such as the elaboration of the initial analysis, the involvement of the different employees in the process and the level of training, are those that distinguish the cities with greater cultural change and impact (see Table 12). We find that Tucson adopts a strategy of avoidance or made a low implementation effort. This effort suggests no real intention of transforming the organization, as is also shown by the perspectives they design. An avoidance strategy reflects window-dressing behavior and confirms that, after the

initial phases, local governments with outstanding reputations for managing for results sometimes do not go as far as their reputation would imply (see Burke and Costello, 2005). Tucson adopts strategic management to attain recognition in the organizational field. The results are a lack of implementation effort and cultural change and a low achievement of objectives.

The other local governments, with medium or high implementation efforts, adopt strategies without resistance to change, either strategies of compromise or of acquiescence. The strategy of compromise, identified by a medium implementation effort -San Cugat, Scottsdale, Mostoles, Holdfast Bay and Lulea- reflects that the local government wants to change but also wants to adapt the system to its organizational characteristics.

The strategy of acquiescence is used by Maricopa, Charlotte, Mataro, Melbourne, Austin and San Jose. Their greater implementation effort suggests that they want to fully adopt strategic management. These local governments made a great implementation effort to focus the organization towards the change and they underwent a cultural change and obtained impacts from the implementation. Their widespread use of SMS increases the level of satisfaction with the impacts from implementation.

In general, the barriers to implementation have been valued as low or inexistent. To some extent, the local governments feel that they achieved what they expected, regardless of whether the achievements are those generally expected from strategic management. Other aspects of the process of implementation with an influence on the Impact and Cultural indexes are the following. First, the positive influence of aspects related to the personnel – training, personnel awareness, middle and front line employee involvement– found in the correlation analysis (Table 12). This confirms that it is important to analyze the strategies

of both local governments and their members. Local governments perceive the strategies of resistance to change and act against them when they increase their effort in the implementation. The local governments with a very high effort have involved, trained and informed their employees about strategic management and its effects.

Second, the existence of the initial analysis has a positive effect on the Cultural and Impact indexes. It helps to identify which local governments are willing to change, as all the cities with a very high effort -Mataro, Melbourne, Austin and San Jose- have performed this analysis. Third, the importance given to having support and leadership by the cities with a high effort, such as Melbourne, Austin, Charlotte and San Jose, confirms the importance of institutional entrepreneurs or leaders, as shown by Young *et al.* (2001).

Finally, the weight of the sense of urgency and priority, with greater importance in cities such as Melbourne, Mataro, Austin, Charlotte, Maricopa and San Jose, suggests, as noted by Czarniawaka & Joerges (1996), that the reform or the problem to solve with it must be dramatic or exciting to receive attention. Similarly, Bryson (1981) argues that crisis may be the motor of change in public institutions.

CONCLUSIONS

The analysis of the implementation process of strategic management systems shows that the objectives which drive this implementation in the local governments studied are aligned with those considered “politically correct” by the institutional theory and resource dependence theory. However, they are not always consistent with the efforts carried out in the strategic management implementation process. The Delphi analysis shows that the introduction of strategic management into

local government follows different implementation strategies. The role of the personnel in the implementation process –training, involvement in the development of the mission and vision, level of participation of middle and front line employees, and personnel awareness– is a key issue in the explanation of the gap between the objectives stated and the achievements. The more effort from local government in involving the personnel, the more impact and cultural change is achieved.

Other factors found to be crucial in the implementation process are the priority and urgency given by the local government to this initiative and the performance of a previous study about the situation of the organization. On the contrary, previous experiences and consultancy services do not show a clear influence on the implementation process. The structure of the strategic management system -the perspectives- gives additional information about the willingness of the organization to introduce strategic management. To obtain cultural change in and impact on the organization, a necessary condition seems to be to have its perspectives focused on strategy but, by itself, it is not enough to guarantee a successful implementation. The adaptation of the organization to the strategic management framework is confirmed as vital for success.

Although strategic management has been looked on with suspicion, some local governments have attained results and none of the local governments studied finds important barriers to the implementation process. This suggests that each local government is achieving what it was actually expecting, regardless of their stated objectives and goals. Unlike strategic planning, strategic management requires a major adaption of the organization but it has the advantage of better overcoming the resistance to strategic change. The study shows that only a big effort towards the

change -an acquiescence strategy- results in noticeable impacts.

From this study, practitioners can learn the core aspects for dealing with resistance to the implementation of strategic management and obtaining the most from this process. The personnel, the urgency and priority, the study of the initial situation and the changes in the structure are the musts of an implementation that seeks results. Previous experience or consultancy firms may help but are not essential. The study also shows some legitimacy-seeking in the implementation objectives, which may lead to rhetorical implementations. Thus, it is crucial to pay attention to the implementation process to identify possible window-dressing initiatives.

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APPENDIX A

		Population	Implement Year	Why implement	Who decided	Perspectives	Information externally disclosed ²	Channels of communication ³
Australia	Holdfast Bay	34,073	2001	Organization Culture	Managers	Social Development, Environmental management, Economic Development and Physical Development	A, B, C, D	A, C
	Melbourne	61,670	2000	External Mandate	Managers	Economic, environmental and social	A, B, C, D	A, C
Spain	San Cugat	70,514	2002	CEO Experience	Political appointees	Customer, financial health, internal process, growth and learning	D	A, C
	Mataro	116,698	2000	CEO Experience	Political appointees	Professionalization, focused on results, quality	A, B, C, D	A, B, C
	Mostoles	204,463	2004	CEO Experience	Political appointees	Budgetary items	---	B

United States	Austin	672,011	1994	Research and Adoption	Managers	BSC for Activities of the departments around four main topics ¹	B, C	A, C
	Charlotte	584,658	1996	Research and Adoption	Political appointees	Serve the customer, run the business, manage resources and develop employees	A, B	A, C
	Maricopa	3,200,000	1998	CEO Experience	Political appointees	Strategic priorities	A, B, C, D	C
	San Jose	898,349	1998	Research and Adoption	Managers	Quality, cost cycle time customer satisfaction	A, B, C, D	A, C
	Scottsdale	217,989	1996	Understand our organization	Managers	By department	----	A, B
	Tucson	507,658	1994	Not specify	Managers	Program categories	A, C, D	A, C
Sweden	Lulea	45,036	2001	CEO Experience	Managers	Personnel, development, customer, private sector and society	A, B, C, D	A, B, C

¹ Public Safety, Youth, family and neighborhood vitality, Sustainable community and Affordability.

² A- Strategic Plan, B- Performance Reports, C- Performance measures, D- Annual Reports.

³ A- Web site, B-Press Releases, C- Mail or Phone

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