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A Development Vision and Strategy Model as a Response of Cities to the Challenges of Globalization

Anita Maček and Vito Bobek

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Abstract

Exposure to new sources of competition across the world encourages cities to become more competitive and to allocate their resources more effectively and efficiently. Responding to the demands of many different groups and managing the allocation of resources between different claims is nowadays one of the most important challenging tasks for city governments.

To reach their desired destination, cities must be aware of where they are starting out. First, they should identify their strengths and weaknesses and after that define the position they want to strive for in the future. By defining the position of the future, they need to be aware of the significant trends and other factors that will influence the direction in which the future unfolds.

To overcome the challenges mentioned, many successful European cities designed a model that simplifies the monitoring of long-term goals. The important thing is that these goals are consistent with the city's development vision and strategy, and both must be based on values, wishes, and priorities of the local residents.

In the proposed chapter, the authors present the vision and strategy model that was developed for Slovenian cities.

Keywords: Vision and strategy model, cities, globalization challenges

1. Introduction

Cities have an important political, social, economic, and cultural role in their regions. They are the foundation of economic development and the core of exchange and trade; they help

promote personal freedom and are the centers of creativity, development, and innovation. Globalization has caused many societal changes and influenced the role of cities, which in turn must face the challenges globalization brings about.

There are numerous studies available on the consequences of globalization in various countries, but many fewer focus solely on cities, although the volume of research has been growing in recent years. Analysis of globalization effects on cities in South Africa showed that the economic, social, and cultural consequences are especially noticeable (see [1]). Globalization has caused an increase of foreign direct investment in Indian cities (in [2]) while study (see [3]) shows that direct investments were the main consequences of globalization in Cairo. Study on how globalization affects developing cities highlighted the need for a model which would help those cities overcome the obstacles of globalization (in [4]). Looking into different globalization effects, some studies analyse the connection between cities, trade, and economic growth (see [5]).

The challenges cities face because of globalization are strengthening the need to manage cities more effectively, and they demand the implementation of new decision-making models on all levels. In this chapter, we present the vision and strategy model which could serve as a tool by overcoming globalization challenges.

2. Factors of cities' development

In the past, various factors influenced the development of cities. With the emergence of globalization, however, this worldwide movement has become the main factor, putting the interplay between the globalization process and the local potential to the forefront and thus creating new opportunities for cities. People's individualism has created a so called I-generation (individualistic, informal, informed, interactive, and international), and it affects the dialog between the city managements and the ever more demanding city residents. The third factor of development can be seen in the integration of all fields, which encourages new potential synergies. The development of information and communication technology is enabling an ever faster rate of progress. Through an increasing proportion of elderly populations and lower fertility rates, the changing demographic environment in developed countries creates financial pressures on public health and retirement systems, and a smaller base of economically active people is creating new conditions on job markets.

A growing share of urban populations increases the impact cities have on the prosperity and welfare of regions and even entire countries. An important factor of urban development is also the migration of populations, which presents an especially big challenge in the areas of cohesion, integration, and employment, and at the same time generates new opportunities and threats for the creation of social capital, identity, and knowledge potential in cities, regions, and countries. What kind of effects the factors mentioned above have on cities depends on many circumstances; however, some of the effects can be negative and cities can only avoid them with a suitable strategy.

The negative effects of city development primarily apply to the consumption of natural resources, reflected by severe environmental problems, such as polluted air, polluted soil, polluted groundwater and surface water, etc. In some cities, where the population density grew faster than the capacities and plans of local authorities, this has caused social problems. In business, deindustrialization and the implementation of new technologies limited local income and drove some residential quarters to the brink of financial ruin, which also hurt the developmental efforts of entire cities. Various authors have thus developed several kinds of tools for the revival and further development of cities.

The efficiency factors relevant for city development can be grouped into three key groups (in [6-13]):

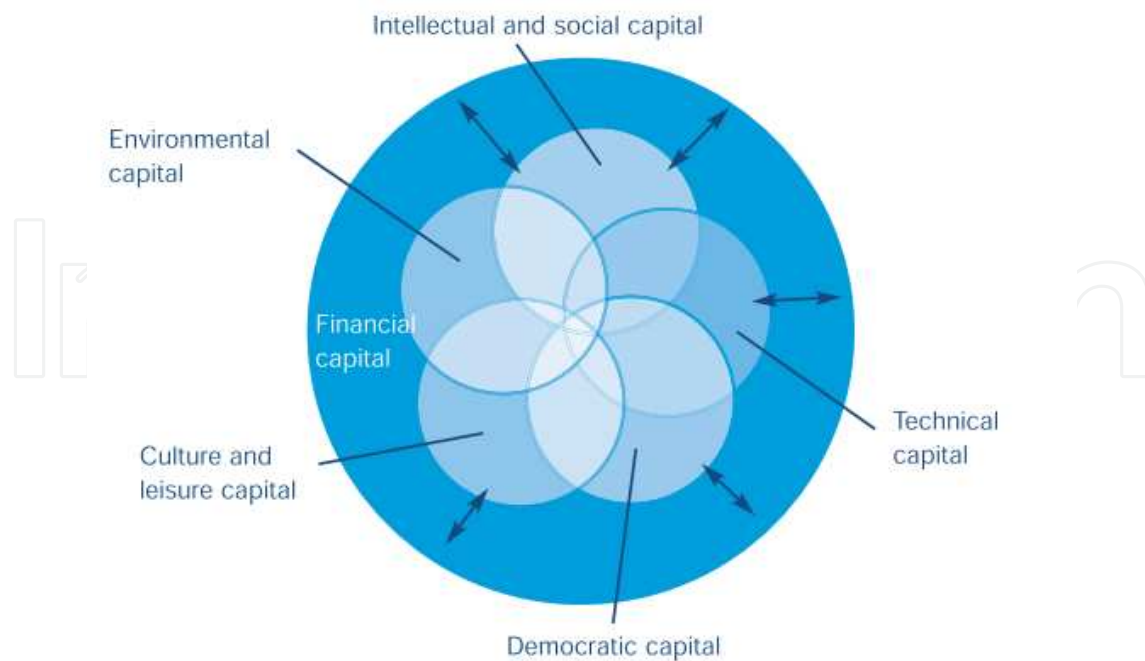
- Economic
- Technological
- Social factors

In [6] economic diversity (industrial/service sectors, international/domestic, and large/small companies, old/new economy), educated workforce (availability, demand and supply ratios at universities, research institutes, in governments and in the private sector), connectedness (internal/external, physical/electronic/cultural), ability to lead strategically (vision, leadership, partnerships, politics), knowledge and innovation in companies and other organizations (investment in modern, knowledge-based equipment, investment in research and education, investment in innovation, work productivity), and quality of life (social, cultural, and environmental) are among the most important factors of cities' competitiveness.

The Huggins Index of Urban Competitiveness ([in 14]) emphasizes the importance of the local economy's ability to attract and maintain companies with stable or growing market shares, while simultaneously sustaining or improving the standard of living in the city. The index is divided into several subcategories, including knowledge-based companies, economic activity, company density, GDP per capita, productivity, wages, and unemployment. The urban resources base consists of location, age, favorable economic structure, company characteristics, ability to learn and innovate, communication, high-quality environment and services, and local leadership (see [15]).

"Cities of the future" will need to be able to provide and manage six interrelated forms of capital (strategic assets and resources of the city) (see [9]):

- Intellectual and social capital
- Democratic capital
- Culture and leisure activities capital
- Environmental capital
- Technical capital
- Financial capital



Source: ([9]).

Figure 1. Integrating capitals

Intellectual and social capital consists of people and knowledge resources, including urban residents' skills, competencies, and know-how. This form of capital is the main success factor for attracting investments. The level of social capital is reflected through the quality of formal and informal relationships in a city and is linked with a low crime rate, a low education level, and a lower level of segmentation and segregation.

Democratic capital (transparency, cooperation, and partnerships) stresses the need to include city residents in policy making and decision making. The awareness that city residents are no longer only voters and consumers but also cocreators of policies that shape the future of cities is coming to the forefront (ibid, 2005, p. 4). The information technology boom has made it possible to use democratic capital more extensively, and a number of cities are thus taking advantage of the internet, using it as a new channel for interaction between city leaderships and residents.

Culture capital and leisure activity capital encompasses values, behaviors, and public expressions and manifests itself through numerous attributes, which provide the city with a unique identity. Many cities build their unique identities by creating their own trademarks. In addition to a range of high-quality cultural services and lifestyles on offer, those trademarks also draw attention to other city attributes, which help attract and retain people's attention.

Environmental capital means natural resources, including clean, green, safe, and attractive environment. Balancing environmental impact with economic development is a big challenge. Pollution is a major problem for many cities, and their policies should therefore incorporate economic and environmental considerations.

Technical capital is the city's infrastructure and consists of both the basic infrastructure (housing, transport, water, and energy under strain) and the infrastructure needed for efficient communication within the city administration.

Financial capital (money and assets) is important because cities nowadays are facing a number of financial challenges. In order to respond to them, cities have to establish accounting policies and analyses that allow them to understand their financial position. Often cities adopt an entrepreneurial approach to financing and providing services.

Although every city has its own unique identity, they face numerous common opportunities and challenges. The diversity and abundance of factors affecting city development require a unified strategy or model for long-term urban development that will effectively include all kinds of capital. Numerous successful European cities have already created their strategies, outlining their transformation into so-called knowledge or creative cities. These strategies are based on encouraging city residents' knowledge, creativity, and innovation, as well as the use of their varied experiences. Most urban city strategies favor a traditional, economic growth-oriented development policy, with an emphasis on attracting investors. Cities provide them with the best opportunities, modern infrastructures, highly trained workforce, low taxes, high-quality public services, and selective industrial policies that favor investments in modern strategic fields. This kind of policy requires strong support from all public authorities in their respective strategic fields, and also includes the establishment of research institutes and modern education programs.

Regardless of which type of strategy is employed, it is important to have one in place in order to define a city's direction of development. If a development strategy is not defined, projects often remain unrealized, not taken advantage of to their full potential, or simply unsuitable for a certain area. In the following subchapter, we are presenting a vision and strategy model that cities can use by planning their development. The authors of this chapter participated by developing a model created based on the needs of the Slovenian market and which has been tested in various Slovene cities with success.

3. The vision and strategy model for strategic management of a city

The vision and strategy model for Slovenian cities has been developing for years. The research on existing strategies in foreign cities, an analysis of strategic documents at the European and national level, and an analysis of the needs and capabilities of cities in Slovenia served as the basis for the model.

We had several goals in designing the model. First, we wanted to create a model that would facilitate the equal inclusion of opinions and priorities of city residents and other stakeholders of the cities. Within the principles of model transformation, we were mindful of the stability and the efficiency principle. We created a model that makes it possible to define development objectives and measures needed for their realization for a period of up to 20 years.

At its core, the model focuses on five main pillars, which have been identified as those vital for a city's development. They are as follows:

- Economy
- Transport and communication
- Environment
- Quality of life
- Education

The framework of VIS model is shown in Figure 2 below.

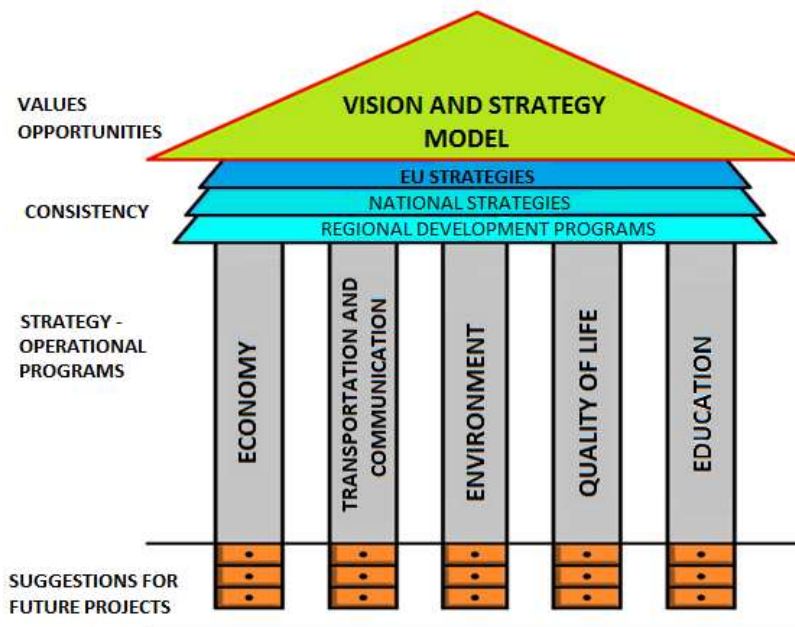
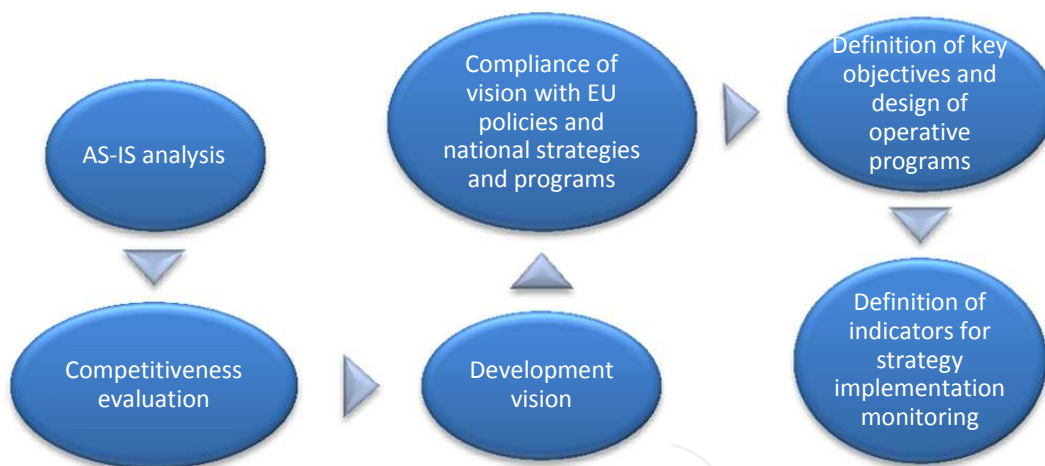


Figure 2. The vision and strategy model

All pillars are interconnected and mutually complementary. The main objective of each city is a strong economic position, and this has been primarily taken into account in the model's creation. By "strong economic position," we mean not only economic growth but also economic development, which is a reflection of progressive change in the socioeconomic social structure. The transport and communication pillar has been incorporated into the model because transport is part of the environment, and as a tertiary industry, it contributes greatly to economic development and the interconnection of different places. Transport and communication infrastructure has to meet the needs of economic development. In addition to adequate construction and the technical state of the transport network, there is a need for good-quality and high-capacity roads, which have a positive impact on economic activities and traffic accessibility. An important role must also be given to environmental protection in the creation

of the long-term development vision and strategy. The environment pillar thus includes the prevention of biodiversity loss as well as the implementation of efficient and smart electric power grids and the development of a more competitive low-carbon economy, which efficiently and sustainably uses resources and other forms of environmental protection. The fourth important pillar of the vision and strategy model is education. It is a fact that we live in a knowledge-based society and that the skills of residents influence their lives in the greatest possible way. We are all aware that knowledge is the best investment; therefore, personal development and growth have also been included in the vision and strategy model. The last pillar of the model is the quality of life, including cultural events, accessible sports and recreational facilities, social activities, residence safety, neighborly relations, and spiritual care. In all phases of the model, attention is directed toward the above-mentioned pillars, and each step of the model is structured around those pillars.

The model methodology demands the completion of a structured questionnaire among various interest groups, a field survey on residents' life satisfaction, a survey for the definition of the selected city's identity (recognizability), and an analysis of existing statistical indicators for the city. Below, we present an example step-by-step representation of the vision and strategy model.



Scheme 1. The process for the creation of city vision and strategy model

The above picture shows the process, which consists of six steps. The first step of the process is an analysis of the city's current situation.

3.1. The AS-IS analysis

The AS-IS analysis is an evaluation of the current situation in a city. The first step encompasses a precise definition of demographic and social indicators, economic indicators, and environmental and natural resource-related indicators. In general, a study of available capital is conducted; strengths, weaknesses, opportunities, and threats are explored, and at the same time, the location's attractiveness and the importance of economic and sociopolitical environment for the selected city are defined.

Besides a statistical analysis of publicly accessible statistical data, the AS-IS analysis also includes the following:

- A public opinion analysis based on a life satisfaction survey among city residents
- A public opinion analysis among residents of other cities in the country with the goal of defining the selected city's recognizability in the region
- An analysis of individual responses from a sample of focus groups, which serve to gather information on the *status quo* of various aspects of city life. The individual focus group participants are carefully selected, and some of them are visible members of the city in one of the fields that could turn out to represent the city's development potential. In-depth interviews are carried out with those individuals.

Based on the data gathered with the help of the above-mentioned statistical methods, development potential and possible obstacles to development are defined. Within the AS-IS analysis, particular attention is paid to the city's budget, which is an important basis for later steps and for the definition of an individual city's competitiveness. The next step in the process is the evaluation of the selected city's competitiveness.

3.2. Competitiveness evaluation

Competitiveness is defined with the help of two methods—the benchmarking method and the SWOT analysis. Publicly accessible data from the Statistical Office and data gathered with the help of questionnaires, filled out by residents and various interest groups already in the first phase (AS-IS analysis), comprise the main statistical base for the competitiveness evaluation.

With the competitiveness evaluation, we also define general strategic questions that a city is faced with on a daily basis. We use the following matrix to define strategic issues for the city (Table 1).

Broad strategic context	Symptoms	Strategic orientation/questions
Declining city	<ul style="list-style-type: none"> - High level of inactive population - The city is not within commuter distance to a stable or growing economic center - Very few income generating activities - A constant outward migration from the city for various years 	<ul style="list-style-type: none"> The city needs <ul style="list-style-type: none"> - a good connection to other urban centers - the adaption of services to ensure provision of essential city services at lower cost - to reverse trends in a city
The city is in transition	<ul style="list-style-type: none"> - Unemployment is high - Some "key" old industries closed down - The labor market is focused too much on outdated industries - Favorable chances for new ideas 	<ul style="list-style-type: none"> The city needs the appropriate <ul style="list-style-type: none"> - assistance of a transformation of city - way of transforming old industrial locations into new spaces for modern living, working, art, and culture - adaption of local skills

Broad strategic context	Symptoms	Strategic orientation/questions
		- encouragement of new ideas and new business - positioning
The city is growing	- The city is successful - There is inward migration - Existing infrastructure is becoming inadequate because it was not designed for a larger population	The city needs provision of adequate infrastructure and services - to increase the population - to ensure adequate environmental standards for a growing population and quality of life - to ensure social integration and cohesion
City resources are tight	- The city does not have the ways and means to generate sufficient income - The city is not using its resources efficiently enough - This situation can take place in any of the above three mentioned situations	The city should - generate more income - make tax collection more effective - make safe investments for the future

Source: (see [16]).

Table 1. Strategic issues relevant for the city

With the help of the matrix above, we can analyze in which stage the city is and define the most important strategic questions and orientation our model of vision and strategy should answer.

3.3. Creating the vision

Some cities and people see the vision and strategy as a piece of paper or as a tool for political promotion. In forming the model, we avoided this risk by including stakeholders and their ideas in the process of forming the vision of the city.

When creating the vision, we took into consideration the fact that every city needs a strong and interesting vision, which then serves as the basis of its long-term development strategy. It is important that the vision include stakeholders and their ideas from various fields, but simultaneously the general public must be made familiar with the vision in order to build their enthusiasm around it and enable them to identify with it. The creation of the development vision is based on the AS-IS analysis and the competitiveness evaluation.

Residents' values, including traditional and postmodern values, also play an important role in defining the vision. At the same time, indicators measuring the performance and potential of a city are also taken into consideration when creating the vision.

In this stage, we use the prioritization matrix, for which we formed an automated template in an Excel spreadsheet. This spreadsheet includes criteria for judging priorities.

In the next step, the development vision's compliance with existing strategic development documents on the EU and national levels are checked.

3.4. Compliance of vision with EU and national policies

In this step, the residents' knowledge of EU policies and national strategies is examined, and at the same time, the new city's vision is checked against those documents. First, compliance is checked against development documents at the EU level, then the state, then at the regional level, and finally at the city level. Simultaneously, a list of existing projects is made and their alignment with the new vision is reviewed as well. The next step is the definition of key objectives and operative programs.

3.5. The definition of key objectives and the design of operative programs

Key objectives and operative programs are prepared for each of the above-mentioned five pillars (economy, transport and communication, environment, education, and quality of life).

Each of the five development pillars is divided into three parts. Part one shows elements from the residents' point of view and it reflects their perception of the current situation and certain expectations. In the second part, clear, quantified, realistic, and challenging objectives are set, which form the basis of a transparent system for monitoring the execution of the development strategy. Quantified objectives are also complemented by values or satisfaction of residents. This ensures a permanent participation of the residents. The third part of each development pillar is a pool of potential concrete measures for the attainment of objectives set. The pool of measures stems from existing documents, the city's legal obligations, and best practice case studies, and it serves as a reminder for the actions taken by the city council and the city administration. Based on the measures pool, the city prepares project ideas in advance so that they are ready to be undertaken.

3.6. The definition of indicator values for the monitoring of strategy implementation

Using the statistical tool "expert choice," the last step consists of setting the indicator target values, applicable for the same period of time as the vision. Based on our experiences, 20 years is the most relevant period. After the calculated final values, which are influenced by weights assigned to individual indicators, cities have an efficient tool to monitor strategy implementation progress.

When the process of creating a vision and strategy model is completed, the strategic development document must then be presented to city residents. Awareness of the direction of future development gives residents additional motivation and desire to be involved in the realization of measures that will contribute to the city's development.

4. Introduction of the model in practice

The model is designed in such a way that it can be used for any city. A committed city leadership, which motivates residents and creates an atmosphere where everyone wants to

contribute to development, greatly contributes to the model's more efficient realization. Residents' values, which form the foundation of the vision, make it possible for individual cities to differ from their competitors, and they make it possible for the city to stand out and get noticed to the fullest possible extent. The model's introduction requires the prudent application of strategic thinking at all levels and in all dimensions. The special added value of the model, however, lies in residents' participation in all phases of the creation of the city's vision and strategy. The development vision and strategy created by using the model presented above will give the city answers to the following questions:

1. Who are the relevant subjects for the development of the city?
2. What is the current state of affairs in various fields (economic activity, social activity, environment, and spatial planning)?
3. What kinds of developmental opportunities are available and what are the developmental shortcomings?
4. What are the objectives and priorities of the city's development?
5. Which measures need to be undertaken to achieve the objectives set?
6. Which projects lead toward the objectives set?

Of course, the newly created development vision and strategy only represent the first step, which must be followed up by building trust in the city, establishing partnerships in various directions and on various levels, and attracting key factors necessary for the development and realization of projects that support the city's developmental objectives. This is a long-term process, which due to residents' participation from the early start, their inclusion in the projects, and their influence on the indicators facilitate a broad consensus that minimizes the possibilities of everyday political meddling in the city's development.

The model gives cities the ability to compete and position themselves in order to provide quality of life, jobs, and services that attract business and people. Cities with vision and strategy have better conditions for funding city projects via banks, national funding, or EU funding.

To this day, the vision and strategy model has been carried out in more than 20 Slovenian cities. For all these cities, the model has helped us define specific strategic goals and the way to achieve them. The model pays special attention to practical aspects of strategy delivery. Moreover, the model also emphasizes the significance of an integrated approach and the importance of building partnerships.

5. Conclusion

Many challenges brought about by globalization have encouraged cities to orient themselves toward the future. Some have done that successfully and some are taking small steps with the help of individual projects and are therefore less successful. One of the reasons for a lower success rate is the absence of a development vision and strategy.

The above-presented process for developing the vision and strategy model of a city enabled its users to understand and analyze what will be at the center of attention for their city in the future. The process consists of six steps, and its successful implementation in practice depends on several different factors. One such important factor is the courage of the city's leadership to test new ideas and to encourage a robust dialogue between politicians, the administration, companies, associations, and individuals. The fact that the model foresees the inclusion of residents, various interest groups, experts from various fields, and the city's leadership in equal measure shows that the creators of the model are well aware that a strategy can only be successful if people recognize the fulfillment of their wishes and expectations in it. Practice shows that objectives, plans, and strategies in themselves do not lead to success; only people and the values that guide their realization can achieve this.

Author details

Anita Maček^{1*} and Vito Bobek²

*Address all correspondence to: anita.macek@net.doba.si

1 DOBA Faculty of Applied Business and Social Studies Maribor, Slovenia

2 FH Joanneum Graz, Austria

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