

Urban governance and the vicious cycle of human capital in Iran's intermediate cities: evidence from Khorramabad

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Abstract

The inscription of cities on the World Heritage List is not merely a symbolic achievement; it can act as an "institutional shock" that tests the quality of urban governance. This study examines the cycle of "weak governance–human capital outflow" in Khorramabad, an intermediate city of approximately 414,000 inhabitants. The city's Paleolithic Valley was inscribed on the World Heritage List in July 2025. Six months after inscription, chronic capacity gaps in strategic planning, intersectoral coordination, and sustainable resource provision became more visible. The study adopts a qualitative approach, employing thematic analysis (Braun & Clarke) combined with mechanism-based analysis. Data were collected through 14 semi-structured interviews with key stakeholders in urban management and cultural heritage, triangulated with official documents and field observations. From 387 initial codes, five main capacity-gap themes were extracted: strategic, institutional, human resources, financial–technological, and political–cultural. The findings indicate that the absence of a shared vision, institutional fragmentation, skilled labor migration, financial constraints, and managerial instability have generated a self-reinforcing cycle between urban governance and human capital, leading to environmental, social, economic, and heritage-related consequences. The results emphasize that, in the absence of institutional capacity and intersectoral coordination, World Heritage inscription may intensify governance challenges rather than promote sustainable development. The proposed conceptual model offers a framework for the simultaneous enhancement of human capital and urban governance quality.

Keywords: Institutional Shock, Sustainable Urban Development, Urban Governance, Urban Management, World Heritage Management.

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1.Introduction

The inscription of a city on the World Heritage List is often portrayed as a cultural achievement; however, in practice it reveals a fundamental issue in urban governance: does urban management possess the institutional capacity required to confront the consequences of such a transformation? World Heritage inscription generates a form of "institutional shock" along the trajectory of urban development, with extensive economic, social, and physical consequences (UNESCO World Heritage Centre, 2020). This event, by imposing new managerial obligations, generating a sudden increase in tourism demand, intensifying developmental expectations, and necessitating coordination among multiple institutions, simultaneously places institutional capacity and the quality of urban governance under examination. Nevertheless, it must be noted that many context-dependent issues, such as the erosion of human capital or institutional fragmentation, are rooted in decades of defective structures, and World Heritage inscription merely exposes and intensifies them. Therefore, the central issue is not World Heritage inscription per se, but rather the ability of urban management to convert this "shock" into an opportunity for sustainable development, and the manner in which the governance system initially responds to this stress test. The realization of the positive consequences of World Heritage inscription requires advanced organizational capacity—a capacity that synergistically integrates integrated governance, specialized human capital, strategic planning, and sustainable financial resources (Petrić et al., 2020).

International experiences confirm this institutional dependence. Matera in Italy and Luang Prabang in Laos, following World Heritage inscription, succeeded in achieving sustainable tourism growth and employment through the formulation of strategic plans and the establishment of formal destination management structures (Molstad, 2021; Leong et al., 2017). Conversely, Angkor Wat in Cambodia demonstrates that the absence of integrated governance mechanisms and a comprehensive management plan can lead to uncontrolled tourism, heritage destruction, and the intensification of institutional conflicts (Miura, 2011). These experiences indicate that World Heritage inscription should be understood not as an automatic guarantee of development, but rather as an institutional shock that reveals the capacity or weakness of urban governance (Cunha Ferreira et al., 2023). These cases demonstrate that the outcomes of World Heritage inscription are contingent upon urban governance capacity. From a theoretical perspective, an "institutional shock" refers to an exogenous, relatively sudden event with a broad scope of impact that disrupts the existing institutional order and equilibrium and confronts actors with new requirements, expectations, and patterns of coordination (Gerschewski, 2021; Johnstone & Schot, 2023). Such shocks are generally characterized by four features: first, the generation of new regulatory requirements and pressures; second, a sudden increase in performance expectations and accountability; third, the necessity of forming cross-sectoral and inter-actor coordination; and fourth, time constraints for institutional response and adaptation (Amri & Drummond, 2021). Under such conditions, organizations and governance systems are compelled to reconfigure decision-making mechanisms, resource allocation, and patterns of cooperation. On this basis, World Heritage inscription can be regarded as a form of institutional shock; for this event not only generates new legal, managerial, and supervisory requirements, but also suddenly raises the level of expectations among stakeholders, international institutions, and public opinion, and necessitates multi-level coordination among diverse actors.

Khorramabad, the capital of Lorestan Province with a population of approximately 414,000, was inscribed on the World Heritage List in July 2025 with the inscription of the Paleolithic Valley comprising 505 national monuments (UNESCO, 2025). This city, with its strategic geographical location and rich cultural and natural heritage, possesses considerable potential for regional development (Abdeshahi, 2026). Nevertheless, six months after inscription, no specific strategic plan, formal inter-institutional coordination structure, or sustainable financial mechanism has been established—an indication of a significant gap between the obligations arising from World Heritage inscription and the actual capacity of urban management.

Preliminary analysis indicates that this gap is not merely the result of resource scarcity, but is rooted in the interaction of two interconnected institutional dimensions: fragmented governance and the erosion of human capital. The World Heritage inscription event, like a magnifying glass, brought these long-standing weaknesses into sharp relief and, by adding the pressure of expectations and institutional obligations, activated the latent vicious cycle. Lorestan Province has experienced extensive outmigration of human resources over recent decades—a phenomenon that has led to reduced specialized capacity, weakened managerial capability, and constrained institutional learning (Statistical Center of Iran, 2025). Simultaneously, managerial instability, lack of coordination among multiple institutions, and absence of transparency in decision-making have weakened institutional coordination capacity and reduced the urban management's ability to respond to the requirements of World Heritage inscription (Abdeshahi, 2026).

Governance literature indicates that institutional quality and human capital are situated in a bidirectional relationship: institutional quality facilitates the attraction and retention of human capital, and high-quality human capital enhances institutional performance and governance (Kaufmann et al., 2011; Glaeser et al., 2004). The simultaneous weakness of these two dimensions gives rise to a self-reinforcing vicious cycle: weak governance accelerates the outflow of human capital, and the reduction of human capital diminishes managerial capability and the quality of governance (Docquier & Rapoport, 2012).

Despite the emphasis of policy guidelines on the necessity of institutional capacity-building prior to World Heritage inscription (UNESCO World Heritage Centre, 2025), empirical evidence regarding the institutional consequences of this process in intermediate cities of developing countries remains limited. The central problem of this research is how, and through what mechanisms, World Heritage inscription affects the capacity of urban governance and the dynamics of human capital in intermediate cities, and how this process leads to the formation or continuation of self-reinforcing institutional cycles. In response to this question, the present study examines the capacity of Khorramabad's urban management in confronting the consequences of World Heritage inscription. The novelty of the study lies in three principal axes: first, providing an early assessment of the consequences of World Heritage inscription within the six-month period following inscription; second, offering a mechanism-based explanation of the vicious cycle of urban governance–human capital; and third, focusing on an under-studied intermediate city as a context differing from the metropolises that dominate the literature. Drawing on 14 semi-structured interviews with key stakeholders, the study identifies the causal mechanisms of institutional unpreparedness following World Heritage inscription and explains the potential pathways for breaking the institutional cycle.

2. Theoretical Framework and Literature Review

2.1. *World Heritage Inscription as Institutional Intervention and a Test of Urban Governance Capacity*

In heritage policy literature, inscription on the UNESCO World Heritage Centre list is not regarded merely as a conservation measure, but as a form of institutional intervention in the trajectory of urban development that directly affects land-use patterns, the economic structure of the city, tourism flows, and local governance mechanisms (UNESCO World Heritage Centre, 2020; UNESCO World Heritage Centre, 2025). This intervention, by generating new institutional obligations, increasing developmental expectations, redefining regulatory rules, and requiring intersectoral coordination, places the institutional capacity of cities under examination and functions as a mechanism for activating or revealing the quality of governance.

Comparative studies show that purely technical approaches to heritage conservation, in the absence of linkages with urban governance mechanisms, lack the capacity to manage the developmental consequences of inscription. Analysis of European cities indicates that the "Historic Urban Landscape" approach is effective only under conditions of institutional coordination, integrated decision-making capacity, and effective conflict-resolution mechanisms (Cunha Ferreira et al., 2023). In the absence of such capacities,

World Heritage inscription can lead to the intensification of institutional conflict, increased developmental pressure, and managerial instability. On this basis, World Heritage inscription can be regarded as a form of "institutional shock" that not only reveals the quality of urban governance, but in some cases also strengthens or weakens it.

From the perspective of case study, this approach regards World Heritage inscription as a "critical event" that activates latent institutional mechanisms and enables the observation of causal relationships among governance capacity, development management, and urban outcomes. Therefore, the analysis of inscribed cities is not merely an examination of a policy, but rather a study of the response of a governance system to institutional intervention.

2.2. Managerial Capacity, Tourism, and Urban Development Dynamics in Heritage Cities

The literature on World Heritage management demonstrates that successful cities possess process-oriented management systems that rely on strategic capacity, operational capability, and organizational learning rather than episodic project-orientation (Petric et al., 2020). Within this framework, heritage management is considered a component of integrated urban governance and is guided through long-term planning, regulation of spatial development, and control of tourism capacity.

Conversely, evidence from spatial economics indicates that heritage sites—particularly when transformed into "superstar" destinations—face dramatic increases in tourism demand that exert considerable pressure on the institutional and human capacity of urban management (Panzera et al., 2021). This pressure operates through increased infrastructure costs, intensified land-use conflicts, growing spatial inequality, and changes in the structure of the urban labor market.

The experience of cities such as Matera and Luang Prabang demonstrates that even successful cases, in the absence of capacity regulation and tourism flow management, encounter the phenomenon of overtourism and pressure on local governance (Molstad, 2021; Leong et al., 2017). On the other side, the experience of Angkor Wat shows that weak institutional capacity can transform World Heritage inscription into a factor intensifying inequality and social conflict (Miura, 2011). Therefore, tourism can be regarded not merely as an outcome of inscription, but as a mediating variable in the relationship between World Heritage and the quality of urban governance.

Extending this discussion, urban tourism studies indicate that the concentration of cultural and economic attractions in cities has transformed tourism into one of the drivers of urban regeneration and regional competitiveness (Esmaceli Mahyari et al., 2023). The concept of "creative tourism" as a new generation of tourism development also emphasizes the active participation of tourists, the representation of local identity, and the development of creative industries (Eghbal Moghadam et al., 2023). However, evidence shows that tourism development without institutional infrastructure and policy coordination encounters serious limitations regarding sustainability and competitiveness. From this perspective, urban tourism is considered a test for institutional capacity and policy coordination.

2.3. Urban Governance, Human Capital, and Institutional Cycles in the Development of Intermediate Cities

Contemporary governance literature emphasizes the transition from hierarchical models to network and interactive governance. Collaborative governance is effective when it is grounded in transparent rules of interaction, inter-organizational trust, and sustainable cooperation mechanisms (Ansell & Gash, 2018; Emerson & Nabatchi, 2015). Nevertheless, many urban policies fail not due to weaknesses in design, but because of governance capacity deficits and the inability to coordinate actors (Ansell & Torfing, 2021).

In this context, the concept of metagovernance refers to the regulation of actor interactions and the coordination of sectoral policies (Meuleman, 2020). The weakness of this capacity in intermediate cities of developing countries causes collaborative governance to become a formal process (Sørensen & Torfing,

2021). This limitation gains heightened importance under conditions of World Heritage inscription, since heritage management requires complex coordination among multiple institutions.

Simultaneously, economic development literature shows that institutional quality stands in a bidirectional relationship with human capital (Kaufmann et al., 2011; Glaeser et al., 2004). Institutional weakness reduces the incentive to invest in skills and reinforces elite migration (Izadkhasti, 2023), while the outflow of specialized human resources itself leads to the weakening of governance capacity (Docquier & Rapoport, 2012). Empirical evidence indicates that institutional corruption and absence of meritocracy play a more significant role in migration decisions than even income differentials (Ariu & Squicciarini, 2013). This cycle is intensified in intermediate cities of developing countries through the weakening of institutional learning and reduced policymaking capacity (Bertoli et al., 2022; Abufalgha, 2024; Firsing, 2024).

Urban development studies also indicate that intermediate cities frequently face limitations in resources, institutional authority, and human capital, and are situated on the periphery of national policymaking (UNCTAD, 2022; Brown, 2024). These conditions limit their capacity for developing the creative economy and attracting investment (Silva et al., 2023). In such a setting, World Heritage inscription may either become a lever for development or, in the case of weak governance, lead to intensified human capital outflow and institutional instability.

2.4. Knowledge Gap and the Position of the Present Case Study

Despite the expansion of the literature, several fundamental theoretical gaps remain: the concentration of studies on either fully successful or failed cases and neglect of the transitional phase immediately following World Heritage inscription; the separate examination of governance and human capital without analysis of the bidirectional causal mechanisms between them; the predominance of descriptive approaches over analysis of institutional mechanisms; and the scarcity of empirical evidence from intermediate cities of the Middle East.

The present study, by adopting a case study approach and focusing on Khorramabad in the initial months following World Heritage inscription, analyzes World Heritage inscription as an institutional intervention and an event that activates governance mechanisms. By integrating the frameworks of interactive governance, metagovernance, urban tourism, and human capital, this research seeks to reconstruct the logic of the formation of the governance–human capital cycle within a specific institutional context, and to explain the mechanisms operative in divergent pathways of urban development.

3. Research Method

This research, with the aim of assessing the capacity of Khorramabad's urban management in confronting the consequences of World Heritage inscription and explaining the vicious cycle of weak governance–human capital outflow, was conducted using a qualitative approach within the framework of an explanatory case study. Within this framework, the city of Khorramabad was selected as a single case with distinctive institutional and managerial features to enable in-depth, context-dependent exploration of the mechanisms shaping the interaction between urban governance and human capital. The aim of the research was not statistical generalization of findings, but rather to achieve analytical generalization through the identification of causal mechanisms and the development of theoretical insight regarding governance dynamics in intermediate cities.

Data analysis was conducted at two levels: at the first level, thematic analysis to extract empirical patterns using the Braun and Clarke method (Braun & Clarke, 2006), and at the second level, mechanism-based analysis to explain causal relationships among themes and to formulate the conceptual model of the governance–human capital cycle.

This approach was selected based on the exploratory and complex nature of the phenomenon under study and the necessity of in-depth understanding of stakeholders' experience during the six-month period following World Heritage inscription—a fluid phase that enables the identification of capacity gaps before the consolidation of institutional patterns.

The research population comprised key stakeholders in urban management and cultural heritage in Khorramabad. Sampling was conducted through purposive criterion-based and snowball methods, and ultimately 14 in-depth semi-structured interviews were conducted with managers, senior experts, academics, and activists from the private sector and media. Theoretical saturation was achieved at the twelfth interview and confirmed with two supplementary interviews. The average age of participants was 47 years and their average work experience was 12 years, indicating a combination of executive experience and academic expertise.

In order to preserve the confidentiality of participants' identities, all of them have been designated with uniform codes "Manager" followed by a number (Manager 1 to Manager 14); this uniform coding is solely for ease of citation and preservation of anonymity, and does not indicate the organizational position of the individuals.

Data were collected through semi-structured interviews based on an organizational readiness framework that covered eight dimensions: strategic, structural, cultural, human resources, technological, financial, barriers, and reform proposals. Interviews were conducted primarily in person and by telephone (with an average duration of 50 minutes). To enhance data validity, the strategy of source triangulation including official documents, field observations, and secondary data was employed. The research ethical protocol included obtaining informed consent, ensuring confidentiality, the right of withdrawal of participants, secure data storage, and deletion of raw information after the conclusion of the research.

Data analysis at the first stage was conducted using the six-stage process of thematic analysis. The process included repeated reading of the data, extraction of initial codes, continuous review, conceptual clustering, and the formation of themes. Initial coding was conducted with limited assistance from the Claude 4.5 artificial intelligence, used solely as a research assistant for the purpose of code suggestion to broaden the initial coverage of concepts. All suggested codes were reviewed, modified, or removed by two researchers, and focused coding, thematic clustering, and final interpretation were carried out entirely by the research team without the intervention of artificial intelligence. This hybrid approach increased the speed of work without diminishing the interpretive nature of qualitative analysis (O'Connor et al., 2025). In this process, 387 initial codes were identified and organized into 33 sub-themes and 5 main themes (a coding example is presented in Table 1), and agreement among researchers at various stages of analysis was reported between 90 and 92 percent. These themes were analyzed within 4 axes.

Table 1. Coding Example

Main Theme	Sub-theme	Initial Code	Interview Text (Example)
Strategic Gap	Ambiguity in development pattern	Absence of shared vision post-inscription	"Unfortunately, we still do not have a clear vision for the city's future after World Heritage inscription." (Manager 1)
Strategic Gap	Absence of strategic document	Conflict among development approaches	"We have not yet defined the desirable development model. Do we want to be a tourism city? An industrial city?" (Manager 8)
Strategic Gap	Absence of long-term orientation	Dominance of short-term and reactive planning	"Planning is short-term and individual-centered." (Manager 2)
Strategic Gap	Managerial instability at the strategic level	Frequent changes of programs with changes of managers	"Each new manager comes with a new program, and this means no program reaches a conclusion." (Manager 2)

Strategic Gap	Weakness in strategic planning	Inability to formulate and present strategic plans	"The absence of suitable plans and their belated presentation by local managers is one of the principal obstacles to the allocation of national budgets." (Manager 6)
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In the second stage, to explain the causal relations among the themes, the mechanism-based analysis approach grounded in mechanistic explanation was employed. At this stage, the extracted themes were used as raw materials for process tracing: temporal ordering, disconfirming evidence, and recurrent patterns in interviews and documents were examined in order to determine the causal direction among the elements (activation, mediation, feedback). In this manner, thematic analysis served merely to reduce data, and process tracing became the basis for formulating the causal model. At this stage, the extracted themes were interpreted not merely as descriptions of the situation, but as indicators of underlying causal processes, and the recurrent patterns of interaction among actors, structures, and outcomes were examined. The analytical focus was on identifying triggering mechanisms, feedback loops, and multi-level structural conditions, which made possible the formulation of the conceptual model of the weak governance–human capital cycle. In this analysis, four categories of mechanisms were identified, which can be represented at five hierarchical levels (including the contextual level as the structural foundation).

The validity of the findings was ensured based on the criteria of credibility, transferability, dependability, and confirmability. Credibility was achieved through member-checking, triangulation, and field presence; transferability through rich description of the context; dependability through external audit and Cohen's kappa coefficient of 0.84 (it should be noted that, following the recommendations of Braun and Clarke, this index was employed solely for descriptive-level codes, while in the final stages of theme construction, which are interpretive in nature, qualitative consensus among researchers was used); and confirmability was ensured through complete documentation of the analytical process. The limitations of the research included the focus on a single city, the sensitivity of the subject, the early timing following inscription, and the possibility of researcher bias, which were mitigated through control strategies.

Overall, the methodological design of the research, by integrating an explanatory case study, thematic analysis, and mechanism-based analysis, enables the identification of the causal processes shaping the vicious cycle of governance–human capital and the presentation of a conceptual model of the capacity gap in urban management, while providing the ground for the development of theoretical insight regarding the governance of intermediate cities in confrontation with institutional shocks.

4. Findings

The findings of the research were derived from thematic analysis of 14 semi-structured interviews with key stakeholders in urban management and cultural heritage in Khorramabad. The results are organized into four main axes: 1) dimensions of the capacity gap, 2) structural factors, 3) consequences of the capacity gap, and 4) conceptual model of the vicious cycle of governance–human capital. Qualitative data were triangulated with official statistics, organizational reports, and field observations in order to strengthen the validity of the explanations.

The first axis of the findings presents a clear picture of the multidimensional nature of Khorramabad's urban management capacity gap. Analysis of the interviews indicates that this gap manifests simultaneously across five dimensions: strategic, institutional, human resources, financial–technological, and political–cultural. Table 2 summarizes the principal dimensions of the capacity gap and the frequency of reference to them in the interviews.

Table 2. Dimensions of Urban Management Capacity Gap and Their Key Indicators

Capacity Gap Dimension	Key Indicators
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Strategic	Absence of strategic document post-inscription, ambiguity of development model, dominance of reactive approach
Institutional	Fragmentation of decision-making authorities, absence of coordination mechanism, destructive competition among agencies
Human Resources	Extensive migration of human resources from the province, skills-market gap, non-specialized appointments
Financial–Technological	Collection of approximately 10 percent of fees, realization of 60 percent of budget, absence of smart and data-driven systems
Political–Cultural	Managerial instability, organizational silence, dominance of blame culture and responsibility-avoidance

In the strategic dimension, all participants emphasized the absence of a shared vision and a strategic document following World Heritage inscription. Despite the inscription of the Paleolithic Valley on the World Heritage List, the urban development model remains unclear, and there is conflict among three approaches: "tourism-oriented," "industry-oriented," and "balanced development." One senior manager states: "We have not yet defined the desirable development model. Do we want to be a tourism city? An industrial city? Or a combination of both? This fundamental question remains unanswered" (Manager 8). Examination of the upper-level urban documents and the minutes of the provincial planning council also indicates that, up to six months after inscription, no codified strategic document has been approved and existing documents have remained neglected (ILNA, 2026), while development orientations have remained at the level of scattered proposals. This ambiguity has reduced planning from the strategic level to short-term reactions and episodic projects. Frequent changes of managers have intensified this situation, and in the words of one participant, "Each new manager comes with a new program... this means no program reaches a conclusion" (Manager 2).

In the institutional dimension, all interviewees referred to the fragmentation of the urban governance structure. At least seven principal institutions (municipality, governorate, cultural heritage, roads and urban development, water and sewerage, environment, and city council) are involved in decisions related to heritage and urban development, yet no formal and effective mechanism for joint decision-making and coordination among them exists. This situation has led to "multiplicity of command centers" and the formation of a pattern of "competition rather than cooperation." One expert states: "When one institution implements a successful project, instead of supporting it, the other institutions try to create obstacles. This culture of destructive competition has made cooperation impossible" (Manager 8). Differences in performance indicators and the absence of defined shared objectives lead to the issuance of conflicting decisions (for instance, regarding building density in the historic fabric).

In the human resources dimension, the picture obtained of Khorramabad's situation is one of "gradual erosion of human capital." Official estimates indicate annual migration of more than 10,000 individuals (predominantly educated young people and skilled labor) from Lorestan Province (Statistical Center of Iran, 2025). Participants described this situation as "hemorrhage of human capital" (Manager 13). Simultaneously, there is a deep gap between university education and the needs of the labor market, and disciplines and skills related to heritage management, sustainable tourism, and modern urbanism are not prioritized. This gap is intensified by the pattern of administrative appointments; according to the statements of the majority of participants (13 of 14), the selection of managers is based more on political loyalty than professional competence: "Many senior managers have no background or expertise in their field of work. This means decision-making based on guesswork, not knowledge and experience" (Manager 5).

In the financial–technological dimension, the municipality is grappling with a fragile financial system and digital backwardness. The collection rate of renovation fees is estimated at approximately 10 percent, and only 60 percent of the approved budget for the year 1403 has been realized (Abdeshahi, 2026); reports likewise indicate that this shortage of sustainable revenues has confronted urban management with a serious

challenge (YJC, 2025). Accumulated debts to contractors have severely constrained the possibility of implementing development projects. As one of the managers stated: "Under current conditions, the municipality is only able to pay the salaries of inefficient personnel and unconventional current expenses. For development projects, we face budget shortages" (Manager 2). Modern urban financing instruments (such as public–private partnerships, participation bonds, and development funds) have not been employed, and technological infrastructures (such as integrated GIS, intelligent traffic systems, and data-driven dashboards) either do not exist or are at preliminary and non-systematic stages: "We still work mostly with paper and files. We do not have a comprehensive digital system for data-based decision-making" (Manager 11).

The political–cultural dimension constitutes a less visible but determinative layer of the capacity gap. Managerial instability, with the change of six mayors in one decade (average tenure of approximately 20 months), has led to the frequent interruption of programs and the loss of organizational memory. At the organizational level, a culture of "silence" has been widely reported; such that employees refrain from expressing criticism and suggestions for fear of being labeled "troublemakers": "We do not have a culture of constructive criticism here. If you mention a problem, they think you are attacking management" (Manager 6). This situation is complemented by the dominance of an external blame culture; failures are predominantly attributed to "laws," "budget shortages," or "others," and internal accountability is weakened.

The second axis of the findings addresses the structural roots of the capacity gap at three scales: macro (national), meso (provincial/regional), and micro (urban). Table 3 summarizes these structural factors.

Table 3. Structural Factors of the Capacity Gap at Three Levels of Governance

Analytical Level	Structural Factor	Key Evidence
Macro	Severe centralization of decision-making	Dependence on national approval for projects, limited local authority
	Macroeconomic conditions (inflation, sanctions, recession)	Increased project costs, decreased payment capacity of citizens
Meso	Peripheral geographic–economic location	Distance from economic poles, absence of large driving industries
	Weakness of communication infrastructures	Deteriorated roads, absence of international airport, weak internet
Micro (Urban)	Hierarchical governance structure	Top-down decision-making, marginalization of citizen participation

At the macro level, the severe centralization of the decision-making system in Iran has constrained the possibility of rapid and locally-appropriate response. One of the provincial managers, referring to this issue, states: "Even for a medium-sized project, we have to go to Tehran and wait months for approval. This centralized system has made rapid decision-making aligned with local needs impossible" (Manager 9). Simultaneously, high inflation, sanctions, and national economic recession have increased the costs of implementing urban projects, leading to reduced payment capacity of citizens and decreased municipal revenues.

At the meso level, Khorramabad is situated in a peripheral position within the national economic network. The significant distance from economic metropolises, combined with the absence of large industries, has reduced investment incentives and has led to the reinforcement of migration flows toward more attractive centers. The weakness of communication infrastructures, ranging from accident-prone road corridors to the absence of an international airport and stable internet, has greatly increased the opportunity cost of investment and tourism.

At the micro level, the urban governance structure remains predominantly hierarchical and top-down. The city council and citizens play a limited role in decision-making, and sustainable participatory mechanisms have not been institutionalized: "Citizens have no role in urban decision-making. Even the city council, which was supposed to represent the people, has limited power in practice" (Manager 14). The organizational culture in many local institutions is resistant to change and innovation, and the trial of new solutions is perceived as a risk, not an opportunity.

The third axis of the findings addresses the consequences of this capacity gap. Analysis of the interviews indicates that this gap has left multidimensional consequences in environmental, social, economic, and cultural/heritage domains. Table 4 presents the most important of these consequences.

Table 4. Principal Consequences of the Capacity Gap in Khorramabad's Urban Management

Consequence Domain	Key Indicators
Environmental	Desiccation and pollution of Khorramrud, air pollution, frequent fires in pastures
Social	Expansion of spatial inequality, erosion of the middle class, decline of trust and social capital
Economic	Youth unemployment, urban poverty, expansion of informal settlements, real estate market recession
Cultural–Heritage	Absence of tourism management plan, unplanned commercialization, threat to heritage values

In the environmental domain, the desiccation and pollution of Khorramrud have become a tangible symbol of urban management's inability to protect natural resources and landscape heritage. The riverbed at many points has been transformed into a site for accumulation of waste and construction debris, and in the words of one participant, "Khorramrud, which should be the symbol of the city's beauty, is now a great wound in the heart of the city" (Manager 12). Inefficient waste management and the absence of environmental supervision have transformed air pollution and recurrent pasture fires into structural issues.

In the social domain, participants speak of the "bifurcation" of the city between privileged and deprived neighborhoods. Urban services, public infrastructure, and green spaces are predominantly concentrated in affluent areas, while informal settlements on the city's outskirts face serious infrastructure shortages. From the perspective of social perception, the decline of trust in public institutions and the spread of feelings of indifference and powerlessness are recurrent themes in the interviews. In the words of one academic: "The middle class is collapsing. The city is being divided into two poles: very poor and very wealthy" (Manager 14).

In the economic domain, the combination of unemployment rates above the national average, prolonged real estate market recession, and decreased private sector investment has darkened the development outlook. Extensive migration of skilled labor has weakened not only managerial capacity but also urban entrepreneurial potential. The real estate market recession has led to reduced revenues based on fees and, consequently, further limitations on the financial capacity of the municipality.

In the cultural–heritage domain, Khorramabad's situation exemplifies a "conditional opportunity." On the one hand, World Heritage inscription has created potential capacity for attracting tourists and investment; on the other hand, the absence of a tourism management plan, the absence of capacity assessment, and the absence of a clear economic model have increased the risk of transforming this opportunity into a threat. As one participant stated: "What is the tourist carrying capacity? What is the social impact? Without answers to these questions, World Heritage inscription can be a threat, not an opportunity" (Manager 10). Hasty construction and unplanned commercialization in the historic fabric of the city are among other reported threats.

4.1. Formulation of the Conceptual Model of the Capacity Gap Cycle

The fourth axis of the findings addresses the formulation of the internal logic of the urban management capacity gap in the form of a mechanism-based, cyclical conceptual model. By integrating the themes extracted from various dimensions of analysis, this model reconstructs the causal relationships among initial conditions, mediating mechanisms, consequences, and feedback loops, and demonstrates that the capacity gap is not a static condition but a dynamic, self-reinforcing process. Figure 1 schematically depicts this cycle.

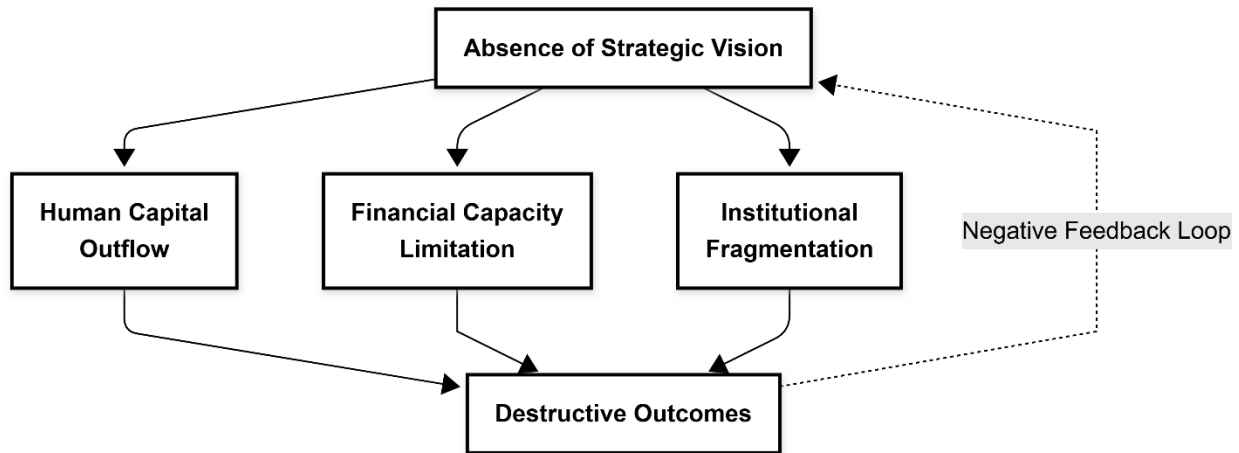


Figure 1. Conceptual Model of the Vicious Cycle of the Capacity Gap in Khorramabad's Urban Management

The conceptual model derived from the analysis comprises five interconnected stages:

- 1) Absence of strategic vision as the starting point of the cycle;
- 2) Simultaneous activation of structural gaps including human capital outflow, financial capacity limitation, and institutional fragmentation;
- 3) Manifestation of destructive multidimensional consequences at environmental, social, economic, and cultural levels;
- 4) Formation of negative feedback mechanisms based on external blame and inter-institutional distrust;
- 5) Reproduction of the absence of strategic orientation and continuation of the cycle.

Due to graphical simplification, some bidirectional relationships have not been shown in the diagram. According to the findings, there is a bidirectional relationship between "human capital outflow" and "destructive consequences," and the "negative feedback loop" returns to "absence of strategic vision." Causal details are analyzed in the text.

Within this framework, the absence of a unified vision following World Heritage inscription is regarded not merely as a planning deficiency, but as a generative institutional nexus that simultaneously activates several causal pathways: reduced attractiveness of the institutional environment for specialized personnel and the intensification of migration, weakening of financial capacity for designing sustainable projects, and disruption of inter-organizational coordination. These processes lead to the formation of intermediate consequences across various domains, ranging from the destruction of environmental resources and pressure on urban infrastructure to the increase in perceived spatial inequality and social injustice.

At the managerial and social perception level, these consequences lead to the formation of narratives of "structural inability" and "attribution of problems to external factors." Such interpretive patterns gradually reinforce an organizational culture grounded in external blame, reduced internal accountability, and organizational silence, and limit the capacity for institutional learning. As a result, reform efforts to formulate a shared vision are weakened from within, and the cycle is reproduced. From this perspective,

the cycle formed exhibits institutional resistance to one-dimensional interventions such as increased financial resources or managerial changes.

The summation of the findings indicates that Khorramabad's urban management capacity gap is not the result of a single factor, but rather the product of the multi-level interplay of institutional, human, financial, cultural, and structural dimensions. This situation is reproduced within a context of institutional centralization at the national level, peripheral geographic-economic position, and conservative organizational culture, and continues without simultaneous interventions at various levels of governance. On this basis, the internal mechanisms of this cycle are analyzed systematically in what follows.

4.2. Mechanism-Based Analysis of the Vicious Cycle of Governance–Human Capital

In order to explain the causal logic of the observed relationships, the findings were formulated using the mechanism-based analytical approach. This approach focuses, rather than on the simultaneity of variables, on the identification of generative processes and causal pathways through which structural conditions lead to specific consequences. Within this framework, the model presented in Figure 1 is an analytical representation of the chain of interaction among the mechanisms involved in the formation and continuation of Khorramabad's urban management capacity gap.

The triggering mechanism of the cycle is the absence of a shared development vision in the period following World Heritage inscription (strategic dimension, Table 2). This situation, by generating ambiguity in the orientation of urban development, has shortened and rendered reactive the decision-making horizon and simultaneously activates three structural gaps: reduction of inter-organizational coordination (institutional dimension, Table 2), weakening of the institutional environment's attractiveness for specialized personnel and acceleration of human capital migration (human resources dimension, Table 2), and limitation in designing sustainable projects and attracting investment (financial–technological dimension, Table 2). Simultaneously, managerial instability and the culture of external blame (political–cultural dimension, Table 2), by generating fear of innovation and weakening accountability, act as a feedback mechanism that obstructs the possibility of reforming these gaps.

These gaps lead, through mediating mechanisms, to multidimensional consequences. Institutional fragmentation and the absence of coordination mechanisms result in conflicting decisions and uncoordinated management of urban resources, which at the environmental level leads to the destruction of natural resources and inefficiency in the protection of the urban landscape (Table 4). The erosion of human capital also limits the capacity for policymaking and implementation of developmental programs and reinforces consequences such as urban economic recession, increased unemployment, and intensified spatial inequality (Table 4). These consequences cumulatively reduce the efficiency of the urban governance system.

The resulting consequences activate negative feedback mechanisms. The findings of the political–cultural dimension (Table 2) indicate that the experience of repeated failures has led to the formation of a culture of external blame, reduced internal accountability, and organizational silence. These mechanisms, by weakening organizational learning and reducing the willingness for institutional reforms, limit the possibility of forming consensus on a shared vision and create the conditions for the reproduction of the absence of strategic orientation.

Simultaneously, the findings related to multi-level structural factors (Table 3) indicate that the cycle operates within a specific institutional context. Severe centralization of decision-making at the national level, peripheral geographic-economic position, and hierarchical structure of urban governance, as contextual mechanisms, limit the capacity for reform at the local level and reinforce the persistence of the cycle. Under such conditions, isolated interventions, without reform of the foundational mechanisms, do not generate sustained effects.

Overall, the mechanism-based analysis indicates that the capacity gap in Khorramabad's urban management is the result of the interaction of four categories of mechanisms: triggering, mediating, feedback, and contextual. The interplay of these mechanisms produces a self-reinforcing cycle that is resistant to one-dimensional reforms, and its restraint requires simultaneous interventions at various levels of governance. Figure 2 complements the internal structure of this cycle by displaying the hierarchy of mechanisms.

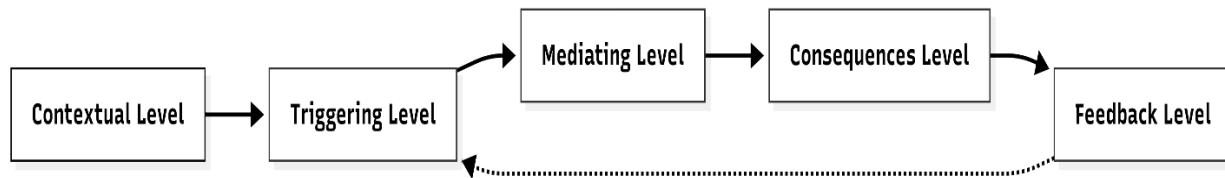


Figure 2. Hierarchy of Mechanisms of the Vicious Cycle of Governance–Human Capital

The return arrow from the feedback level to the triggering level (which has been explained in the text) demonstrates the cyclical and self-reinforcing nature. This diagram has a schematic role, and the precise causal relationships are presented in the following sections and the discussion. Before delineating the cycle, it is necessary to distinguish the levels of analysis from one another. Macro factors (national centralization, inflation) constitute the constraining context and are not directly under the control of local actors. At the meso level (provincial), the peripheral location and infrastructural weakness intensify the effect of national factors. However, the main cycle is activated at the micro level (urban) and through the interaction of institutional and human capital gaps. On this basis, in this model, the five levels are, in order: contextual, triggering, mediating, consequences, and feedback, and the return relationship between the feedback and triggering levels demonstrates the cyclical and self-reinforcing nature of the process.

- **The contextual level** constitutes the long-term structural foundation of the cycle and includes national centralization, peripheral geographic–economic position, and the hierarchical structure of urban governance, which limit the capacity for institutional reform.
- **The triggering level** appears in the form of the absence of a shared strategic vision and includes the absence of a strategic document, ambiguity in the development model, and the dominance of a reactive approach.
- **The mediating level** encompasses the capacity gaps arising from this situation, including institutional divergence, erosion of human capital, and financial–technological limitations.
- **The consequences level** displays the multidimensional outcomes of these gaps in environmental, social, economic, and cultural–heritage arenas, including the destruction of natural resources, increased spatial inequality, urban economic recession, and threats to heritage values.
- **The feedback level** encompasses cultural and behavioral mechanisms including the culture of external blame, organizational silence, inter-institutional distrust, and the weakening of organizational learning, which ultimately lead to the reproduction of the absence of strategic vision and the repetition of the cycle.

5. Discussion

The findings of this research can be explained along three interpretive axes: first, the formation of a self-reinforcing cycle between urban governance and human capital at the scale of an intermediate city; second, the role of World Heritage inscription as an institutional shock and a test of governance capacity; and third, the mechanism-based logic of the capacity gap and its theoretical implications for the literature on urban

governance. These axes have been formulated with the aim of interpreting the case study data of Khorramabad and assessing the extent of their convergence with or divergence from prior research.

5.1. The Governance–Human Capital Cycle: From Institutional Correlation to Undesirable Equilibrium

The findings of this research indicate that the cycle described in the previous section is consistent with the literature on institutional quality and specialized labor migration (Docquier & Rapoport, 2012; Kaufmann et al., 2011; Glaeser et al., 2004), which demonstrates that weak institutions drive brain drain and the reduction of human capital weakens the capacity for institutional improvement. However, the present research generates two important theoretical distinctions relative to prior literature. First, this cycle is observed at the scale of an intermediate city, not at the national or metropolitan level, which has been the dominant focus of previous studies. Intermediate cities, due to their greater dependence on centralized structures, limitations on institutional resources, and the fragility of specialized networks, are more sensitive to disruptions of human capital, and the institutional effects of migration in them are of greater intensity. Second, the cycle in this study has been examined under the pressure of an exogenous institutional shock (World Heritage inscription)—a factor to which less attention has been paid in the brain drain or institutional quality literature (Abufalgha, 2024; Bertoli et al., 2022). These distinctions are elaborated in what follows.

At the empirical level, evidence such as non-specialized appointments, managerial instability, and the marginalization of professional personnel indicates that the erosion of human capital is not merely a consequence of weak governance, but itself becomes a mechanism for the reproduction of institutional inefficiency. This finding is consistent with research that considers the effect of human capital on regional development to be conditioned upon institutional quality (Izadkhasti, 2023), but goes beyond this in showing that human capital, under conditions of institutional pressure, plays the role of a mediating variable in the formation of an undesirable institutional equilibrium. Therefore, the findings elevate the human capital–institutions relationship from the level of statistical correlation to the level of cyclical dynamics.

5.2. World Heritage Inscription as Institutional Shock: Revealing Governance Capacity

The second axis of the findings confirms that World Heritage inscription is not merely a badge of honor, but rather an "institutional stress test" that measures the actual capacity for coordination and planning. This interpretation elevates the concept of "institutional shock" from the level of metaphor to an analytical level. This finding is consistent with the literature on World Heritage governance, which considers the realization of the positive outcomes of inscription as dependent upon the existence of institutional capacity, inter-organizational coordination, and integrated management structure (Molstad, 2021; Leong et al., 2017). Within this framework, World Heritage inscription leads to sustainable development only when it is supported by prior organizational capacity and institutional cooperation mechanisms (Petrić et al., 2020).

Conversely, the findings of this research indicate that the absence of a shared vision, institutional fragmentation, and limited financial resources have caused the shock of World Heritage inscription, instead of strengthening governance capacity, to exert additional pressure on the existing low-capacity structure (Cunha Ferreira et al., 2023; Bernecker & Franceschini, 2022). This situation is consistent with the concept of "governance capacity deficit," which attributes policy failure to weakness in organizing cooperation and designing sustainable institutional arrangements (Ansell & Torfing, 2021).

Nevertheless, the present study goes one step further and demonstrates that exogenous developmental shocks under conditions of low institutional capacity can lead to the intensification of existing inefficiency cycles. From this perspective, World Heritage inscription can be regarded as a form of "institutional stress test": in strong institutional structures, this shock leads to organizational learning and institutional transformation, but in low-capacity structures, it intensifies institutional disequilibrium. This explanation challenges optimistic linear views regarding the developmental effects of World Heritage inscription.

5.3. Mechanism-Based Logic of the Capacity Gap: Multi-Level Causal Explanation

The mechanism-based analysis in this research functions not as another description of the findings, but as an interpretive layer that reveals "why" and "how" the capacity gap in Khorramabad is reproduced. Unlike correlational approaches that confine themselves to the co-occurrence of variables, here the question is one of the generative causal chain: structural conditions lead to consequences not in a linear manner, but through feedback loops and context-dependent actions. What follows is the formulation of this chain at five interconnected levels; levels that, while relatively independent, nourish one another through specific mechanisms.

- **Pre-contextual Level** (the foundation that constrains choice): This level includes factors that existed prior to any intervention and narrow the horizon of possibility for local actors. The severe centralization of the decision-making system in Iran, the peripheral position of Khorramabad in the national economic network, and the hierarchical structure of urban governance are three components that are neither removable through a single project or managerial change nor reformable in the short term. This institutional foundation renders any effort for strategic planning dependent on central approval, reduces the local maneuvering space, and most importantly, renders institutional learning impossible due to the frequent interruption of programs and the displacement of managers. To be more precise, this level is not a "primary cause," but an intensifying condition for all subsequent levels.
- **Triggering Level** (nodal point of the cycle): If we consider the pre-contextual level as the foundation, the triggering level is the catalyst that sets the cycle in motion. The absence of a shared strategic vision in the period following World Heritage inscription is not merely a planning deficiency; rather, the absence of a coordinating framework among seven decision-making institutions directs every dispersed action toward contradictory objectives. This situation has three immediate consequences: (1) the decision-making horizon descends from long-term to short-term and reactive, (2) limited resources are distributed among non-aligned projects, and (3) the absence of a shared narrative of the future transforms every managerial change into "starting again from scratch." Interview data indicate that this strategic void, particularly in the first six months following inscription, has deepened previous gaps rather than generating cohesion.
- **Mediating Level** (three self-reinforcing gaps): At this level, three capacity gaps are simultaneously activated and intensify one another:
 - **Institutional divergence:** The absence of formal coordination mechanisms drives institutions toward competition for prestige and resources rather than cooperation. A concrete example is the contradictory decisions of the municipality and cultural heritage regarding building density in the historic fabric.
 - **Erosion of human capital:** The annual migration of more than 10,000 individuals from the province not only reduces the number of specialized personnel, but also takes institutional memory with it. Non-specialized and loyalty-based appointments reproduce this gap.
 - **Financial–technological limitation:** The collection of 10 percent of fees and the realization of 60 percent of the budget has transformed the municipality into a "daily crisis management." The absence of integrated information systems also founds decision-making on "guesswork."

The key point at this level is the bidirectional connection among these three gaps: institutional divergence makes attracting private investors difficult (intensifying financial limitation), budget shortage reduces the possibility of training and retaining specialized personnel (intensifying human capital erosion), and the absence of expertise also renders impossible the design of institutional coordination models.

- **Consequences Level** (from tangible outcomes to hidden feedback): The fourfold consequences (environmental, social, economic, cultural–heritage) are not merely "outputs" of previous gaps;

rather, they themselves become a new source of instability. For example, the desiccation of Khorramrud has become a symbol of urban management inefficiency, and this public perception deepens distrust of institutions. Economic recession also accelerates elite migration. In other words, consequences exit the linear state and become feedback factors. What Table 4 displays is only a "list of problems"; but what is important in this analysis are the return loops: consequences, instead of healing, nourish the gaps at the mediating level.

- Feedback Level (how failure brings failure): This level is perhaps the most important and at the same time least attended to in prevailing governance models. The findings indicate that the experience of repeated failures activates two cultural-behavioral mechanisms:
 - Culture of external blame: Every failure is attributed to "cumbersome laws," "budget shortages," or "centralized structure," and internal responsibility rarely takes shape.
 - Organizational silence: Employees refrain from expressing criticism and suggestions for fear of being labeled "troublemakers." This silence brings organizational learning to a halt.

These two mechanisms deprive the urban management system of the possibility of error correction. As a result, the absence of strategic vision is not only not reformed, but is reproduced. It is here that the "vicious" cycle truly operates in the sense of "self-reinforcing."

- Integrity of the Cycle (why do one-dimensional interventions fail?): The return relationship between the feedback and triggering levels explains the logic of the cycle's resistance. Any intervention that targets only one of the levels (for example, increasing the budget without reforming organizational culture, or training managers without changing the structure of institutional coordination) is neutralized by negative feedback from the other levels. For instance, increased financial resources, in the absence of transparency and accountability, lead merely to corruption or showpiece projects without continuity. Or the change of managers without redefining authorities and coordination mechanisms merely repeats the "vicious circle."

Within this framework, the theoretical novelty of the present research can be summarized in two things: first, the transfer of the governance–human capital cycle concept from the macro level to the scale of an intermediate city with its own specific institutional coordinates; second, the placement of cultural-behavioral mechanisms (silence, blame, distrust) as the missing link between structural gaps and sustained consequences. This approach demonstrates that World Heritage inscription, as an institutional shock, is not a primary cause but rather a revealer and intensifier of a cycle rooted in deeper layers of governance and human capital.

5.4. Policy and Theoretical Implications

The mechanism-based analysis indicates that partial and one-dimensional reforms—such as limited increases in financial resources, displacement of managers, or provision of short-term training—lack the ability to break the cycle of governance–human capital inefficiency, because this cycle is the product of the complex and multi-level interaction of mechanisms. Each level of the cycle (triggering, mediating, consequence, and feedback) plays a role in the reproduction of inefficiency, and limited interventions will have only transient effects. Therefore, the design of policies related to World Heritage, human capital management, and governance reforms must be simultaneous, coordinated, and based on a mechanism-based approach in order to guarantee sustained effects and the breaking of the cycle (Ansell & Torfing, 2021; Abufalgha, 2024).

At the theoretical level, the findings emphasize that World Heritage inscription is not merely an economic or cultural intervention, but an institutional intervention that has deep structural consequences for urban governance. Institutional capacity is the necessary condition for converting World Heritage inscription into a driver of sustainable development; in the absence of this capacity, World Heritage inscription can lead to the reproduction of institutional gaps, the continuation of inefficiency, and the

consolidation of path-dependent trajectories. This view is consistent with prior studies in the field of institutional quality and human capital migration, which show that institutional weakness both increases the incentive for the exit of specialists and limits the capacity for structural reform (Kaufmann et al., 2011; Glaeser et al., 2004; Docquier & Rapoport, 2012; Izadkhasti, 2023).

In summary, the theoretical and policy implication of this research is twofold: first, successful reforms require simultaneous interventions at various levels of the cycle and coordination among mechanisms; second, World Heritage inscription and other developmental policies can redefine the trajectory of urban governance transformation only when sufficient institutional capacity exists to absorb the shock, ensure inter-organizational coordination, and sustainably manage human resources. This framework can serve as a guide for the design of institutional policies for intermediate cities with low-capacity structures and assist in explaining self-reinforcing inefficient cycles.

6. Conclusion and Recommendations

The findings of this research indicate that the principal issue of Khorramabad is neither the absence of developmental plans nor the limitation of resources, but rather a structural disruption in the mechanisms of interaction between urban governance and human capital, which functions in the form of a self-reinforcing feedback cycle. Within this framework, the city's World Heritage inscription, as an institutional shock, has not been the source of the crisis, but the mechanism for revealing existing institutional and managerial weaknesses. This shock, by increasing performance pressures and institutional expectations, has highlighted the gap between the actual capacity of urban governance and developmental obligations, and has demonstrated that in the absence of a shared vision, a meritocratic system, and inter-institutional coordination mechanisms, symbolic developmental events not only do not lead to the improvement of the situation, but can intensify the cycle of weakened human capital and the decline in the quality of governance.

From a theoretical perspective, the results of the research have three main contributions. First, the framework of the bidirectional cycle of governance–human capital has been transferred from the macro national level to the scale of intermediate cities, and the institutional and behavioral mechanisms affecting the reproduction of this cycle at the local level have been explained. Second, World Heritage inscription has been analyzed as an institutional shock that simultaneously plays the role of trigger, intensifier, and revealer of governance capacities, and links the literature on urban heritage with theories of institutional capacity and human capital. Third, the focus on the post-inscription phase as a fluid and determinative period demonstrates that this juncture can lead to institutional reconfiguration and reform of governance mechanisms, or, conversely, to the consolidation of inefficiency cycles.

From the mechanism-based perspective, the results indicate that the urban management capacity gap is the product of the interaction of four levels of mechanisms: triggering mechanisms (absence of strategic vision and coherent institutional design), mediating mechanisms (institutional divergence, erosion of human capital, and resource limitation), feedback mechanisms (organizational distrust and culture of blame), and contextual structural factors in the multi-level governance system. Therefore, one-dimensional or project-oriented reforms are not capable of breaking this cycle and require simultaneous interventions at the institutional, managerial, and human capital levels.

Despite its analytical depth, this research also has limitations; including the focus on a single case study, the temporal limitation of the data (a six-month period that limits the possibility of fully distinguishing the direct consequences of World Heritage inscription from long-term structural trends), the political sensitivity of respondents, and the inherent limitations of qualitative methods in testing causal relationships. Nevertheless, these very limitations provide specific pathways for the development of future research.

Policy and Practical Recommendations

- **In the short term (one to two years)**, the principal focus must be on reforming coordination mechanisms and strategic orientation. The formulation of a shared strategic document among key urban institutions with the genuine participation of public, private, and academic actors is essential, so that objectives, priorities, and performance indicators are transparently defined. The creation of a formal inter-institutional coordination structure with specific legal authorities for decision-making, resource allocation, and resolution of organizational conflicts can reduce institutional divergence. Similarly, the design of a targeted system for the attraction and retention of human capital based on meritocracy, competitive contracts, and the linkage of research and practice is the initial prerequisite for strengthening urban decision-making capacity.
- **In the medium-term horizon (three to five years)**, the transition from project-oriented management to sustainable urban governance is essential. The creation of integrated data management systems, the development of smart urban systems, the utilization of modern financing instruments, and the design of a framework for managing tourism capacity are among the actions that can guarantee the economic and institutional sustainability of development. Likewise, the formulation of transparent rules for intervention in the historic fabric and the regulation of the relationship between heritage protection and economic development is essential to prevent unregulated commercialization.
- **In the long term**, structural reforms in the urban governance system are inescapable. The establishment of an appointment system based on institutional meritocracy, the increase of financial and programmatic authority of urban management within the framework of multi-level governance, and the institutionalization of citizen and private sector participation in the policymaking process are considered prerequisites for the reconstruction of governance capacity. The reconstruction of trust among elites, citizens, and national and international institutions also requires transparent decision-making mechanisms and genuine commitment to developmental obligations.

6.1. Research Recommendations

Future research can, by designing longitudinal studies, examine the evolution of the governance–human capital cycle across various temporal intervals and analyze the long-term effects of institutional shocks. Conducting comparative studies between inscribed and non-inscribed intermediate cities can also reveal the institutional mechanisms affecting performance differences. The development of mixed qualitative–quantitative approaches for empirical testing of the relationships in the conceptual model, the measurement of governance capacity indicators, and the measurement of the effect of human capital on urban performance are other essential research pathways. Additionally, the study of mechanisms of elite and citizen participation in urban policymaking, and the empirical evaluation of institutional interventions in the management of heritage cities, can contribute to the theoretical and applied enrichment of this field.

Overall, Khorramabad's World Heritage inscription can become a driver of sustainable development only if it is regarded as the starting point for the simultaneous redesign of the mechanisms of urban governance and human capital management. Otherwise, this event will exacerbate the gap between institutional capacity and developmental obligations and will reproduce existing inefficiency cycles.

Authors' Contributions

AliAsghar Abdeslahi 60 percent, Reza Sepahvand 20 percent, Mohammad Hakkak 20 percent

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Conflict of Interest

The authors declare that there has been no conflict of interest, financial or otherwise, in the conduct of this research and the writing of the article.

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