

21 APPLICATION OF METHODS OF STRATEGIC MANAGEMENT IN DEVELOPING URBAN RENEWAL PROGRAMS IN THE LARGEST CITIES IN POLAND

21.1 Introduction – theoretical background

Development and implementation of strategies in public sector organisations or in networks of private and public entities is strongly prone to influences of political nature. One of the key functions of the development program in the city is either elimination or limitation of negative impacts of potential conflicts which may emerge among the participants of local development system of the city. Strategy or any other shorter-term development program requires wide consensus, gaining which should enable all the actors to achieve their individual and common objectives. Methods of development of a strategy must create conditions and climate for cooperation and reduce tension. K. Wrana proposes performing subjective analysis by which there will be created a list of entities creating local development system [1]. These organisations need to be equipped with particular tools which will firstly facilitate the process of selection, evaluation and identification of relations between the participants of strategic process, secondly – facilitate the analysis of local macro- and microenvironment, thirdly – determine threats, opportunities, advocates and adversaries, as well as strengths and weaknesses of the concept of development. Finally – local development system must be also equipped with tools that facilitate identification of problems and needs, creation of solutions of the identified problems and issues, as well as mechanisms of evaluation and ranking them.

For the first step, the Wrana recommends the following:

- Identification of organisations having impact of strategic directions of development of the city, particularly the ones that control resources,
- Description and explanation of behaviour of particular entities, identification of their individual objectives,
- Modelling of mutual relations between the identified organisations in order to identify the areas of potential cooperation.

For the aforementioned reasons, the author of the article proposes application of combination of known strategic management methods, namely: stakeholders matrix, relations matrix and competence profiles. R.E. Freeman states that a stakeholder is an entity (person or organisation) which may influence other organisation or may be subject to its influence [2]. A.F. Stoner determines – on the other hand – that stakeholders are groups or individuals who are indirectly or directly interested in the activity of the organisation in achieving its objectives [3]. J.R. Montanari and J.S. Bracker proposed their own procedure of strategic planning in public organisations. It was widely discussed in [4]. The emphasized steps comprise identification of stakeholders and environmental analyses. Montanari and Bracker propose alteration of widely-known SWOT analysis with the assessment of impact of stakeholders that may act as advocates or adversaries of the strategy which – according to the authors – replace opportunities and threats. Determining strengths and weaknesses remains in this case un-

changed. Performing the aforementioned analyses facilitates gathering information about the context of strategic process – in this case urban regeneration. The simplified variant of SWOT/SWAA analysis was proposed in [5]. The ABC analysis stands for Polish acronym for advantages, disadvantages and curiosities related to particular area.

Subsequently, basing on the results of the analyses, the participants of local development system may determine the problems, needs and issues that require solutions in order to improve the quality of living of local community. According to the model of creative problem solving method described in [6], proposed solutions should reflect the needs and identified problems. If the configuration of needs is simple, achieving particular solutions should not cause serious difficulties. In case of urban regeneration the configuration of identified local problems and needs is rather ambiguous. This requires application of more sophisticated methods of creation and assessment of solutions. In practice in the area of corporate management, it is possible to apply portfolio methods. Managing the portfolio of products is an important matter but most of the methods known from the literature of the topic concentrate on generating income, market share and market growth factors or generally on gaining competitive advantage. These phenomena are not so important in public organisations, as they are obliged to focus on public issues which hardly have anything in common with competitive advantage and more often relate to well-being of the community. The significance of economics is noticeably lower. There are, however, similarities in the philosophy and approach to considering public projects like products or services of a corporation. It can be generalised then, that regardless of type of the organisation, managing the portfolio according to certain decision-making criteria is a strategic task. The managing body may determine which products, projects or services are of the utmost importance and which are minor.

The need of assessment, prioritisation and selection of certain activities, particularly in the complex process of urban renewal, was underlined by W. Jarczewski and K. Janas [7]. They emphasize that all the projects generated by the local development system (public authorities and private partners) must be thoroughly analysed and evaluated basing on:

- Adequateness to the assumed objectives,
- Barriers related to implementation,
- Organisational and financial feasibility,
- Impact on achieving the overall objectives,
- Innovativeness of solution.

One has to assume then, that the objectives of any activity must emerge from overall (general) objectives, which consequently must rely on the diagnosis of problems and needs on certain area of the city. The aforementioned authors indicate also that the projects or proposals of actions should be reformulated in need or ever subject to deeper modification unless they fit in the local context and setting of needs and problems. They also indicate that the assessment should not have the binary character, any of its component should be placed on a determined scale.

Corporate management has been using for years methods such as Boston Consulting Group, McKinsey/GE matrix or Arthur D. Little method. These matrices are acceptable in terms of corporate needs but hardly fit to the context of operations in public entities.

As it was indicated in the previous paragraph, they mainly concentrate on economic efficiency and competitive advantage. Public organisation has to focus rather on needs and problems of local community, instead of competitive advantage. Therefore, methods dedicated to use in public organisation conditions, such as Montanari matrix or Maslin Multi-dimensional Matrix were also identified [8]. In some cases – particularly in business activities of local government – these things do matter, but they are not subject of this paper.

The aim of this article is identification of strategic management methods used in the largest cities in Poland, self-assessment of level of knowledge of the officers on how to apply them, as well as evaluation of intensity of use of any of them. The research was done in 45 cities which have the status of magistrate district. Numerical operations and graphs were prepared with IBM SPSS™ Statistics v19. The regions skipped in the analyses did not submit necessary data.

21.2 Level of knowledge of particular strategic management tools

Developing an urban regeneration program according to the procedure proposed by the author in [9] requires application of strategic management methods. More detailed description and indications on how they should be used may be found in all major academic textbooks related to strategy.

From the regional perspective it was derived, that any of the strategic management methods were not used in Zachodniopomorskie, Opolskie, Warmia and Mazury regions, as well as in some cities in Wielkopolska and Silesia. The distribution of answers is presented in the graph below fig. 21.1.

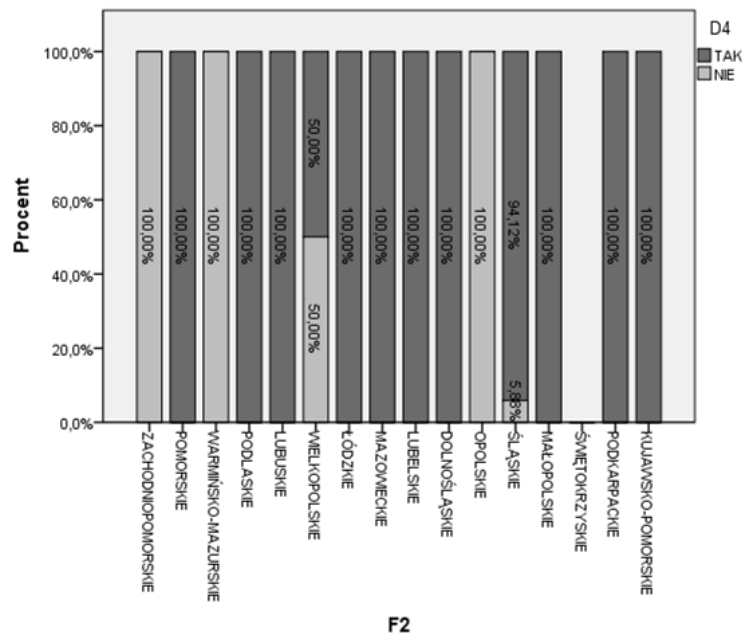


Fig. 21.1 Application of strategic management methods – regional approach
Source: Own data

Analysing the same issue according to the size of the city, the largest group of entities in which any of the methods were not used, occurs for the largest ones (400 000+ inhabitants).

Slightly lower percentage of negative answers was registered for cities having between 80000 and 240000 inhabitants. Due to this results, it is necessary to acquire additional knowledge concerning preferences of participants of strategic planning process. Such research was carried out and some results for an exemplary city were presented in [9]. Detailed results of the research on application of strategic management methods according to the size of the city were presented on the graph fig. 21.2.

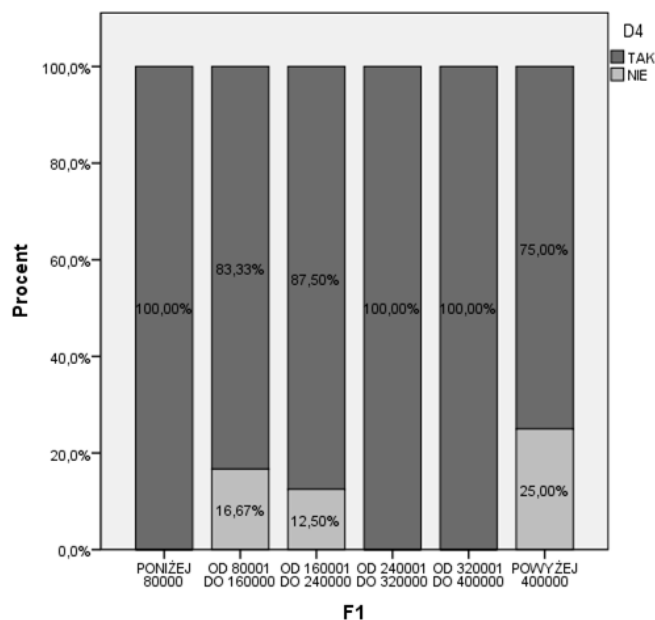


Fig. 21.2 Application of strategic management methods – city size perspective

Source: Own data

Basing on the textbook study described in the first section of the article, there was proposed a catalogue of strategic management methods that might potentially be used in urban renewal planning process. Some methods, inappropriate for the use in such process, were also introduced for disturbance reasons. This catalogue, however, was open, so any additional proposals of methods could have been given by the participants of the research, but there were not given any of them. The research was divided into two parts: the first one focusing on self-assessment of level of knowledge about particular methods and proficiency in use of them; the other – concentrating on intensity of use. The results of the assessment for the level of proficiency are given in the tab. 21.1.

It is clearly noticeable that diversity of particular notes is significant. The method known most widely is naturally SWOT analysis, the proficiency in use of which was declared by 42,1% as outstanding and 47,4% as good. As far as the ABC method is concerned, almost 3/4 of the respondents declared that they did not know the method. Only 15% of them declared very good or good level of knowledge. According to its authors and the research it is used rather in smaller cities. Numerous examples of references to [5] may be found in formal documents, but – as indicated – mainly in districts and smaller municipalities. SWOT analysis is considered to be an easy one, but the most common mistake – according to Z. Mietlewski – is lack of understanding mutual relations between strengths, weaknesses, opportunities and threats.[10] Level of knowledge of stakeholders matrix on good and exceptional level was

declared by 13,5% of respondents. More than 70% self-assessed their proficiency of Johnson-Scholes matrix as very low. Similar results were achieved for Boston Consulting Group matrix, where only 5% knew how to use it.

Tab. 21.1 Results of self-assessment of knowledge of strategic management methods
Source: own data

Method	Minimum	Maximum	Mean	Standard deviation
SWOT analysis	1,0	5,0	4,26	0,828
ABC analysis	1,0	5,0	1,70	1,244
Stakeholders matrix	1,0	5,0	1,73	1,217
BCG	1,0	5,0	1,65	1,160
Montanari matrix	1,0	3,0	1,16	0,501
MMDM	1,0	5,0	1,19	0,739

Methods dedicated to the needs of public organisation, such as Montanari Matrix or Maslin Multi-Dimensional Matrix are practically unknown by the respondents. Over 95% of them declared that do not know anything about these methods and were not able to verbalise their expectations regarding the effects of use of them. In the table below there are presented average results of self-assessment of proficiency of the methods in the regional perspective.

Tab. 21.2 Average results of self-assessment of proficiency of strategic management methods depending on region
Source: Own data

REGION	SWOT	ABC	Stakeholders matrix	BCG	Montanari matrix	MMDM
Pomorskie / Pomerania	3,00	Data missing	Data missing	Data missing	Data missing	Data missing
Podlaskie	4,00	1,00	1,00	1,00	1,00	1,00
Lubuskie	4,00	1,00	1,00	1,00	1,00	1,00
Wielkopolskie / Greater Poland	4,00	1,00	1,00	1,00	1,00	1,00
Łódzkie	5,00	1,00	1,00	1,00	1,00	1,00
Mazowieckie /Mazovia	4,33	1,00	1,67	1,67	1,00	1,00
Lubelskie	4,33	1,33	3,33	2,33	1,00	1,00
Dolnośląskie / Lower Silesia	4,00	1,00	1,00	1,00	1,00	1,00
Śląskie / Silesia	4,31	2,06	1,88	1,94	1,13	1,31
Małopolskie / Lesser Poland	4,67	3,00	1,67	1,33	1,67	1,67
Podkarpackie	4,00	1,00	1,00	1,00	1,00	1,00
Kujawsko-Pomorskie	4,00	1,50	1,50	1,50	1,50	1,00

The lowest level of knowledge of SWOT analysis was declared for Pomorskie (Pomerania) region. In all other cases this note oscillates around 4,3. The highest level of proficiency of this method was declared in Łódzkie region. A-B-C (advantages, disadvantages and curiosities) analysis is most widely known in Śląskie (Silesia) and Małopolskie (Lesser Poland) re-

gions. It results mainly from the fact, that this method was directly used in numerous municipalities for developing local development strategies. Rarely was it used for preparing strategic analyses of degraded areas in urban regeneration programs. Level of knowledge of other listed methods in the regional perspective is marginal. The highest notes were identified for Lubelskie region, where – as it was confirmed during an interview with the representative of Municipal Office in Lublin – prior to commencing the development of urban regeneration program, a thorough textbook study was done, which affected the results. Portfolio methods such as Montanari matrix or MMDM are practically unknown. Depending on the size of the city, proficiency of the methods was presented in the table below.

Tab. 21.3 Average results of self-assessment of proficiency of strategic management methods depending on the size of the city Source: Own data

SIZE OF THE CITY (NO. OF INHABITANTS)	SWOT	ABC	Stakeholders matrix	BCG	Montanari matrix	MMDM
BELOW 80000	4,50	1,30	1,70	2,00	1,10	1,10
80001 TO 160000	4,40	2,00	1,43	1,50	1,00	1,00
160001 TO 240000	3,57	1,43	1,43	1,29	1,14	1,57
240001 TO 320000	5,00	1,00	3,00	1,00	1,00	1,00
320001 TO 400000	3,50	2,50	3,50	2,00	2,00	1,00
OVER 400000	4,67	2,00	2,33	2,00	1,67	1,67

The lowest level of proficiency of SWOT analysis was declared in the cities having more than 320000 and less than 400000 inhabitants and in the cities having between 160000 and 240000 residents. In all other cases, this level was slightly higher than the average. It should be repeated then, that SWOT analysis is mainly used as a method of inventorizing strengths, weaknesses, opportunities and threats of particular district of the city, not taking into account any dependencies that occurred between the exogenous and endogenous factors. In none of the cities which participated in the research, any parameterisation of the factors was done, so the decisive value of the outcome of the analysis was significantly lowered. High and common declared proficiency of SWOT analysis is a result of its obligatory character. According to the indications given by administrative bodies involved in the system in EU funding in Poland (Managing Authorities of Regional Operational Programs), this analysis is an obligatory element of any local strategy or shorter time horizon program, projects of which are applying for financing from these resources. The level of knowledge of A-B-C analysis are significantly lower. The reason for this is lack of obligation to justify the results of strategic analysis of the city or its district. Actually it is sufficient just to list the factors without any wider justification. Moreover, urban regeneration plan is mainly used as means for applying for external funding, rather than factual development program for given district, quarter of the city. Therefore, it reflects the policy of the local authorities related to degraded areas only in a part. Proficiency in use of stakeholders matrix varies depending on the size of the city. In bigger entities there was identified higher level of knowledge of this method. As far as the portfolio methods are concerned, the results indicate that proficiency of any of them is low, regardless of size of the city.

21.3 Intensity of use of particular strategic management tools

Being familiar with particular methods does not reflect their actual intensity of use, especially for the needs of urban regeneration programming. As it was indicated previously, SWOT analysis is performed without basic methodological indications, since it is only an obligatory element of urban regeneration programs, according to the funding manuals, regardless of its decisive value. It was then observed that the intensity of use of this method is visibly higher than any other mentioned. The assessment was made basing on scale 0 (no use at all) to 5 (intense use). The A-B-C analysis was used in some cities in Silesia and Lesser Poland – Gliwice (4,0), Cracow (4,0), Tarnów (3,0), Ruda Śląska (3,0) and Zabrze (3,0). Successful implementation of the method occurred in Gliwice, during preparation of five local urban renewal programs. This method was considered to be simple in use and was applied simultaneously with visual moderation during planning workshops in degraded districts of the city [11]. Average intensity of use of this method for the remaining cities is marginal. The stakeholders analysis was used with the highest intensity only in Żory, Silesia and Cracow, Lesser Poland. In the first of the mentioned cities, there was an attempt to use BCG method, but it proved futile due to its mismatch to the needs and conditions of functioning of the public entity. The figures for Montanari matrix and MMDM should rather be considered as wrong, as their proficiency was declared as very low, therefore, their use is hardly possible. This practically prevents the respondents from their application. The detailed results were presented in the table.

Tab. 21.4 Results of assessment of intensity of use of strategic management methods
Source: Own data.

Method	Minimum	Maximum	Mean	Standard deviation
SWOT analysis	0	5	4,05	1,138
ABC analysis	0	4	0,38	1,114
Stakeholders matrix	0	4	0,27	0,932
BCG	0	4	0,16	0,727
Montanari matrix	0	3	0,08	0,493
MMDM	0	3	0,08	0,493

The same analysis from the regional perspective is presented in the following tab. 21.5.

The proficiency in given method reflects the results of intensity of use, therefore, it was declared that SWOT analysis was applied most frequently. Lower results achieved for other methods give evidence to ambiguity of expected effects of use of any of them which should be gained. Slightly lower results (comparing to SWOT) were identified for A-B-C analysis. It results mainly from its ease of use and expectations of the results which – although not sophisticated – satisfy the planning needs. The main objective of its use was to identify the advantages, development barriers and interesting facts about the district of the city, that may affect the results of planning process as a whole. This method was also used in a simplified variant, without determining the significance and range of variability of each factor.

Tab. 21.5 Average results of assessment of intensity of use of strategic management methods – regional approach Source: Own data

REGION	SWOT	ABC	Stakeholders matrix	BCG	Montanari matrix	MMDM
Pomorskie / Pomerania	5,00	Data missing	Data missing	Data missing	Data missing	Data missing
Podlaskie	4,00	0,00	0,00	0,00	0,00	0,00
Lubuskie	4,00	0,00	0,00	0,00	0,00	0,00
Wielkopolskie / Greater Poland	4,00	0,00	0,00	0,00	0,00	0,00
Łódzkie	5,00	0,00	0,00	0,00	0,00	0,00
Mazowieckie /Mazovia	4,00	0,00	0,00	0,00	0,00	0,00
Lubelskie	4,00	0,00	1,00	0,00	0,00	0,00
Dolnośląskie / Lower Silesia	4,00	0,00	0,00	0,00	0,00	0,00
Śląskie / Silesia	3,75	0,44	0,25	0,25	0,00	0,00
Małopolskie / Lesser Poland	5,00	2,33	1,00	0,67	0,00	0,00
Podkarpackie	4,00	0,00	0,00	0,00	0,00	0,00
Kujawsko-Pomorskie	4,00	0,00	0,00	0,00	0,00	0,00

Application of stakeholders analysis and assessment of institutional system for urban renewal implementation was used in Żory, Silesia, Cracow and Tarnów, Lesser Poland. It was used as an auxiliary method and hardly had significant reflection in the setting of programming team. Any attempts to use BCG matrix led to failure due to its mismatch to the needs of public body. This issue was discussed wider in the first section of the paper. Moreover, this method concentrates of product portfolio (these require continuity). Instead – in urban renewal it is necessary to apply project-based approach. The results of the analysis based on the size of the city are presented in the following table.

Tab. 21.6 Average results of assessment of intensity of use of strategic management methods – depending on the size of the city Source: Own data

SIZE OF THE CITY (NO. OF INHABITANTS)	SWOT	ABC	Stakeholders matrix	BCG	Montanari matrix	MMDM
BELOW 80000	4,30	0,00	0,70	0,40	0,00	0,00
80001 TO 160000	4,40	0,71	0,00	0,00	0,00	0,00
160001 TO 240000	2,86	0,00	0,00	0,00	0,00	0,00
240001 TO 320000	3,00	0,00	0,00	0,00	0,00	0,00
320001 TO 400000	4,00	0,00	0,00	0,00	0,00	0,00
OVER 400000	4,67	1,33	1,00	0,67	0,00	0,00

The lowest results for intensity of application of SWOT analysis were achieved for the city having between 160000 and 240000 residents. This result – 2,86 – is also significantly lower, comparing to other groups of cities. Basing on additional interviews done with the representatives of the cities it was derived that the outcome of SWOT analysis is of a low deci-

sive value. They only roughly reflects the situation in the city or the quarter. As it was indicated – it is rather impossible to perform reliable analysis without introducing any measurable parameters for each assessed factor. The highest note for intensity of use of SWOT analysis was identified in the group of the largest cities. Basing on direct contact with their representatives it was determined that strong emphasis was put on the outcome of the analysis – it was not considered to be one of the obligatory elements of the program but as an activity that should deliver certain high quality decisive material. In case of this group, A-B-C analysis was also applied as an auxiliary one. Some cities used also Johnson-Scholes method for classifying potential stakeholders of revitalisation. Montanari and MMDM matrices were not used at all.

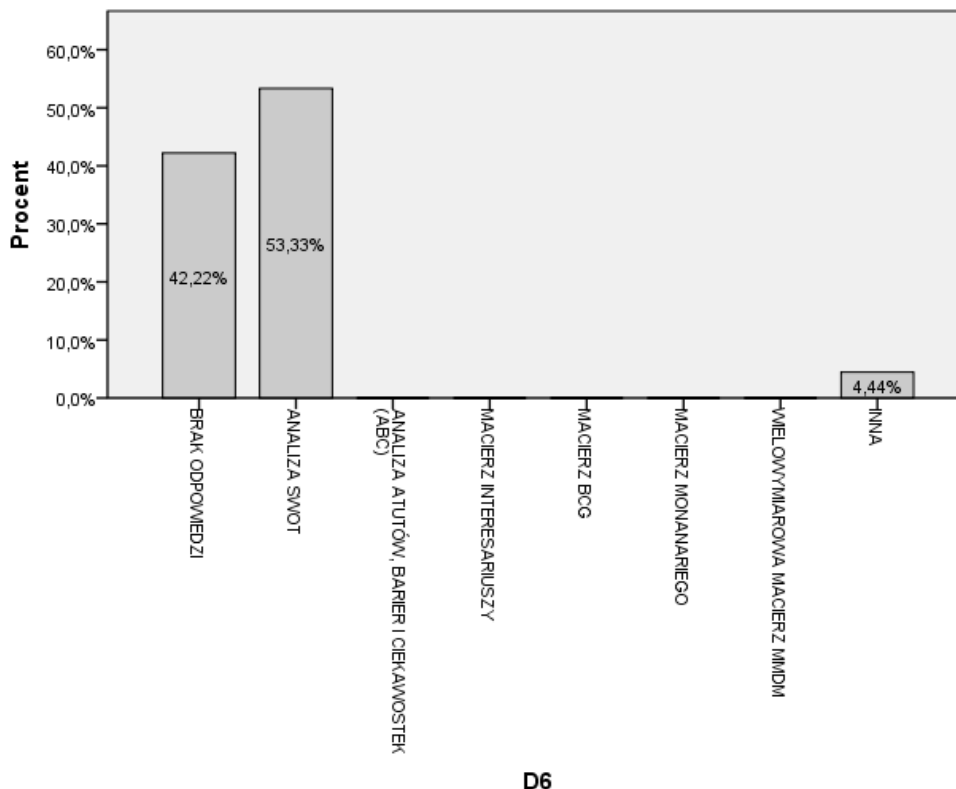


Fig. 21.3 Assessment of usefulness of particular tools for revitalisation planning

Source: Own data

In subjective evaluation done by the respondents of the research, the distribution of which was presented in the graph, it was determined that the most useful method for programming revitalisation activities was SWOT (53,33% answers). It is also worth mentioning that more than 42% indicated no answer. This proves low level of knowledge about available methods and indications on how to use them in given circumstances. It was also proven that the ability to adapt given methods to particular conditions is very low, as well as the need to apply any other ones. The development of urban renewal programs is then based mainly on intuition, without applying either sophisticated or simple managerial tools. An additional method used in program development process that was given by one respondent was project life-cycle analysis based on problems and objectives tree. It was determined, that this method is complementary to SWOT analysis.

One of the issues that require further research is determining the attitude of the representatives of the cities to applying given methods of strategic management. It was a part of a research projects conducted by the author in 2011.

The representatives of Częstochowa, Silesia expressed an opinion that the most useful would be a dedicated method which could connect the problems with places of their occurrence in a spatial manner and consequently – basing on their analysis, could enable to generate projects. They emphasized that the fundamental barrier for performing all analyses is the variety of methods of gathering data, incompatibility of national-level statistics with the data collected on the local level (e.g. by the municipalities) and lack of layers in local systems of spatial information regarding social and economic issues. Other representatives indicated that the used SWOT analysis because knowledge about any other methods was relatively low. The representatives of Cracow, Lesser Poland stated that in the diagnostic part of the regeneration program they used some elements of A-B-C method. In the programming part they applied stakeholders analysis, the results of which acted as input to logic matrix, basing on which the objective tree was generated. The projects generated in the program were then attributed to given objectives. The representatives of Warsaw, Mazovia indicated, that the use of SWOT was forced by external authorities and the program was developed basing on intuitive assessments. Some other respondents emphasized that SWOT is the most widely used and the effects of its application are satisfactory as it enabled them to perform a multidimensional assessment, even without any measurable parameters. No further explanation was given by any respondent.

21.4 Final remarks and conclusions

In the article it was proven that the use of strategic management methods and level of proficiency are slightly dependent. The best known and the most widely used method was SWOT analysis, although methodological background for it was rather poor. The main reason for that is the fact, that this very analysis is obligatory to perform in each region for the purposes of urban regeneration planning. The authorities in their instruction did not indicate how this analysis was to be done, therefore, in most cases it had been prepared intuitively. More rarely the representatives of the cities used stakeholders analysis methods. There were only a few cities in which any analysis in this area was declared to be done. Analytical tools dedicated for particular needs of the public sector organisation were not applied at all. The respondents represented serious lack of knowledge in this area. Generally speaking, portfolio methods are known better for use in corporations than in public sector. It provides much space for development of dedicated methods or for alterations and adaptation of methods known in corporate management. Creation of scenario (procedure) of urban regeneration program development comprising application of given dedicated methods should then increase the level of professionalism in managing public organisations. Further activities should concentrate on promoting these solutions and getting feedback from organisations which decided on their implementation. Any feedback should prove their usefulness and create basis for potential modifications.

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