

Large investments in smaller local governments

Scope, Scale and Stage Construction as
strategies

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Large investments in smaller local governments Scope, Scale and Stage Construction

The problem for smaller local governments undertaking large investments is that they may have too limited resources to carry through a large investment and reach economic efficiency. If this is the case is it possible to use Scope, Scale and Stage Construction as strategies to solve the problem, reach higher economic efficiency and make the scarce resources suffice?

The research field of this study is within the Swedish system of government. Local governments carry through investments both for distributive reasons and for allocation reasons. The study focuses on how Scope, Scale and Stage Construction are used by local governments and what they achieve by using the strategies. The study is a multiple case study. It is divided in two parts. One is a long-term study of investment practice over time in two local governments. The other study is a short-term study of how nine local governments carry out one large investment each around the years 2004 and 2005. Documentary material such as city council protocols, budgets and annual reports and material from websites of the local governments have been used to describe how local governments form carry through and finance their large investments focusing on the use of Scope, Scale and Stage Construction strategies.

The results of the study show patterns for how strategies are used. Scope including Scale is most commonly used within the area of distributive activities but is also used when the investment is made in relation to interdependent and public goods. All investments where Scope was used also involved Scale as a consequence of the combinations of output. Scale is mainly used within the allocation area. Stage Construction is used mainly with investments in connection with redistributive activities and in investments in areas with interdependent and public goods. The strategies are sometimes used in combinations, such as Scope including Scale used in the same investment with Stage Construction.

Effects from use of the strategies were found to be results of investment motives and investments types as well as cost related factors. Effects in the forms of consumer and producer benefits thus had to be studied and identified through a double lens focused on motives and cost related factors.

Keywords: investments, local governments, Scope including Scale, Scale, Stage Construction, strategy, consumer and producer benefits, multiple case study.

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