STRATEGIC PLANNING
IN THE PUBLIC SECTOR
CASE STUDY: STRATEGIC
PLANNING IN CLUJ-NAPOCA,
ROMANIA

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Abstract

Public management offers a variety of answers to public organizations that are willing to undertake a reform process. The ways in which the administrative activity can be made more effective are multiple, from contracting out and performance measurement to public marketing and quality management. One of the most important tools that public institutions can use is strategic planning.
Public administration is traditionally regarded as a system characterized by inertia, rigidity, and immovability. It is not usually associated with concepts such as entrepreneurial spirit or managerial approaches; it rather implies a legalistic and conservative approach. However, modern public administrations face tremendous political, economic, technologic, and social challenges (Pollit, Bouckaert, 2000), thus being forced to be more away from the society’s evolution and citizens’ needs. Public institutions from Romania are more and more often confronted with this reality and are not always able to respond in an effective manner. For example, the fact that approximately two million Romanians work abroad places a great pressure for the reform of the Romanian public administration because:

- These citizens have access to a different type of administrative models and are thus able to make comparisons;
- They have significant financial resources and would be interested to invest a part of them in services that are usually associate with a better life standard (this implies their relationship with public organizations);
- They are willing to invest more in their children’s education who are going to become in the future better-educated and more demanding citizens with respect to the services provided by the public sector.

The strategic approach is not a complete novelty; it has been used since the ancient times in the military field (strategos means General in the Greek language), as well as in the political, and the economic realm. Successful private companies use strategic planning and management on a daily basis and these techniques are integrated in the normal, ordinary functioning of the organization. Public administration has also started to be interested in strategic planning both at the central level (strategies and policies at the national level) and at the local and regional level. At the local level the situation is becoming more and more interesting. Local public administrations are confronted with complex situations characterized by increasing responsibilities, diminishing resources from the central budget, increased competition from other local administrations (for attracting resources or investments), increasing expectations on the behalf of citizens and the community. In order to function at least acceptable in this difficult environment, public organizations need to develop a clear strategic vision that will take them a step ahead of other organizations. Most likely local administrations are currently at a stage similar with the situation of private companies forced by competitors to take advantage of its strategic opportunities in a zero sum game (what I win others will lose). While trying to develop a strategic approach, public organizations have advantages as well that are related to increasing freedom to act based on decentralization and local autonomy and the emergence of better trained civil servants.

From the very beginning a distinction needs to be made between the following dimensions: strategic, tactic, and operational (Bozeman, Straussman, 1990):

- The strategic level refers to establishing the mission, the vision, and the objectives to be met by the organization;
- The tactical level refers to selecting from among a set of alternatives a single mode of reaching the objectives established at the strategic level;
The operational level refers to the daily activities undertaken by the organization in order to implement the defined tactics.

Planning was among the functions of the general manager starting with the early approaches to management. Thus, in 1973 Gulick (p.13) included planning in his well-known model POSDCORB (planning, organizing, staffing, directing, coordinating, reporting, and budgeting). The academic community in the field of economics has been extremely interested in the last 50 years in the theoretic development regarding strategic management. Scholars such as Ansoff (1965) or Chandler represent important names in this field. Chandler (1989) defines strategy as “the establishment of the organization’s long-term goals and objectives, the adoption of policies, and the allocation of resources for reaching the stated goals”. This definition highlights the major questions strategic planning needs to provide an answer for:

- Where is the organization headed?
- Which parameters can be used in order to quantify the organization’s goals?
- What type of specific policies needs to be developed in connection with these goals?
- What human and financial means need to be made available?

Management and strategic planning imply a set of characteristics that are summarized below:

- Strategic management mostly refers to effectiveness rather than efficiency. Drucker stated: “the question we need to ask is not how to do things in an optimal manner but rather how to find the optimal things that need to be done and to focus resources and efforts toward achieving them”.
- Planning and strategic management are related to an old dilemma public organizations are faced with namely the significant differences that occur between expected/desired outcomes and the obtained ones.
- Strategy implies taking into consideration a medium and long-term perspective; the activities of the organization are no longer defined in operational terms (what needs to be done on a daily basis); they are instead defined in a broader context. Thus, strategic activities are those that affect the functioning of the organization on the long-term.
- A strategic decision affects the organization in a determined way. This means that the decision will not only affect the organization on the long run but also that the effects is significant at multiple levels: structure, objectives, organizational culture, etc.
- Strategic management includes establishing the goals, the objectives, the missions, and the vision of the organization.
- Strategic management is not limited to strategic planning; it also includes activities related to resources management, implementation, control and program evaluation.
- The definition of management is directly related to the analysis of the organization’s environment.

An important issue that is part of the discussion regarding strategic management refers to how the strategic process is perceived within organizations (Rabin, Miller,
Hildreth, 2000). On the one hand, we have the rational (synoptic) approach that regards the process of drafting strategies as being linear and logic. The organization defines the objectives, analyzes the environment, identifies opportunities and threats, drafts strategies, selects the best alternatives and implements it. This is an effort aimed at maximizing the organization’s gains through a classic, logical approach.

On the other hand, other scholars (Lindblom, 1959, 1977) criticized this interpretation and argued in favor of an incremental approach within the framework of strategic management. Based on the principle of “limited rationality” they claim that the organization is not as rational and objective as claimed by the synoptic approach. Managers tend to make decisions based on urgent problems they are confronted with at a certain point and not on vague future plans. Every time managers are confronted with a crisis the tendency is to make decisions that will quickly remedy the situation even if this will mean ignoring the long-term strategy; very few managers, it is argued in the literature, are capable of overcoming this conditioning.

Strategic planning in the public sector needs to take into consideration several of the characteristics of public organization that impact it. These characteristics include:

- The mission and the goals of public organizations are often defined within legal documents/regulations; this fact affects one of the essential components of strategic management, namely the flexibility and the possibility to accomplish strategic changes at the level of the organization. Even if the public manager wants to make changes regarding the goals or the mission, this may not be feasible due to legal constraints.

- The lack of competition – as mentioned before, one of the elements that had a central role in the development of strategic management in the private sector is the competitive advantage, in other words the ability to take advantage of the opportunities provided by the market better than the competition. In the public sector the lack of competition or the existence of a limited competition means that an essential catalyst for the developing of a strategic approach is missing. The public manager may not understand as well as his counterpart in the private sector the importance of planning and strategic management.

- The existence of vague and general objectives – very often the process of establishing objectives in the public sector is a vague and unclear process. Political decision-makers prefer general objectives because they are easier to “sell” to constituencies and larger group can identify themselves with these goals. The same type of unclear discourse tends to characterize the definition of public policies or specific strategies.

- The time frames included in the strategic documents are very often short. Politicians do not have enough patience to wait to see the outcomes on the long-term. They want results that are immediate and visible so that they can present them to the public. Thus short-term strategies are preferred to the long-term ones.

- Even if long-term strategies are developed, elections are able to limit their importance. The newly elected leaders can have a completely different vision
in one field or another or to alter or nullify what the former political leaders considered to be strategic options.

- The political environment may be unstable. Thus, shortly after developing a strategy, the lack of political support may make it inapplicable.

- The establishment of objectives in the public sector represents a lengthier process than in the private sector. The combined influence of the political and administrative actors, of the media, the interest groups, and of the citizens leads to a complicated process of determining the goals and the objectives of the organization.

- The lack of necessary information or the lack of the capacity to analyze the information can lead to an improper process of drafting the strategy. The same thing will happen if the existing human resource does not have the proper training in this field (Hughes, 1998).

- People in the public sector are not usually encouraged to practice a responsible and accountable behavior. The drafting of a strategy implies making risky decisions.

Even if public institutions acknowledge the importance of strategic planning this doesn’t necessarily mean that it is either understood or used in a rational way. One of the best examples in this sense refers to the wrong use of planning by the communist regimes. Within these societies, at least from an ideological standpoint, planning used to represent an important developmental factor. The five years plans offered a definition of the desired objectives at the society’s level or at the level of specific sub-fields and aimed at a rational use of the existing resources. The plans were however driven by objectives established politically, sometimes having no grounding in the reality, based on a static thinking, which did not take into consideration domestic and international evolutions. The rigid and centralized way of defining the strategic goals and objectives did not involve the inferior levels within the hierarchy in the planning process and it created between the upper decision-making hierarchical level and the existing realities. On the other hand, the process of collecting and analyzing the information was profoundly politicized and incapable of offering a real vision on the existing situation, which led to the impossibility of making coherent decisions (you cannot make right decisions based on inaccurate information).

Strategic management has evolved over time regarding the complexity of the theoretical approaches (Gluck, Kaufman and Waleck, 1982); there are four main stages in this evolution:

1. Budgetary planning – it implies comparing the outcomes against budgetary objectives;

2. Planning based on developing analyses/forecasts that try to forecast the evolution of the organization over longer periods of time.

3. Planning based on the relationship with the environment (strategic planning) – it tries to establish a connection with the market and the competitors.

4. Strategic management – it refers to embedding the strategic approach at the organizational level and establishing connections between planning on the one hand and control, motivation, organizational culture, etc.
Even tough planning and strategic management are considered to be similar they are in fact two different concepts. Planning refers to specific processes and techniques used to build a strategic approach in the organization. It refers to a rational, sequential, effort aimed at structuring step by step the organizational strategy. Strategic planning is important also because it brings into discussion two very important concepts: the organization’s mission and the analysis of the environment (Hax and Majluf, 1984; Hughes, 1998). The analysis of the environment implies an objective analysis of the opportunities that exist within the environment of the organization, which need to be related to the organization’s mission and its internal capacities (strong and weak points).

Strategic management (Ansoff, 1988, Toft, 1989, Hax and Majluf, 1984) is considered to be an evolved form of the strategic approach, which encompasses strategic planning but goes beyond it. Why is strategic management considered a broader, more general concept? Because it connects the organization with the strategic planning process at all its levels.

In order to be successful, planning needs to be related to all the important aspects within an organization: organizational culture, the motivation of the personnel, performance measurement systems, the structure and the organizational design, etc. the role of strategic management is to integrate the strategic vision at all the organization’s levels and to employ all the existing resources for meeting the objectives defined by taking into account criteria such as efficiency, economy of resources, and quality.

We can regard planning as being a rational and structured process of developing an organizational strategy based on the following factors:

Environment – Strategic planning – Internal capacities – Implementation – Evaluation

Scholars have developed several definitions and models related to strategic planning. It is impossible to define a “general” model for strategic planning in the public sector. The strategic planning process can be structured based on the characteristics of the environment, of the organization, the expectations and the available resources, in a word based on the “local” context.

The remaining part of the paper critically discusses the strategic planning process undertaken at the level of the City of Cluj-Napoca. The model is related to the structural theories by Bryson (1995) and Nutt and Backoff (1992), which were adapted and developed by taking into consideration several characteristics of the process.

**Methodological aspects regarding the planning process**

The strategic planning process (SPP) took place over a period of 14 months (2006-2007). It started from the idea that each modern urban community needs to promote a strategic vision regarding its future development. The lack of such a vision leads to a chaotic administrative activity. This means that certain opportunities can be missed and resources might be used irrationally. The operational projects and programs function best when they are integrated into a coherent framework and when there
is coordination at the strategic level. SPP meant defining the strategic dimensions regarding the future development of the community over the next 5-7 years.

The main methodological steps include:

1. A preliminary analysis. Strategic planning implies a preliminary analysis of the characteristics of the community. These characteristics include:
   - Elements regarding the history of the community;
   - The analysis of the environment (the general profile of the community, social-economic elements, infrastructure, etc.);
   - The analysis of the strategic framework at the national, regional, and county level.

   During this stage various studies were conducted (historical, organizational, needs assessment, the perception of the community, etc). One of the most interesting findings was related to what the citizens of Cluj perceive to be the most important characteristic of their community: 61% perceive the city as a university center, 21% as a medical center, 13% as a historic center; only a small percentage of those interviewed regard Cluj as a major business or industrial center.

2. Establishing a strategic vision regarding the community. The second stage implied the development of a vision for the strategic development of the city. This vision integrated the elements identified during the preliminary analysis.

   The analysis, coordinated by experts from the National Democratic Institute and local NGOs, highlighted the following aspects:
   - The regional importance of the city;
   - The emergence of the city as a center for innovation and opportunities;
   - The importance of building a welcoming community, of a pleasant local environment for its residents and tourists (enhance the life quality);
   - The emergence of the city as a university and financial-economic center;
   - Specific attention should be paid to tourism;
   - The necessity to develop a local efficient, and effective public administration, transparent and responsive to the community’s needs;
   - The importance of civic participation and involvement as a factor for the stimulation of community development;
   - The development of a business climate based on entrepreneurialism, dynamism, and involvement in the community’s life.

   The following synthetic vision was developed: Cluj Napoca will be a regional center for innovation and opportunities, an attractive tourist destination, a pleasant place to work, live, and study in; a city with accountable and responsive local authorities, with active citizens and a business community that is involved in the community’s life.

3. The sector-by-sector analysis of the main strategic areas. This analysis includes five sectors. For each sector a preliminary working paper was drafted. These working papers were then used as a support for public debates. The main strategic fields were:
- **Economic development and competitiveness**;
- **Urban development and infrastructure** (urban planning, transportation, metropolitan area, environment, etc.);
- **Human resources development** (education, lifelong training, the relationship with the community);
- **Community development** (culture, youth policies, sports, tourism, NGOs, social, health).

Each working group drafted a working paper using a methodology agreed upon in advance. This common methodology late helped with the drafting and formatting of the final document. The methodology design included:

- **SWOT analysis** (strengths, weaknesses, opportunities, threats);
- The identification of the strategic problems following the SWOT analysis;
- The drafting of a sector-by-sector strategy that would provide solutions for the identified problems (233 operational programs were identified along the five strategic dimensions; there were analyzed, structured based on feasibility, and then prioritized depending on existing priorities and resources).
- Evaluation methods on the medium- and the long-term.

All working papers were then publicly debated. They were posted online approximately one week before the scheduled date for the public debate. All interested parties were welcomed to take part in the public debate. Following the public debate the working papers were modified as to incorporate the changes generated during the debates.

4. **Drafting the strategic plan.** The strategic plan was drafted after the sector-by-sector analyses and the public debates have been completed. The strategic plan was then discusses and adopted by the Local Council under the name of local development strategy for the city of Cluj-Napoca.

From a methodological standpoint, several principles were taken into account while drafting the strategic document. They include:

- **Scientific validity** (the process needs to meet the technical requirements imposed by strategic planning);
- **The involvement of the community** (the process needs to be open to all the people and organizations in the community who are interested in this planning effort); more than 521 individuals and 320 organizations took part in the planning process or other related activities;
- **Transparency and objectivity** (the process needs to be transparent and to reflect the interests of the community);
- **Coherence and continuity** (the completion of the planning documents should not be equated with the end of the strategic planning process; the document needs to stay open to new ideas and future amendments).

**The strategic profile of Cluj-Napoca**

Perhaps the most interesting aspect related to the strategic planning process is represented by the effort aimed at defining the strategic profile of the city of Cluj-Napoca.
Each urban community has specific characteristics that differentiate it from other similar communities. The strategic planning process needs to be structured in such a way as to incorporate these characteristics. The most important question raised is: what makes Cluj-Napoca unique among other similar cities in Romania and in the region (Eastern and Central Europe)? Which are the negative and the positive strategic elements that can be identified for the city of Cluj-Napoca? Any strategic planning process needs to take into consideration the characteristics of the environment; the strategic objectives should not be established based on a mechanic, bureaucratic mechanism that does not take into account the specificity of the local community with regard to the social, economic, politic, environment. Such a process represents a weak effort, vulnerable to failure, and therefore it should be avoided.

The strategic analysis conducted horizontally, vertically, and transversally on the sector-by-sector documents and the correlation of the findings of this analysis with statistical data, surveys, and other documents showed the strategic characteristics of the city. By strategic profile we mean all the local features that are susceptible to impact, positively or negatively, in a significant way, and on the long run the future development of the city of Cluj-Napoca.

The analysis of the strategic documents and of the statistical data identified the following strategic characteristics for the city of Cluj-Napoca:

**Positive characteristics**

- **The existence of a great potential in connection with the higher education.** Cluj-Napoca is a university center that combines university tradition with modernity and the integration among other European higher education systems. The university connection means an accentuated regional role for the city, the attraction of resources, economic development, the existence of a highly skilled labor force, the development of services that support education and students, and also the existence of an increase capacity to adapt to international and European challenges and opportunities, capacity that is higher compared with other similar urban communities. The enhancement of this potential needs to be encouraged in connection with the stimulation of the existing cultural potential.

- **The existence of a significant economic potential.** Cluj-Napoca has several advantages from an economic standpoint that make it unique: a well developed banking sector, a high number of active small and medium businesses (SMB), industrial parks currently under development, high volume of investments, high influence over a large number of neighboring communities, skilled labor force, knowledge-based businesses, a dynamic and motivated business community. Cluj-Napoca also tends to be extremely competitive especially with regard to the business community.

- **The existence of a potential in the health care sector.** This potential is important in connection with the development of the city as a regional center, its capacity towards international integration, the development of auxiliary services for the health care sector, the stimulation of the medical schools, and the attraction of a highly skilled labor force.
The existence of an administrative potential. Cluj-Napoca is currently considered an example with respect to the existence of a significant number of administrative institutions that are connected to the local, regional, and national administrations. This potential is important with regard to increasing the quality of administrative services, the development of the city as a regional center, the capacity for international integration, the attraction of national and international financial resources, and the attraction of a highly skilled labor force.

The existence of a tourist potential. Due to its characteristics, tourism in Cluj can be developed along two major dimensions: business-driven tourism and urban tourism (valorization of the city’s culture and history). This potential is in close connection on the one hand with the rich history of the city and on the other hand with the development of the city as a major business and services center.

The existence of an associative potential. Cluj-Napoca has one of the most active associative sectors in Romania; by the associative sector it is meant non-governmental organizations. This can lead to major advantages with regard to community development, attraction of resources for the local community, the development of the city as a regional center, the development of a local innovation potential, the increase of the quality of administrative services, and the attraction of a skilled labor force.

The existence of a potential for innovation and creativity. The connection of the city with the universities it houses as well as several other economic, cultural, and social variables determines an increased potential for innovation and creativity. We should take advantage of it while trying to delineate the strategic profile of the city (perhaps a community that “breaths” innovation and creativity), in busting research activities, cultural life, and the development of a knowledge-based economy, the attraction of financial resources, and the ability to integrate international trends.

Multiculturalism. A multicultural society is stronger with respect to resource diversity than a mono-cultural community (the concept of added value). What used to be considered a danger and a potential trigger for conflicts is now regarded as an opportunity. This potential that steams from multiculturalism can bring major advantages with respect to international integration, tourism development, economic and cultural development, attraction of additional resources, etc.

To summarize, it can be argued that the analysis of the strategic profile points out a set of important positive elements that could be valorized by the city future development. They all offer the city the possibility to become a pole for the European and international integration at a level that is not matched by any other urban community in the region.

Negative characteristics

Barriers due to its geographic location. The location of the city needs to be taken into consideration as part of the strategic planning process. It impacts development at various levels: infrastructure, traffic, residential areas, parks, pollution, etc. the current development of the city is impacted by high traffic, insufficient parking...
spaces, a shortage of houses, sprawl, insufficient vacant land for big investment projects, etc. All these problems are up to some extent the result of the location of the city.

- **Insufficient coordination among the actors in the community.** There are numerous interest groups that operate in the city and often compete against each other in their fields of interest (economic, cultural, social, politic, sports, etc). The resources available to these interest groups are higher than the one available to such groups in other settings. Unfortunately, the city looks more like a collection of individual groups, each group acting to advance its own interests and not like a community interested in the same strategic long-term objectives whose members cooperate for reaching a coherent development.

- **Difficulties related to the efficient management of local resources.** The city has been for a long time the holder of important resources/assets; however, they were not used in an efficient and effective way. The city’s wealth was not perceived as such by its citizens and the community, due to problems related to organization, cooperation, and planning.

- **Low quality of services.** Even tough the city has a high potential in the field of services, their quality is still low. Various studies showed that sectors with a high potential toward development (such as tourism) are not very interested in enhancing the quality of the services they provide, this having a negative impact on the strategic development of the city.

- **Migration of the workforce; problems related to human resources.** Even tough the city has a highly educated population – due mainly to the presence of several universities in the community, it still experiences problems related to the retention of this skilled workforce. This can negatively impact the strategic development of the city.

- **Limited access to information and services.** The strategic role of the city as an intelligent regional center can be affected by the barriers that exist regarding access to information and services. This deficiency refers to issues such as widespread access to modern communication technologies, the access of persons with disabilities to different public/private services, and the lack of information available for visitors and tourists.

- **Weak marketing of the city at the national and international level.** The interest of the city has not been promoted in an organized and structured way. This fact is due to a lack of clearly defined strategic objectives and the existing deficiencies in the structuring of a marketing system capable to build a local brand and to sell the assets of the city to the exterior world.

- **Weak valorization of the multicultural potential.** Multiculturalism can be regarded as an asset for the development of the city. This potential was not only ignored for a long while but also regarded as a potential danger. Understanding the opportunities associated with multiculturalism at the economic, social, cultural, educational level can represent a major strategic advantage.
Conclusions

The main conclusions that can be depicted from the strategic planning process include:

– The development of the city is not merely a problem of the local authorities; it is rather related to the will and the capacity of the community to identify and define strategic objectives and to translate them into operational programs.

– Cluj-Napoca is confronted with problems that are specific to a city undergoing “full steam” development. The local community needs to be able to identify the challenges in this process and to valorize them.

– Cluj-Napoca has a competitive edge over other similar cities due to its “intelligence”, motivational, and entrepreneurial resources. The valorization of these resources in an optimal way can lead to the development of a creative and innovative city profile in the region.

– Cluj-Napoca is focused on services – a city of services.

– The city needs to act according to the regional role envisioned by its leaders and the community. The discourse regarding the regional role the city plays needs to be matched by a rational strategic action that will take advantage of the assets the city has as compared with other urban communities (universities, services, tourism, administration, health care services, etc).

– The city has a high potential regarding the development of economic (but not only) activities that required a highly skilled labor force (IT, Banking sector, health care services, etc).

– Cluj-Napoca has the potential to enhance the quality of the local democracy (based on the high level of education among its residents, the high level of associative practices and entrepreneurial spirit).

– The enhancement of life standards in the city is a strategic element that is indispensable for the future development of the city.

– The success of the strategy at the tactical and operational level depends upon the community’s ability to form joint working groups (administration-interested groups) which will implement structural programs at the strategic level, to monitor the, to evaluate them, and amend them based on the received input.

References