



Investigating a framework to facilitate the implementation of city development strategy using balanced scorecard



S. Mostafa Rasoolimanesh ^{a,*}, Mastura Jaafar ^a, Nurwati Badarulzaman ^a, T. Ramayah ^b

^a School of Housing, Building, and Planning, Universiti Sains Malaysia, 11800, Penang, Malaysia

^b School of Management, Universiti Sains Malaysia, 11800, Penang, Malaysia

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ABSTRACT

This paper examines a framework for facilitating the implementation of City Development Strategy (CDS). Two facets of this framework are explored; factors deduced from previous CDS experiences as having an influence on strategy implementation, and the balanced scorecard (BSC), which is a method commonly used to bridge the gap between strategy formulation and implementation. A questionnaire survey was administered to collect data from stakeholders in the CDS planning process. Partial least squares-structural equation modeling (PLS-SEM) was employed for data analysis. The results of the structural model indicated that stakeholders, financial management, institutionalization, capacity building, and leadership have significant positive effects on CDS implementation. The findings also revealed a significant causal relationship between the factors adopted from the BSC model. This study contributes to the CDS implementation literature by examining the impact of stakeholders, financial management, institutionalization, capacity building, and leadership on future CDS implementation. On a more practical level, these findings contribute to the expanding body of knowledge concerning how to implement CDS successfully in the Iranian context.

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Introduction

City development strategy (CDS) is a city-based strategic planning approach which has been applied in over than 200 cities worldwide (UN-Habitat, 2009). CDS is a participatory process focusing on identifying and capitalizing on the urban opportunities available in cities, and developing sound strategies in response to economic realities in order to leverage competitive advantage (Parnell & Robinson, 2006). CDS empowers stakeholders to take a long-term view in facilitating more efficient city management, thereby attracting investments from both domestic and global markets (Asian Development Bank [ADB], 2004). Nevertheless, experiences in the use of CDS worldwide indicate varying levels of success in strategy implementation, depending on the conditions of the cities involved (Partidário, Paddon, Eggenberger, Chau, & Van Duyen, 2008). Despite the focus of CDS on implementation (Cities Alliance, 2006), several cases demonstrate a disparity between

CDS formulation and strategy implementation (Cities Alliance, 2011; Rasoolimanesh, Jaafar, & Badarulzaman, 2014). However, little attention has been given to the factors affecting CDS strategy implementation. Well-formulated strategies are only effective when they are properly implemented (Atkinson, 2006; Noble, 1999), and such success is crucial if a participating city is to achieve its goals and confront its challenges. Successful CDS implementation demands that the known success factors be considered during the planning phase, ensuring the implementation of the formulated strategy (Bryson, 2004). Previous CDS experiences from across the world have yielded several lessons for achieving successful implementation (Rasoolimanesh, Badarulzaman, & Jaafar, 2013). Without effective implementation, CDS is an exercise in futility (ECON Analysis & Center for Local Government, University of Technology, Sydney [ECON & CLG, UTS], 2005; GHK Group [GHK], 2000). As of this writing, no empirical framework addressing these success factors or the causal relationships between them has been forthcoming.

However, a number of approaches have been proposed in the strategy implementation literature to fill the gap between strategy formulation and strategy implementation, identifying a variety of factors and variables with regard to enhancing strategy implementation along the way. A review of literature has highlighted a

* Corresponding author. Tel.: +60 4 6535278.

E-mail addresses: rasooli1352@yahoo.com, mostafa@usm.my (S. Mostafa Rasoolimanesh), masturaj@usm.my (M. Jaafar), nurwati@usm.my (N. Badarulzaman), ramayah@usm.my (T. Ramayah).

number of recurring factors with regard to the planning process; such as communication and coordination among players, which ensures that stakeholders understand the strategies and stay focused on the objectives and vision (Atkinson, 2006; Heide, Grønhaug, & Johannessen, 2002; Okumus, 2001). One of the more common methods for bridging this gap between strategy implementation and formulation (Johnsen, 2001) is the balanced scorecard (BSC), as proposed by Kaplan and Norton (1992). BSC focuses on the planning process and aims to identify the determinants of a strategy's success and the relationship between strategy formulation and implementation (Johnsen, 2001; Kloot & Martin, 2000).

Consequently, we aim to develop a model of the determinants of CDS implementation using BSC and to analyze the causal relationships between these determinants. The model is examined in the context of the city of Qazvin, in Iran, which is undertaking its second round of CDS implementation. We examine the factors in the planning process that contribute toward successful implementation with a view toward generalizing these factors to a wider range of CDS scenarios regardless of CDS objectives.

City development strategy

Indonesia, the Philippines, Thailand, Vietnam, and China were among the earliest recipients of World Bank funded CDS projects in the 1990s. These early CDS adopters were largely influenced by the World Bank's "Urban Strategy" paper, which focused on four key themes; livability, competitiveness, bankability, and good governance and management (World Bank, 2000). Following the example of the World Bank, Cities Alliance also promoted CDS in order to help cities respond to the challenges of globalization and decentralization by focusing on the economic development of the poor (Cities Alliance, 2000; Robinson, 2008). Consequently, the second stage of CDS implementation focused on poverty reduction and alleviation, and on economic and social development (Parnell & Robinson, 2006). Furthermore, some cities promoted improvement in local governance, sustainable development, and the pursuit of Millennium Development Goals (ECON & CLG, UTS, 2005). After two decades of experience with CDS projects worldwide, what has emerged is that every CDS project is as unique as its recipient city, relying on various themes and content, and the different building blocks and methodologies tailored to the unique requirements and conditions of a particular city (Cities Alliance, 2011).

Despite the sheer variety of CDS themes and building blocks, implementation remains a major concern for cities applying for CDS (Pillay, Tomlinson, & du Toit, 2006; Rasoolimanesh et al., 2014).

According to Cities Alliance (2006, 2011), CDS is more than simple strategy development, it is about ensuring successful implementation. In reviewing the results of over 200 CDS application from cities worldwide, certain shortcomings in CDS implementation have become apparent and the knowledge of these shortcomings contributes to our knowledge about how to move ahead successfully (Cities Alliance, 2011; Partidário et al., 2008). Identifying the determinants of successful CDS implementation allows these determinants become the drivers of CDS implementation as stakeholders endeavor to maximize their presence in future applications. These determinants or success factors have been elucidated from various CDS experiences across the globe (see Table 1).

Theoretical background of BSC as a strategy implementation approach

Kaplan and Norton (1992) initially conceived of the BSC as a performance measurement tool for use by the private sector. Unlike traditional financial measures, the BSC incorporated financial and non-financial factors (i.e. customer, finance, internal business processes, and learning and growth) to assess the performance of these private organizations. The BSC emphasizes the idea of investing in the future to achieve visions and goals; that is, by investing in people, systems, and procedures. However, the BSC also connects the vision and strategic goals to long-term plans and annual budgets, and provides feedback systems for updates and periodical enhancement of the vision and strategy. As such, the BSC fills the gaps in the planning process by describing the process for the successful strategy implementation (Kaplan & Norton, 1996).

The BSC is highly regarded by a number of academics (Atkinson, 2006; Kloot & Martin, 2000; Sharma & Gadenne, 2011) due to its effectiveness in guiding successful strategy implementation. The success of the BSC as a strategic management system is a function of its ability to identify the determinants, or secondary objectives, of a plan which contribute to successful implementation. The results, or primary objectives, of a strategic plan refer to the strategic objectives; whereas the secondary objectives are the determinants of the success of these strategies or how best to achieve the desired outcomes. Management tools, such as the BSC, allow the success or failure of a plan to be forecast by considering the determinants of a strategy (Jensen, 2001). As a predictive tool, the primary objectives are necessarily viewed as indicators of past performance, while the determinants are what drives future performance (Atkinson, 2006; Kloot & Martin, 2000). Obviously, the primary objectives of any profit-oriented company will revolve around the financial aspects of the BSC with a view toward maximizing the return on investments for shareholders. However, for non-profit organizations and the public sector, long-term goals; such as poverty reduction or disaster management, are articulated via the organization's vision and mission statements (Kaplan & Norton, 2001). Therefore, according to Kaplan and Norton (2001), such organizational vision and mission statements serve to inform the primary objectives of a non-profit public sector organization, while the secondary objectives might be limited to the intention to achieve successful implementation. Kaplan and Norton (2001) introduced a modified BSC framework for the public sector in which the mission and vision are promoted from the top of the framework (see Fig. 1).

The financial perspective of the BSC is concerned with the estimation of funding necessary to complete implementation, as well as transparency, accountability, effectiveness, and efficiency in appropriating these funds (Kloot & Martin, 2000; Niven, 2008). The customer and stakeholder component of the BSC addresses the needs of the stakeholders, promoting their involvement in the decision-making process (Jensen, 2001; Kaplan & Norton, 2001). Valuing stakeholders is an essential part of successful strategy

Table 1
The determinants of implementation of CDS.

Success factors	Studies that mentioned and emphasized Success factors
Consensus building	ADB, 2004; Cities Alliance, 2002; ECON & CLG, UTS, 2005; Halla, 2007; Lipietz, 2008; Partidário et al., 2008
Participation of stakeholders	ADB, 2004; Cities Alliance, 2009, 2011; ECON & CLG, UTS, 2005; Lipietz, 2008; Parnell & Robinson, 2006; Partidário et al., 2008
Finance	ADB, 2004; ECON & CLG, UTS, 2005; Cities Alliance, 2006; GHK, 2000; Robinson, 2008; UN-Habitat, 2002;
Institutionalization	Cities Alliance, 2006, 2009, 2011; ECON & CLG, UTS, 2005; GHK, 2000; Parnell & Robinson, 2006; UN-Habitat, 2002;
Capacity building	ADB, 2004; Cities Alliance, 2009, 2011; ECON & CLG, UTS, 2005; Partidário et al., 2008; UN-Habitat, 2002; Watson, 2009; Wong et al. (2006)
Leadership	Cities Alliance, 2006, 2007, 2009; GHK, 2000; Parnell & Robinson, 2006; UN-Habitat, 2002; Watson, 2009;

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