

Strategic Planning in The Public Sector: Analyzing Its Effects on Local Government Performance

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Abstract:

This study investigates the impacts of strategic planning, strategic types, and stakeholder involvement on the performance of Brazilian local governments. Using a sample of 286 municipalities, the research employs multiple regression analysis to evaluate how these variables influence various dimensions of organizational performance, including the management of objectives, operations, people, external relations, and overall performance. The primary goal of the study is to empirically validate the relationship between strategic planning and the performance of local governments, as well as to identify which strategic types are most effective in different contexts. Additionally, it seeks to understand the role of stakeholder involvement in the strategic planning process. The methodology included the collection of primary data through electronic surveys sent to municipal managers, as well as secondary data from the Municipal Management Index (IGM-CFA). The variables analyzed were the Strategic Planning Perception Index (IPE), strategic types (defender, prospector, reactor), and the Stakeholder Involvement Index (IEST). The results indicate that a positive perception of strategic planning is significantly associated with improvements in all areas of performance analyzed. Proactive and innovative strategies (prospectors) showed positive correlations with performance, while reactive strategies showed negative correlations. Stakeholder involvement also contributed positively to the management of objectives, operations, and people, although it showed a negative correlation with the management of external relations.

Keywords: *Strategic Planning; Performance; Local Governments; Municipalities.*

I. Introduction

Strategic planning in the public sector is a subject of study that carries with it notable challenges. Despite its long history of use and analysis, there is still a scarcity of robust empirical evidence documenting its practices and effects on improving public sector performance. Studies conducted by Walker & Andrews [94], for instance, indicate that formal strategic planning and its associated techniques—such as benchmarking, goal-setting, and performance management — can enhance the performance of local governments. However, the effect of strategic content or adoption — i.e., how public organizations adapt to their environment — on public performance shows only moderate outcomes.

Contradictorily, empirical research such as that of Andrews et al. [7] reveals that strategic management may not significantly affect the performance of local governments. In their studies conducted in Wales, the authors found that the absence of strategy harmed performance. However, other strategic elements, such as content and formulation, showed variable effects subject to complex environmental contingencies. These findings highlight the need for further studies to verify whether such contingencies manifest similarly in other institutional and organizational contexts.

More recent studies, such as Pasha et al. [70] on U.S. transportation agencies, demonstrate positive effects of strategic planning on performance, although not from the content, strategic type, or formulation. Similarly, Elbanna et al. [31] found comparable results in Canadian organizations. These variations in outcomes suggest a lack of consistent patterns, underscoring the need for more investigations into the practices and effects of strategic planning in diverse contexts, particularly outside the U.S. and the U.K.

Bryson et al. [21] argue that strategic planning became popular due to trends in regulatory coercion and professional norms pressure, besides being a crucial working tool for decision-makers, such as elected politicians and managers. Strategic planning enables decision-makers to determine what their organizations should do, how, and why, providing valuable insights. However, questions about its effectiveness and applicability remain open.

Poister [73] conducted a comprehensive quantitative study on the strategic planning process and its outcomes, while Bryson et al. [20] provided recommendations for future research, emphasizing the need for further studies on the extent and effectiveness of strategic planning in practice.

This study focuses on the effects of strategic planning in local governments in Brazil, a context that remains underexplored in the public management literature. Local governments play a crucial role in managing public resources and delivering essential services. Brazilian legislation mandates that municipalities prepare multi-year plans, budget guidelines, and annual budgets, which provide a legal and budgetary focus but leave little room for strategic planning.

This research aims to identify the effects of strategic planning and management on the performance of Brazilian local governments, addressing the question: What are the effects of adopting strategic planning on the performance of Brazilian local governments? Moreover, it seeks to contribute to understanding the impact of strategic content and stakeholder engagement on public sector performance, incorporating environmental, political, and administrative factors specific to the Brazilian context.

To this end, the research adapts an instrument developed by Poister & Streib [75] in the U.S. and integrates questions on strategic content from Andrews et al. [5] in the U.K. The performance of public sector organizations is assessed by considering services and benefits to the population, using both effectiveness and efficiency data, complemented by objective indicators such as the Municipal Governance Index (IGM) from the Federal Council of Administration (CFA) [23].

This study is organized into nine sections. The introduction contextualizes the topic, defines the research question, object, and objective, and justifies the choice. The second, third, fourth, and fifth sections cover the literature review on strategic planning in the public sector, performance in this sector, the relationship between strategic planning and performance, and dimensions of public planning, including the study's hypotheses. The sixth section outlines the research methodology, followed by the seventh section, which discusses data through statistical analysis in light of the literature. The eighth section presents the final considerations, and the last section provides the references used.

II. Strategic Planning in the Public Sector

Strategic planning is a practice aimed at maintaining a favorable long-term balance between an organization and its environment [28]. This systematic process is used to gather information about the organizational framework and translate it into specific goals, objectives, and actions, combining forward-thinking with both objective and subjective analysis of priorities [68].

According to Bryson [19], strategic planning unfolds in three fundamental stages: clarifying the current position (A), defining the organization's vision and objectives (B), and formulating and implementing the strategy (C). Over the years, this process has evolved with significant contributions from authors such as Nutt & Backoff [67] and Koteen [51], who emphasize the importance of clarifying mission and values, developing a future vision, analyzing threats and opportunities, and setting strategic goals and objectives.

However, the execution of plans is often where challenges arise, as resistance from staff and the failure to align strategies with other decision-making processes can compromise the effectiveness of strategic planning [34], [26]. Mintzberg [59] criticizes the disconnect between planning activities and performance goals, stressing the need for strategic management that coordinates all organizational units [51].

Broader process approaches, such as the Harvard Policy Model, have significantly influenced strategic planning in the public sector, adapting concepts like SWOT analysis and strategy development for governmental contexts [4], [12]. However, the practical application of these models requires adjustments to include a wider range of stakeholders and address the political and collaborative nature of public decisions [19], [67].

Quinn's [77] concept of logical incrementalism integrates strategy formulation and implementation, highlighting the importance of incremental decisions that can lead to significant changes over time. This approach applies to public organizations as long as clear strategic goals exist and a continuous process of strategy evaluation and adjustment is in place [76].

Stakeholder management, as proposed by Freeman [35], emphasizes the importance of meeting the needs of diverse interested groups for the effectiveness of the strategy. In the public sector, this approach is crucial due to the requirement for citizen participation and the need to balance multiple demands [39], [96].

Strategic management systems coordinate key decisions across all levels and functions within organizations, integrating strategic planning with other critical processes, such as performance management and resource allocation [74]. These approaches aim to harmonize various dimensions of organizational strategy, although they may encounter challenges related to excessive formalism and control [60].

Strategic planning in the public sector is also shaped by partial process approaches, such as strategic negotiations and issue management. These approaches acknowledge the political and collaborative nature of public decisions, focusing on resolving specific problems through negotiation processes and continuous issue management [71].

Content-focused strategic approaches, such as portfolio management and competitive analysis, offer a framework for determining what should be included in strategic plans and how they should be developed, helping organizations strategically manage their resources [91]. These approaches are adaptable to the public sector, where analyzing internal and external conditions is essential for defining effective strategies.

The effectiveness of strategic planning in the public sector depends on how it is defined and studied. Variance and process studies provide complementary perspectives, highlighting the importance of understanding strategic planning as a complex practice involving multiple actors and interactions [21]. Integrating strategic planning with other management practices, such as budgeting and performance management, is crucial for improving organizational performance [73].

In summary, strategic planning in the public sector is a multifaceted practice that requires an integrated and adaptive approach, taking into account the specificities of the organizational context and the needs of stakeholders. Ongoing studies should explore the connections between strategic planning and performance while developing methodologies to assess the effectiveness of implemented strategies [18].

III. Performance in the Public Sector

The evaluation of performance in the public sector has been a significant area of academic interest, focusing on various dimensions and measurement methods [14], [81]. The complexity of organizational performance measurement is evident from the variety of stakeholders involved and the diverse types and sources of data utilized [96]. Heinrich and Lynn Jr. [43] emphasize that performance is a multidimensional construct, encompassing aspects such as economy, efficiency, and effectiveness, along with additional dimensions such as accountability, probity, and respect for human rights [96].

The external environments of public organizations are particularly complex, significantly influencing performance due to the involvement of multiple stakeholders, including political authorities, other public and private organizations, service users, and citizens [86]. These stakeholders have different priorities and interests, shaping public sector service delivery functions and the prioritization of various performance outcomes [62], [88].

Performance measurements can be derived from stakeholder perceptions or archival sources, each with its advantages and limitations [81]. Perceptual measures cover a broad range of non-economic dimensions, such as responsiveness, but are vulnerable to methodological biases [48]. Archival measures are considered more robust but may suffer from validity issues, as they are socially constructed and susceptible to manipulation [95].

For a comprehensive evaluation of organizational performance, it is ideal to combine multiple performance dimensions with data collected from both internal and external stakeholders through perceptions and archival records [3]. However, in practice, studies often focus on a limited number of dimensions—such as efficiency, effectiveness, and equity—due to data availability constraints [14].

Performance measurement in the public sector has received significant attention, especially in European and North American contexts, but there is a lack of studies in developing countries [89]. The definition and operationalization of performance indicators in these countries, as well as how performance information is utilized, remain areas requiring further investigation.

Good performance measures in the public sector should include productivity, quality, innovation, reputation, goal attainment, operational efficiency, and staff morale [90]. These dimensions are essential for achieving good governance, which is characterized by responsiveness, accountability, transparency, anti-corruption efforts, and participation [1].

Performance measurement systems play different roles in organizations, including operational planning, performance evaluation, goal communication, strategy formation, monitoring, focus of attention, strategic decision-making, and legitimation [65], [40], [45]. The distinction between the facilitating and influencing roles of these systems is crucial to understanding their use within organizations [2], [84].

The incentive-oriented use of performance measurement systems is emphasized by New Public Management (NPM), which views these systems as tools for goal-setting, incentive provision, and rewards [66]. The operational use, by contrast, involves operational planning, process monitoring, and information provision [40].

The exploratory use of performance measurement systems is associated with strategy formation and goal communication, helping to identify areas requiring political or managerial attention and promoting the search for new policy approaches [83], [82]. This use is essential for developing a shared framework on what constitutes satisfactory performance [64].

The contractibility of performance measurement systems refers to their ability to define clear objectives, measure performance without distortion, and control the production function [8]. These systems should provide incentives that align managerial behavior with organizational goals, avoiding noisy metrics that could distort performance evaluation [79].

Favoreu et al. [32] present an analytical framework for performance management models adapted to local contexts, including planning, operationalization, accountability, and public policy evaluation. These models range from administrative performance, limited to internal administrative actors, to governance, which involves a broad range of stakeholders and promotes a more democratic approach [9].

Administrative and managerial performance models are confined to internal actors, whereas performance management and governance models extend to include broader stakeholders, such as users and citizens [32]. The evolution of these models reflects greater integration and participation of different actors in the evaluation and improvement of organizational performance.

The evaluation of performance in the public sector must therefore consider an integrated approach that combines different dimensions and data types, adapting to the needs and expectations of stakeholders. Studies should continue exploring the links between performance measurement and organizational outcomes, developing methodologies that allow for a more precise and inclusive assessment of public sector results [21].

IV. Relationship between Strategic Planning and Performance in the Public Sector

Organizational performance is a central concept in public management research and practice, widely debated and multidimensional [3], [96]. At the core of this debate lies the idea that an excessive focus on efficiency and effectiveness can be counterproductive to social outcomes, though recent conceptualizations suggest that different performance dimensions and stakeholders must be considered [78].

Theories of Strategic Planning (SP) often focus on its contribution to overall Organizational Performance (OP). The theoretical logic underlying this relationship aligns with the Harvard Policy Model [4], the rational-synoptic planning theory [27], and goal-setting theory [54].

The Harvard Policy Model posits that organizational success depends on how well the organization aligns with its environment, employing tools such as SWOT analysis [4]. Although this concept originated in corporate strategy, it is also recognized as significant by public management scholars [92].

Rational-synoptic planning theory proposes that a systematic, rational, and analytical approach to decision-making leads to positive outcomes, supported by researchers in both public and private organizations [30], [96]. Thus, SP provides this systematic approach to facilitate strategic decision-making [19].

Goal-setting theory suggests that organizations with clear goals perform better, as goals ensure that activities and resources are focused on key issues, clarifying organizational priorities [54], [50].

In contrast to these theories, logical incrementalism argues that SP can be overly rational and inflexible, advocating for more continuous and adaptable methods of strategy formulation that allow for emergent strategies [58], [77]. Complexity theory also critiques SP for its limited applicability in complex and dynamic organizations [10].

Recent studies have sought to clarify the conditions under which SP can more effectively impact OP. George et al. [37] identified three key factors: the conceptualization and operationalization of SP, the context in which SP is practiced, and the research design employed in studies. These moderating factors help assess the contextual reality of public administration and offer more precise theoretical insights on SP.

The formality of SP, involving a systematic approach to strategy formulation, is a crucial aspect. However, beyond formality, stakeholder participation and the comprehensiveness of the SP process are equally important [36], [76]. Stakeholder integration theory suggests that involving a wide range of stakeholders results in more effective SP [44], [30].

The comprehensiveness of SP, reflecting an organization's strategic reasoning capacity, is another essential characteristic. A thorough process of reflection and consideration enhances the impact of SP on OP [44], [69].

Organizational performance is not unidimensional, encompassing efficiency, effectiveness, financial performance, and governance-related aspects such as social outcomes and responsiveness to users [3], [96]. Recent studies highlight the need to consider multiple performance dimensions influenced by management, organizational, and environmental variables [33], [95].

Differences between public and private organizations also shape the relationship between SP and OP. Boyne [14] found that public organizations are more bureaucratic, making SP implementation challenging due to low managerial commitment. Conversely, Mazzucato [56] suggests that the impact of SP on OP may be similar across sectors, challenging stereotypes about the differences between public and private sectors.

In summary, the relationship between SP and OP is complex and influenced by several factors, including organizational context, stakeholder involvement, and strategic comprehensiveness. While SP offers valuable frameworks for decision-making, it must be adaptable and aligned with the realities of public sector organizations to effectively enhance performance.

V. Dimensions of Strategic Planning analysis in the Public Sector

The impact of strategic planning on organizational performance has been widely debated. Boyne [15] argues that merely producing strategic plans may lead to modest outcomes. Factors such as the integration of strategic planning with other management processes, the adopted strategic type, and stakeholder involvement are crucial for maximizing positive effects on performance [75], [16], [19]. Studies in the U.S. demonstrate that integrating strategic planning with budgeting and performance management can improve municipal managers' perceptions of strategic planning's effects [75].

Jimenez [49] identified positive effects of strategic planning on fiscal and health improvements during the Great Recession, although no impact was found on real deficits. Another study on public transportation companies in the U.S. revealed positive effects on service effectiveness and system productivity but not on operational efficiency or cost measures [76].

Poister & Streib [75] highlight additional benefits of strategic planning, such as stakeholder and political leader focus, improved communication and decision-making processes, staff professional development, and organizational performance. Other researchers concur that strategic planning can enhance management, decision-making, stakeholder participation, and organizational performance [29], [13]. Thus, the first hypothesis of this study is:

H1: Strategic planning produces positive effects on some measures of local administrative performance.

Strategic content refers to the actions and objectives selected to achieve organizational goals [42].

Miles & Snow's [57] typology, revised by Boyne & Walker [16], classifies organizations as defenders, prospectors, analyzers, and reactors based on how they adapt to the environment. Defenders focus on control and technical efficiency, prospectors are entrepreneurial and seek new opportunities, analyzers combine characteristics of defenders and prospectors, and reactors respond only when forced by external pressures [16].

Empirical research links these strategic types to the performance of local organizations, suggesting that a combination of defender and prospector strategies can improve performance [93]. Studies indicate that prospector organizations tend to perform better, while reactor organizations yield negative outcomes [6], [72]. Therefore, the second hypothesis and its sub-hypotheses are:

H2: The adopted strategic type impacts the performance of local governments.

H2a: Adopting a "defender" strategy produces positive effects on local government performance.

H2b: Adopting a "prospector" strategy produces positive effects on local government performance.

H2c: Adopting a "reactor" strategy produces negative effects on local government performance.

Stakeholder involvement in strategic planning is also crucial for the effectiveness of public organizations. Bryson [19] and Gomes & Gomes [39] emphasize the importance of understanding stakeholder expectations to provide effective and responsive services. Martin [55] argues that stakeholder involvement can improve policy development quality by leveraging diverse ideas and perspectives.

The lack of meaningful citizen and actor engagement in public decision-making processes is a challenge for public organizations [85]. It is essential to find ways to involve those who can contribute to public decision-making, especially in times of financial constraints.

Stakeholder involvement has been studied in various contexts, including performance management [11], [53], strategic management [61], and service delivery [22], [18]. However, identifying optimal ways to combine stakeholders for successful outcomes remains limited [87].

The value of stakeholder involvement has become more apparent for public organizations seeking to engage with the community and business interests to reform policies and improve service delivery. Participatory approaches, such as policy networks and public participation, have evolved to include stakeholders more strategically in decision-making processes [80].

Public participation involves consulting and engaging members of the public in agenda-setting, decision-making, policy formulation, and implementation activities [80]. Harrison & Mort [41] argue that inclusion in political processes can be addressed normatively or instrumentally. Normative approaches aim for citizen benefits, while instrumental approaches focus on the costs, benefits, and outcomes of public participation initiatives.

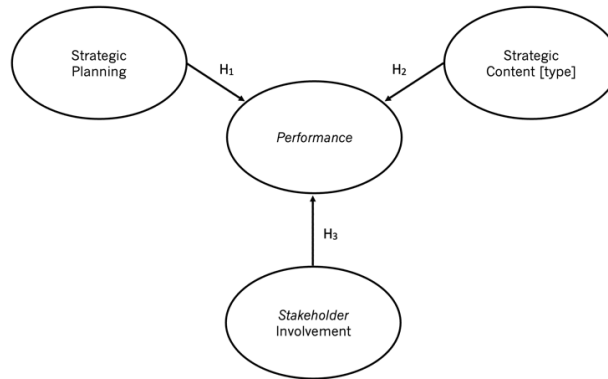
Although theoretical evidence supports stakeholder involvement improving strategic planning, measuring and establishing such involvement is challenging. Studies show that engaging citizens and businesses can enhance decision-making quality [63], while involving politicians and top managers can increase commitment to strategy

[61]. However, a trade-off may exist between stakeholder participation and the legitimacy and effectiveness of outcomes, depending on the system's size and capacity [24].

Thus, the third hypothesis is:

H₃: *Stakeholder involvement in strategic planning produces positive effects on local government performance.*

Figure 1 – Hypothesis



Testing H₃ is essential for empirically validating theoretical assumptions about the impact of stakeholder involvement on local government performance.

VI. Methodology

This study employs a non-experimental design with a cross-sectional analysis, using both primary and secondary data to test the formulated hypotheses. According to Hox and Boeije [46], primary data were collected through a questionnaire survey, and secondary data were sourced from the Municipal Management Index (IGM-CFA) of the Federal Council of Administration (CFA) for the year 2020. As noted by Kruger [52], the study follows a mixed-method approach, with an exploratory-explanatory nature, aiming to understand the relationship between strategic planning and performance in Brazilian municipalities.

Data were collected from 5,570 Brazilian municipalities through an electronic survey sent via email to municipal managers. The sampling was probabilistic, with a minimum sample size of 236 municipalities, calculated considering a 5-percentage-point margin of error and a 95% confidence level, based on data from IBGE [47]. The survey replicated validated models from prior studies by Poister & Streib [75] and Andrews et al. [5], adjusted to the Brazilian context. A total of 286 responses were received.

The dependent variable in this study is local government performance (PGL). The survey responses were measured using five-point Likert scales, ranging from “strongly disagree” to “strongly agree.” These scales combined various aspects of performance into a composite index (LGP), covering:

- Objective Management [IGOB]
- Operations [IGOP]
- People [IGPE]
- External Relations [IGRE]

Four statements addressed the government's mission, objectives, and priorities; three assessed external relations; four focused on management and decision-making; five evaluated functional supervision and personnel development; and three covered government performance. These statements were assigned to the sub-indices through confirmatory factor analysis.

To reduce subjectivity, the structure of the IGM-CFA [23] was employed, which includes dimensions related to finance, management, and public service performance as objective measures. The IGM-CFA is a hierarchical index that assesses municipal governance, treated in this study as synonymous with productivity and public performance, as suggested by Di Pietro [25].

The index was validated with a Cronbach's alpha of 0.956, indicating high reliability.

Table 1 – Construction of the dependent variable (PGL)

Mission, Objectives, and Priorities [N = 286]	Mean
1. We are guided by a true sense of mission	4.05
2. We focus on the city council agenda’s important strategic issues	4.08
3. Employees focus on public organizational goals	4.07
4. We clearly define priority programs and projects	4.09
External Relations [N = 286]	Mean
1. We maintain public support (public opinion)	4.19
2. We communicate with citizen groups and other external stakeholders	4.18
3. We maintain intergovernmental support networks	4.20
Management and Decision-Making [N = 286]	Mean
1. Our decisions about programs, systems, and resources are solid and assertive	4.10
2. We select 'where to intervene' and use program evaluation tools	4.19
3. We maintain a functional organizational structure (that works)	4.05
4. We implement effective management systems	4.06
Functional Supervision and Development [N = 286]	Mean
1. We train employees for decision-making and public service	4.15
2. We provide guidance and control of employees’ activities	4.04
3. We build a positive organizational culture in local government	4.10
4. We promote cohesion and employee morale development	4.02
5. We provide training and growth opportunities for employees	4.09
Performance [N = 286]	Mean
1. We maintain the local government’s financial health	4.22
2. We provide high-quality public services	3.94
3. We manage operations efficiently (we do more with less)	4.25

Regarding the independent variables, a Strategic Planning Perception Index (IPE) was developed based on 15 items from the survey proposed by Poister & Streib [75] and Andrews et al. [5]. These items assess strategic management and strategic content in municipalities, covering areas such as resource allocation, budgeting, evaluation, monitoring, and perceived performance (Table 3). The index was validated with a Cronbach’s alpha of 0.911, indicating high reliability.

To measure the strategic type (ST), three items were included to gauge the municipalities' inclination towards innovation (prospectors), improving existing services (defenders), and adapting to external pressures (reactors), as outlined in Table 2.

Table 2 – Construction of the independent variable “Strategic Type (TE)”

Strategic Type or Content [N = 286]	Mean
1. Focusing on our key areas of activity is the most important part of our strategic approach (defender type)	4.13

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2. Our municipality is at the forefront of innovative approaches (prospector type)	3.55
3. External actors' pressures determine local development (reactor type)	1.84

These items were based on the Miles & Snow [57] typology and were also measured using five-point Likert scales, ranging from "strongly disagree" to "strongly agree." This typology identifies strategic behavior as:

Prospectors: Organizations focused on innovation and actively seeking new opportunities.

Defenders: Organizations prioritizing efficiency and improving existing services.

Reactors: Organizations that only respond to external pressures without a consistent strategic approach.

Table 3 – Construction of the independent variable “Strategic Planning Perception Index (IPE)”

Resource Allocation and Budgeting [N = 286]	Mean
1. The annual budget clearly reflects the objectives and priorities established in the strategic plan	4.00
2. New revenues in the budget are used to meet municipal strategic goals	3.89
3. Performance data linked to strategic goals play an important role in determining how resources are allocated	3.83
4. Budget requests from managers are based on what is covered in the strategic plan	3.88
Evaluation and Monitoring [N = 286]	Mean
1. The city council supports local government in implementing the strategic plan	4.08
2. Goals for managers are derived from the overall strategy	4.04
3. Annual evaluations of managers are largely based on meeting strategic goals	4.13
Perceived Performance [N = 286]	Mean
1. Performance data is tracked over time to determine improvement	4.19
2. Performance measures are evaluated against other municipalities for effectiveness	4.19
3. Performance metrics associated with the plan are reported to the city council	4.16
4. Performance measures track results against strategic plan targets	4.08
5. Performance metrics are used to adapt the organization to environmental changes	4.05
6. Segmentation of programs allows for more detailed evaluations	4.07
7. Performance measures related to the strategic plan are reported to the public	4.06

Additionally, a Stakeholder Involvement Index (IEST) was developed using six items that assess stakeholder engagement in strategic planning. These items measure, through statements, the involvement of key stakeholders such as:

- Local planning officials
- Other intermediate managers
- Municipal council
- Mayor
- General staff
- Citizens and other stakeholders

The items were evaluated using five-point Likert scales, ranging from "strongly disagree" to "strongly agree." The index was validated with a Cronbach's alpha of 0.961, indicating high reliability.

Table 4 – Construction of the independent variable “Stakeholder Involvement Index (IEST)”

Stakeholder Involvement [N = 286]	Mean
1. The local administration/planning officer has been centrally involved in the development of our strategic plan	4.12
2. Other intermediate managers have been centrally involved in the development of our strategic plan	4.06
3. The city council has been centrally involved in the development of our strategic plan	4.08
4. The mayor/local official has been centrally involved in the development of our strategic plan	4.08
5. Employees, in general, have been involved in the development of our strategic plan	4.05
6. Citizens and other external stakeholders (companies, organizations, etc.) have been involved in the development of our strategic plan	4.06

The data analysis was conducted using descriptive statistics, correlation, and regression techniques to test the proposed hypotheses. A confirmatory factor analysis (CFA) was performed to verify the construct validity of the dependent and independent variables. The analysis identified minor regroupings, confirming the internal consistency of the indices and sub-indices used in the study.

VII. Results and Discussions

The study included 286 Brazilian municipalities of varying sizes. Descriptive statistics provide an overview of the distribution and consistency of the variables analyzed (Table 5).

All Cronbach’s alpha coefficients are above 0.7, indicating strong internal consistency for the scales used. The variables show relatively low standard deviations, suggesting that the data are concentrated around the mean. However, some exceptions were noted, such as Y5.IGM, X2.TE.2, and X2.TE.3, which display greater variation.

Table 5 – Descriptive statistics [N = 286]

Variable	N	Mean	SD	Min.	Max.	Alpha	Variable	N	Mean	SD	Min.	Max.	Alpha
<i>Dependent Variables</i>							<i>Independent Variables</i>						
Y.PGL	286	4.35	0.63	1.55	5.28	0.956	X1.IPE	286	4.06	0.57	1.36	4.79	0.911
Y1.IGOB	286	4.12	0.61	1.29	4.86	0.889	X2.TE.1	286	4.13	0.73	3.00	5.0	
Y2.IGOP	286	4.10	0.71	1.20	5.00	0.900	X2.TE.2	286	3.55	1.00	1.00	5.0	
Y3.IGPE	286	4.07	0.61	1.20	5.00	0.782	X2.TE.3	286	1.84	1.09	1.00	5.0	
Y4.IGRE	286	4.19	0.64	1.00	5.00	0.840	X3.IEST	286	4.07	0.81	1.17	5.0	0.961
Y5.IGM	286	5.30	1.08	1.60	7.94								
Y6.VARIGM	286	0.06	0.29	-1.2	1.41								

The means of the dependent and independent variables are mostly above 4, except for X2.TE.2 (3.55) and X2.TE.3 (1.84). This suggests a generally positive perception of strategic planning and stakeholder involvement. However, there is variability in the strategic types adopted by the municipalities, reflecting differences in their strategic orientation.

Table 6 – Correlation Analysis [N = 286]

N = 286	PGL	Y1.IGOB	Y2.IGOP	Y3.IGPE	Y4.IGRE	Y5.IGM	Y6.VARIGM	X1.IPE	X2.TE.1	X2.TE.2	X2.TE.3
Y1.IGOB	.93**										
Y2.IGOP	.89**	.93**									
Y3.IGPE	.93**	.92**	.90**								
Y4.IGRE	.76**	.64**	.54**	.65**							
Y5.IGM	.85**	.66**	.63**	.68**	.56**						
Y6.VARIGM	.29**	.26**	.26**	.25**	.14*	.32**					

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X1.IPE	.91**	.85**	.80**	.82**	.66**	.80**	.34**				
X2.TE.1	0,02	0,09	.12*	0,09	.12*	-.18**	0,02	0,10			
X2.TE.2	.64**	.50**	.47**	.52**	.41**	.74**	.26**	.65**	-0,08		
X2.TE.3	-.60**	-.52**	-.50**	-.51**	-.48**	-.56**	-.24**	-.65**	-.31**	-.66**	
X3.IEST	.83**	.90**	.94**	.86**	.42**	.60**	.28**	.77**	0,10	.44**	-.45**

**= The correlation is significant at the level 0,01; *= The correlation is significant at the level 0,05.

The Strategic Planning Perception Index (X1.IPE) showed significant positive correlations with all measures of local government performance (PGL = .91). Specifically, the correlations with IGOB (.85), IGOP (.80), IGPE (.82), IGRE (.66), IGM (.80), and VARIGM (.34) were all significant, suggesting that greater perception of strategic planning is associated with better organizational performance. This finding aligns with previous literature indicating that the effective implementation of strategic planning can lead to significant improvements in organizational performance [75], [19].

The different strategic types exhibited distinct relationships with performance variables. The defender strategic type (X2.TE.1) showed weak and some negative correlations with performance measures, indicating that this approach may not be the most effective in the context of Brazilian local governments. In contrast, the prospector strategic type (X2.TE.2) showed significant positive correlations with all performance measures (PGL = .64), with notable correlations with IGOB (.50), IGOP (.47), IGPE (.52), IGRE (.41), IGM (.74), and VARIGM (.26). These findings suggest that an innovative and proactive posture can be more beneficial for municipalities [57], [16].

Conversely, the reactor strategic type (X2.TE.3) exhibited significant negative correlations with all performance variables (PGL = -.60), including IGOB (-.52), IGOP (-.50), IGPE (-.51), IGRE (-.48), IGM (-.56), and VARIGM (-.24). These results indicate that the absence of a clear strategy and merely reactive responses to external pressures are detrimental to organizational performance [16], [6].

The Stakeholder Involvement Index (X3.IEST) showed significant positive correlations with all performance variables (PGL = .83), including IGOB (.90), IGOP (.94), IGPE (.86), IGRE (.42), IGM (.60), and VARIGM (.28). These findings underscore the importance of stakeholder involvement in the strategic planning process, as suggested by Bryson [19] and Gomes & Gomes [38], since the inclusion of diverse perspectives can lead to more informed and effective decision-making.

The correlations between the performance variables — Y1 (Objective Management Index), Y2 (Operations Management Index), Y3 (People Management Index), Y4 (External Relations Management Index), Y5 (Municipal Management Index), and Y6 (Average Variation of the IGM-CFA) — reveal significant interrelationships. Y1 exhibits extremely strong correlations with Y2 (.93), Y3 (.92), Y4 (.64), and Y5 (.66), indicating that improvements in objective management are closely associated with enhancements in operations, people management, external relations, governance, and the municipality’s overall performance.

Similarly, Y2 has high correlations with Y3 (.90), Y4 (.54), and Y5 (.63), reinforcing the interdependence between operational management and other management areas. Y3 maintains strong correlations with Y4 (.65) and Y5 (.68), suggesting that effective people management significantly contributes to both external relations and municipal performance. Y4 shows moderate correlations with Y5 (.56), and Y5 has a moderate correlation with Y6 (.32), indicating that external relations management and municipal performance may be critical factors for positive variation in the overall governance index over time.

These results highlight that the different dimensions of management in municipalities are closely interconnected, and improvements in one area can positively influence others, promoting more efficient and integrated public management.

Table 7 – Regression Analysis – Reduced [N = 286]

N = 286	PGL	Y1.IGOB	Y2.IGOP	Y3.IGPE	Y4.IGRE	Y5.IGM	Y6.VARIGM
Constant	0,937**	0,738**	0,588**	0,629*	1,426**	1,280*	-0,339
X1.IPE	0,400**	0,275**	0,096*	0,204**	0,633**	0,444**	0,260*
X2.TE.1	-0,043+	0,006	0,028	0,019	0,065	-0,196**	-0,021
X2.TE.2	0,041	-0,049	-0,042	-0,005	-0,137*	0,261**	0,038
X2.TE.3	-0,065*	-0,034	-0,053+	-0,020	-0,125+	-0,054	-0,026

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X3.IEST	0,316**	0,583**	0,781**	0,543**	-0,256**	-0,040	0,028
R ² adjusted	0,899	0,872	0,902	0,822	0,490	0,794	0,092
F Value	181,900	138,244	187,599	94,088	20,438	79,028	3,056

**= Significant at the level 0,01; *= Significant at the level 0,05; += Significant at the level 0,1.

A multiple regression analysis was conducted to investigate the impact of Strategic Planning (X1.IPE), Strategic Types (X2.TE), and Stakeholder Engagement (X3.IEST) on the performance of local governments, using a sample of 286 Brazilian municipalities. The performance variables analyzed were the Goal Management Index (Y1.IGOB), Operations Management Index (Y2.IGOP), Human Resources Management Index (Y3.IGPE), External Relations Management Index (Y4.IGRE), Municipal Management Index (Y5.IGM), and the Average Variation of IGM-CFA between 2017-2020 (Y6.VARIGM). This analysis aims to confirm or reject the previously formulated hypotheses.

The regression results show that the Perception of Strategic Planning (X1.IPE) has a significant and positive impact on all performance measures. Specifically, significant results were found with Y1.IGOB (.0275**), Y2.IGOP (.0096*), Y3.IGPE (.0204**), Y4.IGRE (.0633**), Y5.IGM (.0444**), and Y6.VARIGM (.0260*). These findings confirm Hypothesis 1, indicating that a positive perception of strategic planning is associated with better performance in the areas of goal management, operations, human resources, external relations, and overall municipal performance. This result aligns with the literature suggesting that strategic planning can lead to significant improvements in organizational performance [75], [19].

The strategic types adopted (X2.TE) showed varied impacts on local government performance. The defender strategic type (X2.TE.1) had a weak negative impact, with significance in Y5.IGM (-.0196**) and Y6.VARIGM (-.0021), indicating that this approach may not be the most effective. These results reject Hypothesis 2a, which predicted positive effects. In contrast, the prospector strategic type (X2.TE.2) showed positive and significant impacts on Y5.IGM (.0261**), partially confirming Hypothesis 2b, which suggested that innovative and proactive strategies are more beneficial [57], [16]. However, further detailed analysis of these profiles is necessary.

The reactor strategic type (X2.TE.3) presented a negative and significant impact on Y1.IGOB (-.0065*), Y2.IGOP (-.0053+), and Y4.IGRE (-.0125+), confirming Hypothesis 2c, which predicted such negative impacts. These results suggest that the absence of a clear strategy and merely reactive responses to external pressures are detrimental to organizational performance [16], [6], [17].

The Stakeholder Involvement Index (X3.IEST) showed significant positive impacts on several performance measures, with positive strength and significance on Y1.IGOB (.0583**), Y2.IGOP (.0781**), and Y3.IGPE (.0543**), but a negative strength and significance with Y4.IGRE (-.0256**). These results partially confirm Hypothesis 3, highlighting that stakeholder engagement generally contributes positively to the management of goals, operations, and human resources. However, the negative correlation with external relations management suggests the need for a more detailed analysis of stakeholder engagement dynamics, as external relations may reflect political pressure from interested parties [19], [38].

VIII. Conclusion

This study investigated the impacts of the perception of strategic planning, strategic types, and stakeholder engagement on the performance of Brazilian local governments. Using multiple regression analysis with data from 286 municipalities, the key findings confirm that a positive perception of strategic planning (IPE) is significantly associated with improvements in various dimensions of organizational performance, including goal management, operations, human resources, and overall performance. Specifically, the perception index of strategic planning showed significant positive correlations with all the performance measures analyzed.

The results also revealed that the strategic types adopted by the municipalities influence performance in distinct ways. Proactive and innovative strategies (prospector strategies) demonstrated a significant positive association with performance, while reactive strategies were negatively correlated with several performance measures, indicating that a lack of proactivity can be detrimental to organizational performance.

Furthermore, stakeholder involvement was found to be crucial for improving performance in specific areas, such as goal management, operations, and human resources, although a negative correlation was observed with external relations management. This suggests the need for careful management of engagement dynamics, especially regarding political issues.

The theoretical contribution of this study lies in the empirical validation of strategic planning models and strategic types in the context of Brazilian local governments. The study confirms the relevance of strategic planning

and adaptive strategies theories, as proposed by Bryson [19] and Miles & Snow [57], by demonstrating that a positive perception of strategic planning and proactive strategies are associated with better organizational performance.

From a practical perspective, the findings offer valuable insights for public managers and policymakers. Investing in effective strategic planning processes, adopting proactive and innovative approaches, and actively engaging stakeholders can lead to significant improvements in local government performance. These results suggest that a well-structured strategic management approach can enhance the efficiency and effectiveness of municipal administrations, promoting better public services and resource management.

Although this study provided important insights, some limitations must be acknowledged. The analysis relied heavily on self-reported data, which may introduce response biases. Additionally, the use of data from a single period limits the generalization of the results over time. Operational factors in the implementation of strategic planning may also act as moderators of its impact on performance.

To address these limitations, future research should consider using longitudinal designs to better explore the causal relationships between strategic planning and organizational performance. Furthermore, it is recommended to include control variables, such as municipality size, governance structure, and socioeconomic context, to isolate the specific effects of strategic planning and strategic types on performance.

Future research could also explore stakeholder engagement dynamics in greater depth, particularly regarding external relations management, to better understand the conditions under which different stakeholders' involvement contributes positively to organizational performance. Another area of investigation could focus on comparing the impacts of strategic planning across different regional and administrative contexts, providing a more comprehensive view of practices and their effects. Additionally, identifying operational factors of implementation and considering them as a moderating variable could help determine whether successful implementation amplifies the effects of strategic planning on public sector performance.

The results underscore the importance of a well-structured and proactive strategic approach to achieving better organizational performance. Public managers and policymakers should consider these insights when developing and implementing strategies to enhance the efficiency and effectiveness of municipal administrations, promoting more robust and responsive public management.

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