



FUTURE

Strategic Management for the State

International Approaches in Comparison



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Foreword

In recent years, the Federal Ministry of the Interior and the Bertelsmann Stiftung have intensively examined questions concerning the modernisation of the state and, within the scope of their respective responsibilities, made innovative contributions to public administration's further structural development, its efficiency and its orientation towards citizens. Building on mutual efforts so far, the co-sponsors of the joint project "State of the Future" would like to highlight new areas of emphasis.

This project embraced presentations, technical discussions and documentation, introduces for discussion the possibilities for change in the public sector and assesses the federal government's recent reform efforts. At the heart of deliberations is the state's role, its creative possibilities and the necessity to act. The project "State of the Future" aimed to promote public awareness of additional reforms of the state and sensitise citizens to the transformation of tasks, structures and work methods occurring in the state and public administration.

One of the technical discussions held within the framework of this project took place in Berlin. That meeting serves as the basis for the paper at hand. This study – "Strategic Management for the State: International Approaches in Comparison" by Dr Isabella Proeller of the University of St Gallen – describes and analyses strategic management approaches in six countries (Great Britain, New Zealand, Ireland, the United States, Finland and Switzerland) and draws conclusions based on a comparison of each country's experiences with strategic management. This study should enable our public administrations to undertake their own comparisons and at the same time provide them with points of reference for their own approaches to reform.

We are convinced that this booklet will lend impetus to administrative modernisation. We hope it will also lead to many fruitful discussions.



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Management Summary

To efficiently and effectively meet the contemporary and future challenges facing society and direct the development and provision of services towards these demands, strategic management approaches are becoming increasingly important in public administration. This report compares and analyses experiences with strategic management approaches at the central government level from around the world. In doing so, the goal is, first, to gain an overview and understanding of the way strategic management is conceptualised and implemented in other countries and of the kind of results achieved. Later, lessons and conclusions from this comparison of the different approaches are to be drawn regarding the inner workings and embedding of strategic management approaches at the central government level.

The aim of using strategic management is the success-oriented shaping of an administration's development. In the process, the aim is to establish a specific way of thinking within an organisation and among its actors for analysing the organisation's development. Strategic management is based on the idea of planned evolution and with that is open to rationalisation. Strategic management takes place in the form of a collective learning process and embraces all issues considered important to an organisation's development. Strategic management requires the well-balanced and integrated consideration of the following four dimensions: contents, actors, processes, and instruments. These refer to the four fundamental aspects of strategic development processes and address the key questions: What is the purpose of strategic development? Who takes part in it? How are strategies developed? And how is strategic development supported? The transformation that strategic management strives to achieve is seen as something that can be influenced, but not necessarily directly planned or managed. Influence is gained by shaping the four fundamental dimensions – contents, actors, processes and instruments – as well as coordinating and integrating them into the organisation as a whole.

For comparison, this report draws on strategic management approaches from six countries:

- Great Britain addresses matters of concern in strategic management within the framework of the reform programme Modernising Government, especially by two core elements: the Joined-Up Government programme and the Public Service Agreements regime. In doing so, strategic management encompasses the administration as a whole with a strong leadership and coordinating role for the core executive and by building on a rigid contract management and performance management system. Focus is on objectives for outcomes and results and managing cross-cutting topics.
- In New Zealand, public activities are focused on results and outcomes in the programme Management for Outcome. Strategy orientation and integration of outcome-oriented management are to be achieved within the framework of a strategic planning and management process. This process is to a large extent located at the department level, oriented to the medium term and geared towards defining and achieving outcomes.
- Ireland launched its Strategic Management Initiative, in order to boost the strategic capabilities of its public sector. This is a comprehensive administrative reform project that includes a series of other reform issues and projects on administrative reform in addition to strategic management. To strengthen strategic management, departments and offices were urged to carry out strategic planning and establish strategic processes. The approach was addressed rather open-mindedly and strives to develop the strategic capabilities of administrative units.
- The more recent efforts towards strategic management in the United States' federal government are closely tied to the Government Performance and Results Act (GPRA). The GPRA institutionalised strategic planning as well as result-oriented planning and reporting systems in departments and agencies. By including stakeholders, government agencies are urged to define its objectives and results and gear their activity towards achieving these goals.

- Finland is using Programme Management to pursue the goal of systematically implementing and evaluating policy priorities. The main issue of concern is improving horizontality. The approach expands on determining selected, prioritised policy programmes with goals for which special political and administrative responsibilities have been established in the spirit of “programme ownerships.” Simultaneously, a centrally coordinated cycle of management is being set up. In this model, strategy is anchored at the political level and in the core executive and emphasises evaluation and discussion of lessons drawn from evaluating results.
- In Switzerland, strategic management is generally discussed in the context of Outcome-oriented Public Management (Wirkungsorientierte Verwaltungsführung, or WOV), which is implemented at the federal level within the framework of the programme Management by Performance Agreements and Global Budgeting (Führen mit Leistungsauftrag und Globalbudget, or FLAG). A core issue of concern is directing and managing by outcomes. Under FLAG, strategic management is highly decentralized and aims not at strategic management of the federal government but within the federal government. Thus FLAG’s management mechanisms are not applied throughout the Swiss federal government but, explicitly, just in parts of it, and strategic management is mostly located at the office level.

A glance at the various cases shows the diversity of approaches and ways of shaping strategic management around the world. This heterogeneity reflects not only the different objectives and purposes of using strategic management, but also underscores how the shaping and implementation of different systems depend on context. Analysis and comparison of the international approaches lead to the following results and conclusions regarding framework conditions, conception and results:

- Strategic management approaches at the central government level should be shaped and interpreted with regard to specific context. Features and characteristics of the political-administrative systems, cultural tendencies and influences, as well as previous management reforms are reflected in the shaping and implementation of strategic management approaches in different countries.
- Regarding the contents of strategic management, there is a clear shift towards objectives, results, and outcomes of policy programmes and horizontality. In describing the content of strategic management, defining and measuring objectives is a characteristic common to all the approaches considered.
- The diversity of actors integrated into the individual approaches in the strategic process and the intensity of integration vary in all of the approaches. Everywhere, the most important role is ascribed to senior managers, for they ultimately establish and implement strategy and strategic thinking in an administration. The integration of politicians varies widely, ranging from the strong integration and considerable engagement of government leaders to somewhat passive and observing roles.
- The management approaches emphasise different aspects of strategic processes, such as planning, control, learning, and adjustment. They are generally drawn up as additional administrative management processes and linked with other management processes in terms of time and content, such as the budgeting process. Areas of conflict between strategic process and other management processes often remain. Within an administration, the design and implementation of the strategic process is shaped considerably by participants.

- With regard to instruments, strategic management systems everywhere rely heavily on contract management and performance management systems. Differing forms of conceptual instruments have also been introduced, such as strategy documents, missions, or performance agreements with medium-term planning horizons (five years as a rule) and specifications of environmental scans, strategy, and monitoring of objectives.
- Despite various deficits and difficulties in implementation, the experience with strategic management is as a rule rated positively. Overall, the assessment prevails that using strategic management systems strengthened and established strategic thinking and action as well as the capabilities needed, at least in some parts of the administration, and that the long-term development of the administration was carried out with greater confidence and a greater orientation towards results.
- Overall, however, it is necessary to note – especially where systems are applied throughout the government – that the level of implementation and development within individual countries varies considerably. Parts of the administrative organisation showed a very high level of implementation and development, whereas others may have met the formal prerequisites, but did not internalise the process and mental attitude.
- Difficulties in implementation exist everywhere with respect to performance measurement, especially where outcomes are concerned. Furthermore, coordination with other management processes, especially the budget process, and with that liability and responsibility for implementing and pursuing a strategy, is often inadequately clarified.
- The experience of the countries considered makes clear that establishing a strategic management system at the central government level is a very prolonged and costly venture. Many of the examples introduced here have been working several years on the introduction of strategic management systems, have an important basis in reforms that go back even further in time, and are at present still only in the implementation phase.

1 Introduction

A glance at the reform agendas of various states, countries, and communities shows that strategic management and strategic management approaches have become a widespread component and approach for managing communities and public organisations. Having a strategy seems to be the solution for numerous, pressing, long-unsolved problems in the public sector. The hopes placed in strategy and strategic approaches are considerable and complex: They are supposed to help set priorities under conditions of limited financial resources; they are supposed to help re-direct and re-adjust the performance side of public organisations; they are supposed to help realise the frequently invoked transformation of culture in public administration. The great expectations connected with strategy in the public sector are based not least on the importance of strategy in the private sector. Successful companies have a sound strategy that has helped them achieve this success, and companies in trouble have used strategic re-orientation to reposition themselves, re-order their activities, and become successful once again. But it is not just in the private sector where successful management performance is explained by strategy. For several years, success stories in the public sector have been explained by their strategic elements, and strategic management is discussed as an applicable and promising approach for the public sector as well.¹

Strategic management is generally understood as a long-term, goal-oriented way of thinking and acting. It is supposed to enable public administration to recognise current and future challenges and their implications, to form a clear picture of the goals and strategies necessary for confronting these challenges effectively and efficiently, and to direct administration thinking and action accordingly. Strategic management can be understood as a method or approach for dealing with these challenges and tasks.

To demonstrate the use and points of departure for applying strategic management in the German federal administration, this report will compare and analyse experiences with strategic management approaches from around the world. In Germany, considerable experience has also been gained and numerous projects carried out with strategic management, but these were mostly at the local level and in individual offices within federal and state administrations.² This study focuses on experience abroad, especially strategic management approaches at the central government level. In doing so,

what is of interest here is how strategic management is addressed in the international context, that is to say, what kind of approaches were selected and what kind of results achieved. Thus, the points of departure and factors for success for the strategic management approaches elaborated on here address the question how strategic management at the central government level can contribute to the successful structuring of public organisations. The results are intended to provide points of reference for discussions on reforming the German federal administration. This international comparison shows that essential processes of reform and change have been set in motion in individual countries with strategic approaches. The approaches are recognisably marked by specific national peculiarities, such as state structure and government system, but also cultural aspects. What stands out overall is that, in most examples, strategic approaches are to be viewed within the framework of a longer history of reform – as a rule more than ten years – during which various preconditions and intermediate steps were created. The greatest challenge consists in maintaining the will to change and sustaining support for this kind of plan over such a long period of time.

2 Strategic Management

To analyse strategic management in the international context, it is necessary to clarify what is meant by strategy and strategic management.³ The extensive theory and practice of strategic management shows that there is such a variety of approaches that it is almost impossible to gain an overview of all of them, and that strategic management is better described, for example, as a visionary process, as a collective process, or as an analytical process. Differing emphases and approaches combine to shape strategic management.⁴ To understand and shape strategic management in the public context, aspects of the most different approaches must be considered. In order to provide a basis and investigative framework for analysing the international examples of strategic management discussed here, an understanding of strategy and strategic management that underlies the selection and analysis of the cases found in this report will be explained first. Also, the key elements concerning the conception of a strategic management approach will be explained. In the course of this report, these elements will serve as the basis for describing and analysing each country's approach.

2.1 Strategy

The word "strategy" is used today in many various contexts and has largely become a buzzword used to mean all kinds of things. In managerial practice, use of the term "strategy" is ambiguous and often used concretely in one of the following five meanings⁵:

- as a plan, a description of a means to an objective;
- as a move or tactic, especially where competition with others is concerned;
- as a pattern, something that can be recognised in an organisation's decisions or actions;
- as a position, an organisation's place in its environment;
- and as a perspective, how an organisation's collective consciousness views the outside world.

A strategy reflects an understanding of the essential interrelationship between action, environment, and results and is suitable for guiding the various decision makers and harmonising their actions. In doing so, a strategy remains in a certain sense abstract. It does not address individual actions or concrete instructions for action. It provides a framework of reference for actions or decisions.⁶

2.2 Strategic Management

Strategic management is about the success-oriented shaping of an organisation's long-term development: formulating and implementing a strategy. Furthermore, it is necessary to understand how results are achieved, the possible opportunities and risks inside and outside an organisation, and the proper response to them. The challenge consists of acquiring the information needed to answer these questions, formulate the strategy, and adjust it as well as communicate it and find support for it within the organisation as a whole.⁷ In the modern understanding of the word, strategic management is marked by the following features⁸:

- planned evolution
- specific mental attitude
- strategic thinking and action as a conscious response
- collective learning process
- the creation and retention of potential for success.

Planned evolution takes into account the recognition that decisions and changes in organisations seldom proceed in leaps and bounds, but often evolve incrementally. Nonetheless, strategy and strategic thinking are seen as something that can be shaped and not something that simply happens by chance. Planned evolution is not to be equated with planning but is to be understood as a middle way between pure planning and uncoordinated gradualism.⁹ At the heart of strategic management is the way an administration's development is thought out and correspondingly dealt with. Strategic management should manifest itself in a specific mental attitude. Strategic thinking and action require a conscious analysis of the administration's intended development and the measures envisioned. For this, a minimum of liability and concrete results is necessary. In administration, this should be considered in the context of different and partially contradictory logics of action, for example, between politicians and senior managers. In strategic development, these logics of action are made transparent. Strategic thinking and the conscious analysis of strategy at the same time assign senior managers the task of analysing the objectives, purpose, and contribution of the administrative structure. In the process, certain tensions towards traditional understandings of leadership in public administration can emerge if it is assumed that these questions are to be addressed not at the management level but solely within the framework of politics and the legislative process.¹⁰ Strategic management as a collective learning process means that a learning

process is systematically initiated and its results integrated into everyday administrative activity. From this emerges understanding for a continuous process in which ideas are developed, tested, and, on the basis of experience, revised, discarded, developed further, etc. Ultimately, strategic management aims to retain the success achieved within the administration. Although it is not always easy to define success, some notion of what constitutes success is necessary in strategic management and should be made explicit within the framework of strategy development.¹¹

The aforementioned features of strategic management and the selected description of strategic management – the shaping of the long-term and success-oriented development of administrative organisations – underscore the fact that managing strategic change represents the core of strategic management. If strategies are understood not only as plans but also as patterns, the basic processes of change are not only consciously shaped, but also contain emergent elements. As a result, strategic change cannot be completely controlled, but it can be considerably influenced.

2.3 Conception of Strategic Management Systems

The conception of strategic management involves integrating various basic elements of the strategic development process. The elements to be examined and included in an integrated conception process are contents, actors, processes, and instruments. Initially, these aspects are to be considered and analysed in and of themselves. At the same time, an overall picture of a strategic management conception emerges only in the integration and coordination of these elements. Strategic management assumes that strategic change will be influenced by the shaping of these elements and their coordination. Thus, contents, actors, processes, and instruments are elements that can be shaped and managed and used to initiate and realise change in administrations. Such change is directed at developing administrative capabilities and using them as pre-set or developed standards of success.¹² The basic elements of conception are briefly described below.

Conception of Strategic Management¹³

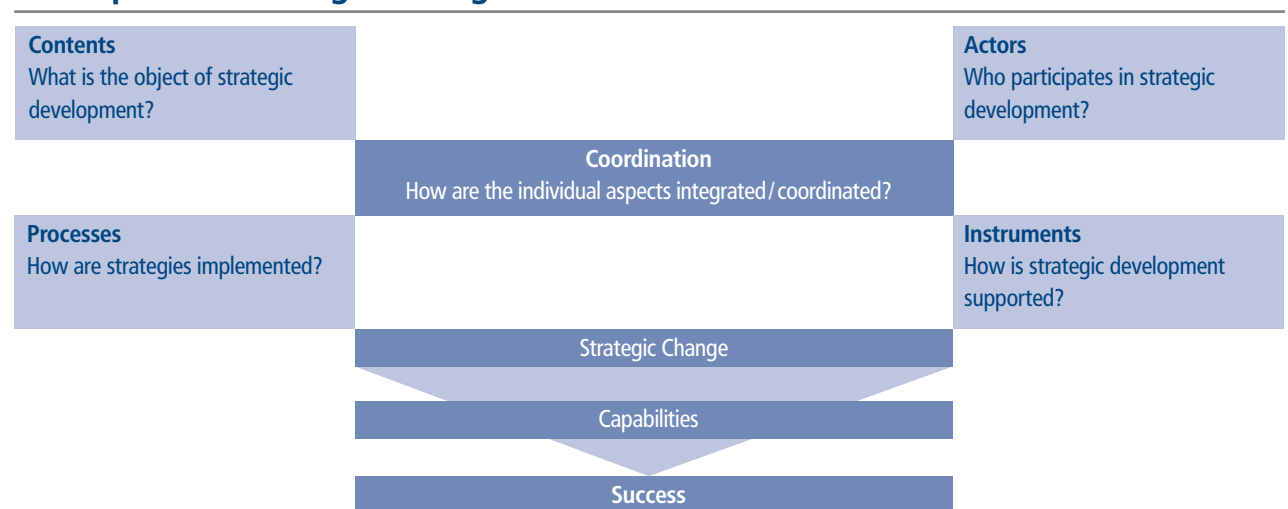


Figure 1

The dimension of content describes the purposes of strategic development processes, that is to say, the “what” question: What is the strategy? What are the objectives? In contents, distinctions are often made between strategic issues, objectives, and strategies. These are interrelated but different content components. Strategic issues serve to determine emphasis and delimit the purpose of strategic action. Objectives provide reference and – in a rational understanding of management – set a standard for evaluating success. The strategies already discussed represent the core content of strategic management (as plan, as pattern, etc.). The interplay and interaction among these three content components can vary according to the conception of strategic management.

Actors are the active, participant organisations, groups, individuals in the strategic development process. At the same time, actors are as a rule the senior managers within the administration, politicians, administration employees, and other stakeholders. The most important actors in strategic management are the senior managers in the administration. They bear the main responsibility for strategic processes and contents as well as for the application and integration of instruments. Moreover, where strategic management in public administration is concerned, the role of political actors is of great importance.

This overview of the process addresses the question how strategies are developed or how strategy develops. In strategic processes, distinctions are typically made between the phases of strategic development or formulation, implementation, and evaluation. Even if these phases are often represented in ideal form as a control circuit, cohesive control systems or cyclically performing strategic processes cannot be assumed in reality. The consideration of processes is important for understanding evidence from and functionality of other elements of conception, for they provide insight, for example into how certain strategies or goals come into being or how instruments are applied and developed.

For the different tasks and challenges that are to be affected within the framework of strategic management, a number of instruments have emerged and become established. Even if different contributions to strategic management focus on the application of these instruments, it would be a mistake to misunderstand management as a “battery of methods.”¹⁴ Distinctions can be made between instru-

ments for analysis (e.g. SWOT analysis, portfolio analysis, evaluations), for conception (e.g. mission, vision, planning, goals, indicators), and implementation (e.g. performance and target agreements, budgeting, monitoring).

An overall picture of strategic management approaches emerges with the integration and coordination of these different elements. Here, the point is to shape the relations and connections between the elements. Examples of the kind of questions addressed in the coordination process include: Which actors are involved in defining contents and developing strategy in what form? How are contents from different parallel strategic processes (e.g. individual department strategies, office strategies) coordinated with each other? Which measures are carried out in which sequence to guarantee the various actors receive appropriate consideration?

The analysis of international examples of strategic management that follows is based on the above understanding and structure of the conception of strategic management. The international approaches to strategic management are understood accordingly as initiatives and programmes that aim to shape the long-term and success-oriented development of the respective administration. For describing and analysing the approaches and their results, the conception of strategic management just explained will be recalled. To provide a common analytical framework, the comparison will be geared to determining which basic contents, actors, processes, and instruments are considered and how they are integrated.

3 International Approaches

When one looks around the world for examples of reform projects involving strategic management, one quickly discovers that there are a number of projects and reform programmes that analyse the goals, processes, and contents of strategic management as described in the previous chapter. Only a few of these, however, explicitly mention “strategic management”. Therefore, the process of choosing examples for comparison was primarily geared to the content dimension of reform projects. The projects chosen address strategic management’s basic issue of concern – namely, the success-oriented shaping of the long-term development of organisations of public administration. The selected approaches are from Great Britain, New Zealand, Ireland, the United States, Finland, and Switzerland. These countries and their management programmes were selected because they are considered in the international discourse as typical examples for pursuing and strengthening strategic management concerns. At the same time, care was taken to ensure that each example shows a different approach and emphasis so that the greatest possible diversity of experience and heterogeneous approaches can be analysed.

In what follows, the approaches and elements of strategic management of each country will be introduced first. At the beginning of each section, a short characterisation of the reform project will be provided, before the individual elements of strategic management in each approach are subsequently analysed. In doing so, the conceptual and implementation-related processes of shaping strategic management will also be addressed. In conclusion, the results and effects of the programmes and reform efforts will be illuminated. The description of the programmes, conceptions, implementation processes, and results of the reforms are based on analysis of the relevant literature and documents.

3.1 Great Britain

Programme/Initiative

In Great Britain, strategic management issues have played a role in the reforms of the last 20 years and have most recently been reinforced and re-organised within the framework of the Modernising Government reform programme, in particular by two core elements, the Joined-Up Government programme (JUG) and Public Service Agreements (PSA) regime. These more recent programmes are to a large extent based on earlier reforms, especially the changes and innovations that occurred within the framework of the Financial

Management Initiative and the Next Steps initiative, and are to be understood as their further development and extension. Within the framework of the Next Steps Initiative, a comprehensive organisational decentralisation and a lean contract and performance management system were introduced. The intended process of making the administration more independent and decentralising it were accompanied by a certain fragmentation and centrifugal forces in management. This is also one of the points of departure for the two more recent reforms. In 1998, the PSA system was introduced, with the PSAs representing “a clear commitment to the public on what they can expect for their money and each agreement [setting] out explicitly which minister is accountable for delivery of targets underpinning that commitment.”¹⁵ This reform was accompanied by the Modernising Government programme’s basic concern that most pressing political issues must be addressed and handled across organisations and sectors. This is the point of departure for “joined-up government”. JUG pursues the goal of improving government capabilities for taking on strategic, cross-cutting issues. The Modernising Government programme was launched for a period of ten years, although the reform process in the last few years has often proved to be a continuous process in which adjustments are routinely made and new programmes are designed as needed. For comparison in this report, the more recent reform developments in Great Britain under PSA and JUG will be discussed.

Conception

In the reforms that have taken place under the Labour Government, a special concern has been improving the management and coordination capabilities of the core executive¹⁶, that is to say, those of the central government institutions, so as to be able to stay its strategic course of action. In doing so, the drafting of a long-term political strategy with coordinated objectives and priorities and maintaining this strategy despite all the problems and distractions an administration may face is understood as a particular challenge.¹⁷ Issues of concern from the JUG programme, which is to promote “partnership” approaches, also come into play. In this understanding, the core executive is understood as the pivot for the coordination and management of state activities, and strategy the task of the government and the core executive. The strategic process was more amended than re-shaped by the PSA system and is being adapted to an existing multi-tiered system. Strategic objectives, priorities, and strategy itself are examined and handled in var-

ious locations within the core executive, in the staffs and offices of the prime minister, the cabinet offices, etc., whereby individual offices are ascribed various powers of authority within the administration.

With the introduction of the PSAs, the core executive, above all the Treasury, was given new management and coordination tools to carry out the role of strategic management. As a whole, the PSAs show the government's priorities for administrative action and expenditures. The range of PSAs under the Treasury's aegis has to fit into this system of setting strategic priorities. The most different mechanisms for coordination and integration may exist, but the variety of actors, and above all the diverse relations among subordinates, means certain tensions should be assumed. PSA agreements are concluded between ministries and the Treasury for the departments and – according to JUG thinking – individual cross-cutting issues. Under JUG, combined, joint budgets and executive committees or employee exchanges are also envisioned for cross-cutting issues. Every PSA explains the outcomes and goals of the department or cross-cutting executive committee and how they are to be measured. PSAs are concluded for three years, based on a three-year allocation of resources, and published.¹⁸ The PSAs are reinforced by Service Delivery Agreements¹⁹ in which business planning and resource allocation are undertaken and performance goals for agencies and departments specified.²⁰ The PSA system was initiated to reduce fragmentation and to introduce a government-wide performance system for the administration as a whole. A complex monitoring system was then put in place in which reports are filed quarterly or more often if necessary. Performance in achieving goals is the subject of special meetings of the prime minister with his ministers.²¹ Report results are published. The PSAs are an element of an expenditures framework programme. Results achieved are taken into account in the next round of resource allocation. The PSA system was intended to provide incentives for politicians and civil servants within the strategic process to act in the spirit of the priorities defined by the core executive. Ministers are thus responsible for achieving the goals of their organisational units.²²

The core executive's ambition to increase its manageability and management influence in providing public services as well as handling cross-cutting issues was also pursued by expanding management and coordination resources in the core executive. The estab-

lishment of numerous units around the prime minister and the cabinet office is a prominent example. In 1998, the Performance and Innovation Unit was created to boost the government's capacity to address issues that cut across departments and to promote innovation in policy development. Since then, a number of additional units with differing tasks have been created.²³ Great Britain is taking an approach that allows the political elite to acknowledge a shortcoming and meet it by building up its own resources and basis of knowledge. This approach is assessed as "an attempt by the British government ... to learn how to manage networks"²⁴, and also appears as an understanding of management influenced by analysis in which one "tracks down" what has to be done so as to "carry out" desired changes.

Results

The most recent developments in strategic management are a continuation of the radical, centralized character of British reforms since the 1980s. The core executive's determination and strong leadership continue to impress. At the same time, the direction of the reforms is subject to harsh criticism, and the radical nature of the reform leads to polarisation.²⁵ In the process of implementation, this management approach struggles with many of the known hurdles of central and analytical management. First to be mentioned is quality of the goals agreed to in the PSAs. Often, these were not future-directed priorities but objectives and lists of activities and what had been achieved, and there are big differences among the policy areas. In addition, the PSA system has yet to change the fact that goals and priorities in the public sector often emerge outside the formal strategic process. Measuring performance proves difficult, because indicators often refer only to a limited aspect of a goal. In addition, the speed of change in Great Britain was such that adjustments judged to be perfectly sound were made in qualifying PSA performance information, and the number of goals was reduced from 630 in the first round to 160 in the second round. As a result, there were no points of comparison over time and many objectives were altered before they could be reported on. With regard to the incentives that the system was to provide for goals – for example, by establishing ministerial responsibility – some cases of avoidance strategies were reported, such as the selective presentation of results (i.e., only good but not bad results) or risk-adverse definitions of goals.²⁶

Nevertheless, the system achieved important and decisive changes. Ministers and top civil servants strive to achieve results and are less likely to change course, not least on account of their reputation in the core executive and vis-à-vis the prime minister. Strategic management and strategic thinking plays a more prominent role in England than in other countries and is driven forward by a very professional staff. With regard to problematic cross-cutting issues, it was possible to achieve successes, particularly where cooperation of departments and joint awareness of problems was concerned, even if the shaping of adequate structures of governance continued to pose a challenge.

Great Britain's approach can be called a very complex system of strategic management that is led by a professional, central coordinating structure and is supported and tailored to the context of a central government context with strong leadership role for the prime minister. The arrangement and implementation looks very comprehensive and effective, although it bears considering that essential difficulties in implementation exist here as well, and that the current situation is the result of a radical (compared with other countries) but rather long and steady period of change. Difficulties in implementation, questions of delegating responsibility, and potential for developing effective ways to coordinate decisions and provide services arise in Great Britain as in other countries, especially when it comes to managing overlapping issues.

3.2 New Zealand

Programme/Initiative

In New Zealand, strategic management has been an important reform issue since the early 1990s and has been addressed and developed in various steps.²⁷ Since 2001–2002, the programme Management for Outcome (MfO) has been the force behind focusing public activity on results and outcomes. In New Zealand, MfO can be located within an administrative environment that was subjected to a strong and very determined focus on output connected with an emphasis on short-term goals and certain centrifugal tendencies as part of a comprehensive management reform in the 1980s. MfO is intended (1) to identify the most important results for New Zealanders; (2) to manage these results, which includes clearly defining results, planning and implementing based on these results, and learning from the process what works; and (3) to take advantage of opportunities for cooperation if this aids in pursuing these goals.²⁸ MfO today includes all administrative departments in

New Zealand and is an element of that country's further development strategy. New Zealand's approach to strategic management is characterised in this report with the key word "outcome-oriented contract management."

Conception

The strategic process in MfO was hitched to the instrument Statements of Intent (SOI), strategic planning documents compiled by the departments. The SOIs contain mid-term strategic planning, in which the departments present and explain what the department aims to do in the coming years, how it will pursue these goals, and how progress will be measured. In addition, statements and indicators of results, outcomes and standards are expected. Furthermore, an SOI presents and explains the department's logic of intervention. An SOI also contains a concrete business plan for the first fiscal year with a detailed finance and performance plan that lays out how outcomes are connected with outputs. Existing (output-oriented) reporting is integrated into MfO. The SOIs contain a ministry's entire realm of responsibility and are approved for three years; however, in mid-term planning, they often include a planning horizon of up to five years. SOIs are coordinated with the Treasury and the responsible minister and go before parliament with the (likewise output-oriented) budget.²⁹

The MfO programme understands the strategic process as a permanent cycle of improvements that is to be achieved (Figure 2) with the SOIs representing but one element in this cycle. Departments are encouraged and given support to identify with the strategic process and, with the participation of the minister, to define specific goals that go beyond general political goals. Prioritising and selecting a few important areas of outcome are recognised. The core executive, the Treasury and the State Service Commission offer assistance and guidance, by supporting and accompanying evaluation and review in the cycle of improvement in addition to planning. In this way, regular evaluations and strategic processes take place from which measures for the strategic process and its elements are derived. In contrast to earlier approaches, MfO is to be seen clearly in a stronger context of planning and development.³⁰

Continuous process of improvement in Management for Outcome³¹

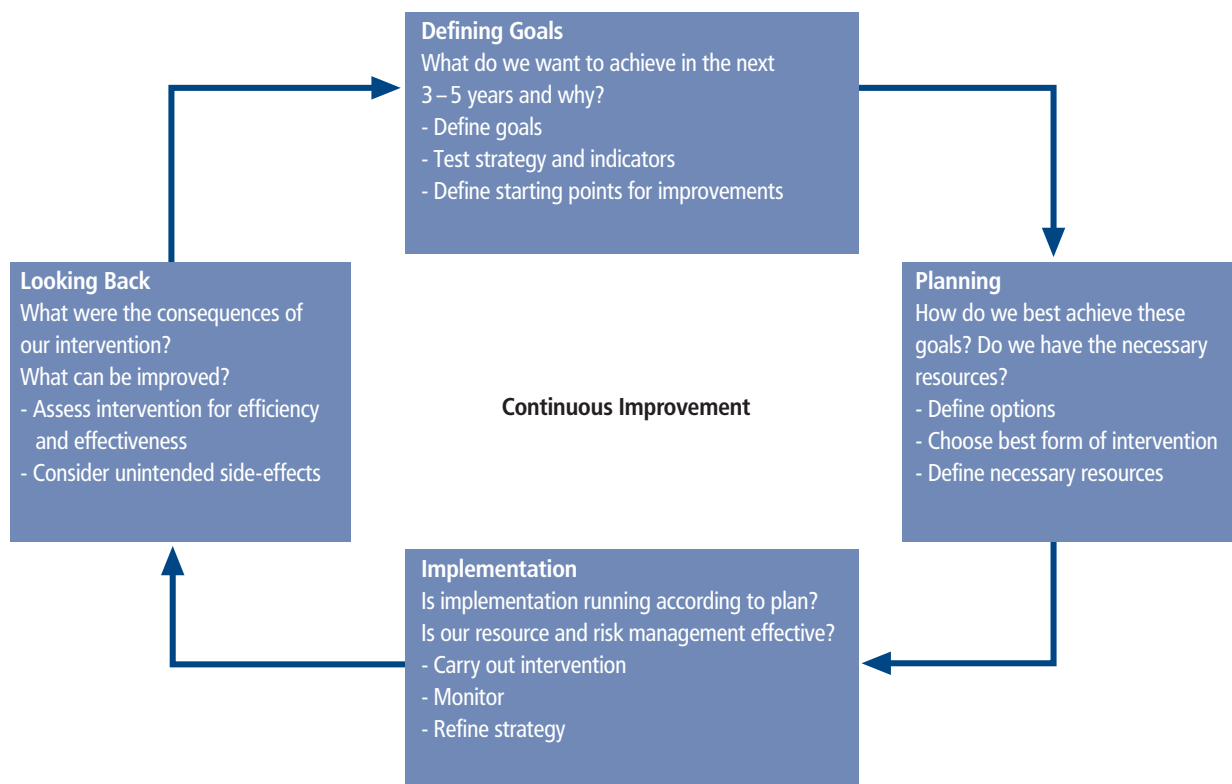


Figure 2

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As is familiar from other Westminster systems, the core executive also assumes an important role in the process, specifically the Treasury and the State Service Commission. The prime ministers have repeatedly stressed the necessity of improving management and focusing on strategic issues. The core executive acts as a promoter of the process and offers support capabilities and consulting services in the strategic process. It is mainly up to the Treasury to coordinate general policy lines and issues that cut across departments. The role and integration of policy-makers, especially the government, into the strategic management process is less pronounced than in Great Britain.³² At the government level, strategic issues are defined in terms of goals and priorities. Responsibility for individual issues is transferred to ministers, or even groups of ministers. At the same time, ministers are held responsible for the

performance of their ministries and agencies. Actual strategic development, however, is located at the department and agency level. To integrate emphasis and direction towards the outcomes ultimately aimed for by MfO in the management system, a distinction is made between political responsibility for outcomes and managerial responsibility for outputs. The SOIs are intended to help establish a connection between outcomes and outputs, with the administration being held responsible not for outcomes but for the management of the outcome and for the necessary outputs. Simultaneously, in international comparison, other administrative management systems in New Zealand, such as reporting and budgeting structures, show a very strong and consistent orientation towards outputs.

Results

The development of strategic management in New Zealand builds on the country's experience with the comprehensive NPM reform, but it does not show the same speed and radicalism. Changes in New Zealand's system of government in 1996 and the coalition governments that followed in lieu of governments led by a majority party may play a role in the development of the slower, more moderate programme. Commitment to the need to push forward with strategic thinking and action remains unbroken and, after several years under MfO, is beginning to bear fruit. At the same time, a certain experience with the process and instruments of strategic approaches is beginning to have a positive effect. Departments note that they are starting to see a positive change with regard to the clarity of their organisation's strategic lines of development, better integration of outputs and outcomes and a more uniform orientation on policy and intervention logics. Seen in the context of the administration as a whole, big differences in the programme's application and the quality of strategic processes are apparent. There are reports of very positive experiences with regard to the use and the state of implementation in individual departments. In individual cases, MfO helped improve coordination and the strategic orientation between department and minister. Altogether, however, it is also said that the system as a whole has yet to meet expectations even after several years. As a result, the SOIs reveal considerable differences in quality. Defining and measuring goals for outcome leads to difficulties, and the resources and capabilities for strategic action in the departments are often characterised as inadequate. At the government level, it is reported that contributions to the strategy discussion are lacking, and that certain insecurities in dealing with the process exist.³³

MfO aims at a long-term process of improvement and is working incrementally to improve the different elements of the process. Continuing the successful reforms of the 1980s and 1990s is at once the strength of the New Zealand approach and its greatest obstacle, expressed in particular in clear structures of accountability for outputs and improvements in operational management. Difficulties and potential for development in integrating outcome levels into the overall management system still remain. There is still a gap between the desired management and the stronger emphasis on management outcomes on the one hand and the outcome orientation of reporting and the structures of accountability on the other,

which is particularly pronounced in New Zealand. In addition, New Zealand's example makes clear that introducing a strategic approach in the public sector is a long-term process that is actively accompanied and given new direction throughout the entire programme.

3.3 Ireland

Programme/Initiative

In order to enhance the Irish public sector's strategic capabilities, the government in 1994 launched the Strategic Management Initiative (SMI). At the time, three objectives were pursued: First, public organisations were to make an essential contribution to the country's economic and social development; second, first-class services were to be supplied to the public; and third, resources were to be deployed efficiently and effectively.³⁴ In the first phase, efforts focused on the introduction of a strategic process, in which every department and the various offices compiled strategic documents. After an initial round, the SMI was refined and expanded by the Delivering Better Government (DBG) programme. To this day, one still speaks of the SMI/DBG.³⁵ After a comprehensive evaluation and on the basis of a new policy position paper, the initiative in 2004 was carried over into the general Modernisation Programme, which explicitly sees itself, however, as the continuation and further development of the SMI. For the purpose of comparison and analysis in this report, the Irish approach will be called "goal-oriented change" due to its comprehensive orientation towards administrative development and its prolonged, uninterrupted existence.³⁶

Conception

Within the framework of the SMI, strategic management is defined as a process by which public administration organisations analyse probable developments in their internal and external environment, make a plan to maximise efficiency and effectiveness under such conditions, monitor progress regularly and make necessary adjustments. For this, central administrative offices³⁷ are urged to work out a Statement of Strategy that lists strategic objectives, strategies to achieve them, and resource expenditures. On the whole, classic strategy analysis and planning process are followed. While in retrospect this procedure is regarded as a sound point of departure for the process of introducing a strategic approach, the initial Statements of Strategy tended to contain mostly descriptions of activities and were less critical in scrutinising the status quo.³⁸

An analysis of impediments to the reform process and possible solutions was presented after an initial phase in a report titled *Delivering Better Government (DBG)*. DBG was accepted by the government in 1996 as a programme and implementation begun. DBG took the core idea of strategic management farther and emphasised the need to adjust resource expenditures to fit priorities and move Strategic Results Areas forwards. The key initiatives that fall under this rubric include: (1) improving service quality; (2) re-directing and reforming the regulatory regime in order to stress quality and reduce regulatory costs; (3) improving the way inter-departmental issues are handled by re-assigning responsibility for these issues to specially appointed ministers, parliamentary committees and inter-departmental teams of civil servants; (4) introducing performance management systems throughout the administration as a whole; (5) rearranging and delegating authority and responsibilities (even at the interface of policy-making and administration) so as to make performance measurement and direction clear in terms of strategic issues, outcomes and outputs; (6) establishing human resources management adapted to the strategic challenges and performance management; and (7) introducing a series of adjustments in the field of financial management such using three-year budgets and delegating responsibility for running costs to the departments.³⁹ Doing so expanded the SMI/DGB into a general administrative reform project addressing a series of additional issues of administration development in addition to strategic management.

The conception and implementation processes receive support from different actors and committees. Since its introduction, the SMI/DBG has always enjoyed political support despite changes in government and has been accompanied by a cross-party parliamentary SMI/DBG committee. The prime ministers since 1994 have also continuously stood by the programme and supported its further development. At the ministerial level, the Department of the Taoiseach (prime minister) and the Department of Finance play a key role in coordinating, developing and supporting the programme and its initiatives. Beyond that, a coordination group with overall responsibility for the SMI/DBG was established which now includes staff, the unions and representatives of the private sector as well as department representatives. Across the different hierarchical levels and departments, a number of groups and teams were set up to integrate the secretaries general, senior managers and staff and

assume specific responsibilities and tasks. Today, enormous importance is ascribed to the networks of senior managers, which are organised and supported by the Department of Finance. The Irish approach is designed to encourage participation.⁴⁰

Since the launch of SMI, there have been four rounds of Statements of Strategy. The Statements of Strategy are drawn up for three years. Strategic documents are broken down into annual business plans for organisational units. In practice, both the statements of strategy and the business plans are drawn up at the divisional level. Typically, the heads of these divisions are requested to supply the text for the strategic document concerning their policy area. Individual contributions are centrally summarised and sent up to the department management for decision. Business plans are drawn up as a concretisation of strategic documents for every organisational unit for one year and are approved by department managers. They contain concrete performance measurement information, milestones and end products. Overall, the strategic process can be described as more of a bottom-up process. The division of roles between policy-making and administration in the strategic process is formulated in the conception phase so that ministers are responsible for the main policy priorities and the corresponding guidelines for outcome. Responsibility for formulating strategic documents lies with the departments and offices.⁴¹

Results

A comprehensive evaluation of the SMI/DBG in 2002 found that the reform programmes had brought about change and improved effectiveness and efficiency in the public sector. At the same time, the evaluation noted that the process – even after more than 10 years – had yet to be completed and fully implemented. Unlike the other international approaches considered in this report, it should be noted that the SMI/DBG programme started a comprehensive administrative reform programme that combined “under one roof” different aspects and issues dealt with in other countries under various reforms. With regard to the aspect of strategic management, the first important steps have taken place. The entire administration addressed the issue of strategic thinking, and the quality of strategic documents is considered to be significantly better than in the first round. The ability to carry out context analysis and to link it to organisational goals and strategies has increased. At the same time, a series of weaknesses was identified. First of all, the imple-

mentation and application of strategic management mechanisms varies significantly between departments and offices. Differences were found in integrating financial allocations with strategy, internalising the relevance of strategy and business plans at work on a daily basis and regulating the oversight of strategy implementation. With regard to the orientation of policy, strategies and objectives, further potential appears to exist where politics and administration intersect. The division of roles described in the conception phase, during which policy-makers call for certain outcomes and the administration develops strategy and goals, is regarded as insufficient and inappropriate. A chronological sequence in which political demands are available at the outset is in general rarely appropriate and leads to a certain disconnect during the formulation of policy and strategy. Until now, the connection between policy formulation and strategy has hardly been an issue, and cooperation between politics and administration has yet to establish itself firmly. With regard to other aspects of the DBG, different results were achieved, such as the assessment that cross-cutting issues and problematic fields could be addressed more effectively by the measures passed; implementation, however, often founders on the lack of suitable mechanisms for cooperation.⁴²

In sum, there is no doubt that in Ireland issues of strategic management are embedded in a comprehensive project of modernisation that embraces the entire administration and involves numerous other issues and limited projects of administrative modernisation in addition to strategic management. Strategic management is located in the departments and takes place there, if at all. Initially, an incremental continuation of emergent strategies was depicted for the most part, while in the programme's second phase, it appears that at least in some individual departments, the transition to a conscious strategic process is under way.

3.4 United States

Programme/Initiative

The recent efforts aimed at applying strategic management in the U.S. federal government are closely tied to the Government Performance and Results Act (GPRA). This law was passed by Congress in 1993 with Clinton Administration support; the requirements and information called for by the Act were not made available by all administrative units until 1997 following a four-year pilot phase. The GPRA aims to create a stronger connection between financial resources and results and institutionalised strategic planning as well as a result-oriented planning and reporting system in the departments and agencies. Under the Clinton Administration, the GPRA was flanked by the National Performance Review/ National Partnership for Reinventing Government (NPR), which was not continued by its successor. The Bush Administration instead drafted the President's Management Agenda, which pursued the aims of strengthening orientation based on results and connecting budgeting with results.⁴³ The Republican-led Congress and the Bush Administration left GPRA legislation in force and continued its implementation. Due to the emphasis on planning, this approach is called in this presentation "result-oriented planning".

Conception

The goal of GPRA is to boost the efficiency and effectiveness of federal programmes and the federal government. To this end, a uniform orientation towards results is to be established, and administrative units are responsible for defined results. The GPRA prerequisites are based on elements of the traditional planning process. They forgo specifying goals for departments and agencies; instead, they refer to the incorporation of stakeholders, including employees as well as Congress and its commissions. All departments and agencies are obliged to carry out rolling strategic five-year planning, which is to be updated every three years. In addition, comprehensive mission statements for the administrative offices are to be drafted, performance and outcome goals and their indicators drawn up, and stakeholders included in the planning process. Alongside mid-term strategic planning, the GPRA also foresees annual performance plans, which, since fiscal year 1999, are submitted to Congress together with the budget. Annual performance reports should compare actual performance achieved with performance goals set for that fiscal year. A detailed explanation and a plan containing measures must be drawn up for objectives

The strategic planning process in the Department of Veterans Affairs⁴⁴

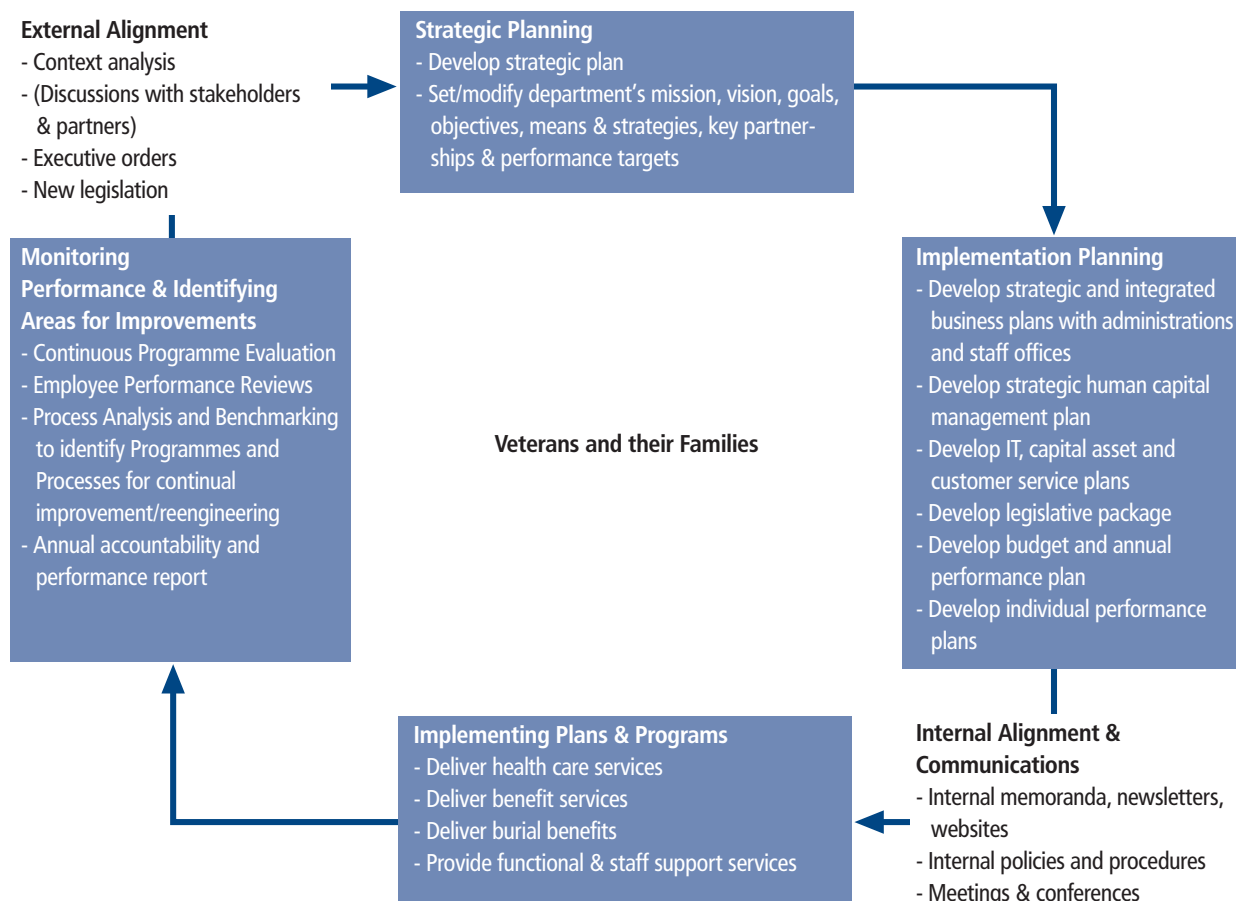


Figure 3

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that were not achieved. Figure 3 illustrates how the strategic management process can unfold in an administrative unit in accordance with the GPRA on the example of the Department of Veterans Affairs. Overall, the GPRA strategic process is rather open, leaving it up to the departments and agencies to decide how to draft it. Within the departments, there appear to be considerable differences as to whether the process is addressed in a centralized or decentralized manner and in isolation or connection with the budget process. The Office of Management and Budget (OMB) supported the departments in introducing and implementing the GPRA.⁴⁵

Unlike their prominent predecessors, such as the Programming, Planning, Budgeting System (PPBS) or the Management by Objectives (MbO), the more recent U.S. efforts are based on a law, not solely on a presidential directive, and embedded in the Congressional process, which should guarantee a farther-reaching integration of planning and budgeting.⁴⁶ The planning documents show the integration of objectives and financial resources. Planning documents and performance reports are submitted to Congress together with the budget and allow the results of the programmes achieved by the administrative offices to be influenced and monitored. In contrast, it must be kept in mind that the GPRA has to be incorporated into a very complex and extremely differentiated polit-

ical-administrative system that in praxis conflicts with the linear, homogeneous concept of results-oriented strategic planning as envisioned in the GPRA. In the GPRA, performance information is made available on the assumption that it will be used by the legislative as well as the executive. Instead, different actors in the administration, the government, offices such as the OMB and GAO, and Congress (itself a very fragmented institution) have very different interests in, knowledge of and uses for the performance information. Moreover, the GPRA's approach of setting and focusing on outcomes and results stands in a somewhat tense relationship with the mostly rather regulatory, distributive and coordinating tasks of the federal government. There, actual services – key elements for achieving outcomes – are often provided by the states or a third party. The interconnection of planning, management and budgeting may have been the GPRA's intent, but this quite rarely finds expression in the actual decision-making process in Congress. Orientation towards outputs as conceived by GPRA comes at the expense of orientation towards process and inputs and often appears to contradict the conception of many congressional programmes in which implementation takes centre stage.⁴⁷

Results

The GPRA's inherent potential is judged to be largely positive.⁴⁸ The strengthening and improvement of strategic planning and management was observed in individual departments and agencies. The analysis, definition and measurement of outcomes and results to be achieved were also strengthened in individual organisations and programmes. An increasing orientation towards results within the government has been detected. In this respect, the GPRA created the basis for orientation towards outcomes and results.⁴⁹ At the same time, however, it appears that the application of processes and instruments as well as the use of information varies widely.⁵⁰ Critical observers conclude that the GPRA had no noteworthy influence on the essential process of policy-making and budgeting, and that the changes noticed could be traced back to the engagement and approaches of individual managers. According to these observers, in general, the GPRA is more "artificial" than "organic," because it is required by law. In addition to these effects on administrative management, difficulties in implementation were pointed out, in particular with the availability and application of performance information and its use by various actors.⁵¹ Within departments and agencies, some observers lamented the particu-

larly poor starting position for the availability of performance information. The situation here may have improved in recent years, but it is still patchy. Even in Congress, one notes that the available information is rather infrequently consulted as the basis for making decisions, but instead occasionally employed tactically by certain actors for advancing their own policy agenda.

The focus of the U.S. approach is on strengthening internal planning in the agencies and departments. This approach merely sets out the key points of strategic planning and allows agencies creative leeway for applying and adjusting them to the peculiarities of specific policy areas and organisational features. Where desired, the system can be used to connect outcome goals and concrete strategies sensibly and make that connection manageable. At the same time, it must be stressed that the application in individual agencies varies strongly and ranges from the minimal fulfilment of legal requirements to the active use of effective strategic management processes. No administration-wide commitment to strategic planning has been achieved. Viewing the administration as a whole, a rather fragmented picture of strategic efforts emerges.

3.5 Finland

Programme/Initiative

Strategic management has been a matter of interest on the Finnish reform agenda since the 1990s. The need to strengthen the central government's strategic capabilities has been emphasised since the mid-1990s in particular. The most recent step towards strengthening the government's strategic management is the introduction of Programme Management in 2003. This is a new programme with little implementation experience. Programme Management is the result of a detailed analysis and evaluation of strategic management processes in Finland and represents the further development of earlier reforms. It was determined that one of Finland's main weaknesses lay in the government's fragmented, sector-specific style of management. Accordingly, the main issue of concern in the current reform is boosting horizontality within the government and the central administration. The goal of Programme Management is to gear the central administration more efficiently to the priorities set by the government and to systematically implement and evaluate policy directions. The main focus of the programme lies in new methods of horizontal cooperation. The programme is characterised here as "strategic management as dialogue and a process of improvement."⁵²

Conception

Strategic management in Finland builds on the Government Programme. While this is a compilation of grand political objectives and many individual programmes, and as such an important political document in a coalition government, recommendations for Programme Management suggested that the Government Programme be designed more strongly as a document of strategic guidelines. Even if the basic character of the Government Programme has not essentially changed, the government in 2003 specified and defined four priority policy programmes in accordance with the Programme Management concept of the Government Programme. These programmes are prioritised and can be seen as strategic issues. The Government Strategic Document (GSD) represents the heart of Programme Management and the programme's actual innovation. "Follow-up," or monitoring of the Government Programme's implementation and its achievement of objectives, is organised with the GSD's help. Earlier, another instrument (Government Portfolio) was used for this. There, within the framework of the Government Programme, references were made to different projects, legislative work, and so on, and ongoing activities were in effect analysed more than out-

comes and results. The GSD replaced this instrument, because it was too technical and generated no political interest. The GSD aimed to provide the government with relevant information needed for making decisions and to function as a strategy instrument for the government. In terms of content, the GSD focused on issues of emphasis laid out in the Government Programme as well as several other issues that had to be handled horizontally given their character. For these programmes and policy areas, clear target outcomes are explained and indicators determined. At the same time, basic financial data are listed to ensure the programme is consistent with the budget. This strategic planning leads to limited goals and action plans for the individual ministries. The programmes are annually evaluated according to their goals in the GSD. The effects achieved and programme outcomes are discussed before the annual budget debate; similarly, adjustment of the new GSD follows the budget debate.

In the interplay of the participating actors and the integration of the GSD with other management systems, especially the budget process, a basic principle was established that no reshuffling of responsibilities was necessary. Instead, Programme Management would be integrated into existing structures. A Coordinating Minister and Programme Director are assigned to priority programmes. The coordinating ministers bear political responsibility for the programme as a whole – in addition to their usual ministerial responsibilities. Furthermore, no formal changes in ministerial competences were made. With that, a coordinating minister has no powers of authority outside his ministry. However, in connection with the budget process, a minister may, for example, propose budgetary recommendations within the programme framework that may affect another ministry. In addition to the Coordinating Minister, a Coordinating Group of Ministers was put in place for every inter-ministerial programme. Each group includes the ministers affected most and serves to coordinate policy decisions. On the administrative side, the programme director's task is to move the actors from the different ministries towards cooperation in the different programmes and to ensure that objectives are reached. He too lacks any formal authority, although he can use his role as programme manager to position himself as an influential actor. Responsibility for the GSD process and for the evaluation of the effects that accompany it lies with the Office of the Prime Minister.⁵³ An important procedural step in Programme Management is evaluating the goals and measures defined in the GSD and incorporat-

ing those results into the management cycle. An initial evaluation of programmes and goals took place in 2005. In preparing and improving the quality and availability of performance information, clear emphasis was put on inter-ministerial priority policy programmes. The process was originally conceived so that the evaluation reports were approved by the government and then considered in drawing up the new GSD and budgets. In fact, the process experienced spontaneous expansion in 2005. The prime minister convened two policy forums which served as a government platform for discussion. In addition to ministers, only select top civil servants took part. In addition to the policy programmes' outcomes and effectiveness, topics at the forums included the conclusions to be drawn from the basic conditions and the results so far for the government's remaining time in office. It seems worth noting that the ministers themselves took care of introducing and presenting evaluation results for their policy areas and programmes. The policy forums are seen as a process and an attempt to involve the entire Finnish government in a discussion of evaluating the process and setting the course. Reports from the first – rather surprising – forum say that strategic discussion and analysis were set in motion in the government as a whole, the results of which then influenced the budget discussion that followed.⁵⁴

Results

Programme Management is still a rather new initiative intended to strengthen strategic capability and strategic management at the government level and within the administration as a whole. The programme's success largely depends on the political will to find compromise and agreement within the government and relies on strong support from the prime minister. What is unique in this approach, above all in the form taken by the process, is the government's involvement and the process's direction as a strategic management approach for government. Furthermore, the Scandinavian cultural disposition towards dialogue and evaluation, which has been documented in studies of contract management, already seems recognisable in the early phase of Programme Management as well. Little can be said about the effective changes and effects of establishing strategic management based on the short implementation phase so far; these require a period of several years to emerge and establish themselves. Analysis of the programme's real effects and successes, and with that information about its weaknesses, is also lacking.

Overall, the experience over the last ten years of uninterrupted work on enhancing the government's strategic capacities has shown that the different approaches, instruments and processes have led to incremental but noticeable changes. The weaknesses in strategic management identified so far, such as thinking in terms of a single field and preoccupation with details at the political level, have not yet been overcome.⁵⁵ The experience with Programme Management during the past two years indicates that a more intensive and improved discussion of goals and results among the actors – ministers, ministries, agencies and the public – is taking place, especially within the defined priority programmes. In particular, the handling of performance data (which seems to be rather open and constructive), the government's involvement, the widespread use of evaluations and the discussion of results stand out. With regard to these aspects, the aforementioned issue of cultural character plays an important role. Implementation difficulties also exist with regard to the special problems of coordination when managing cross-cutting issues. The decision to refrain from introducing any formalised powers of enforcement has made coordination more difficult and emphasises the clear orientation towards dialogue and cooperation.

3.6 Switzerland

Programme/Initiative

In Switzerland, strategic management is discussed as a rule in the context of Outcomes-Oriented Public Management (Wirkungsorientierte Verwaltungsführung, or WOV).⁵⁶ WOV emerged in the mid-1990s as the Swiss expression of a New Public Management (NPM) approach and has taken hold in almost all of the cantons, many of the communities and even the federal government. In contrast to many related approaches overseas, direction and management by outcomes, and not only by performance, was promoted and pursued from the start in Switzerland. Different concerns, if not all of those addressed by strategic approaches and indigenous programmes in other countries, such as outcome orientation or the importance of mid-term and long-term perspectives in particular, can be and are addressed in Switzerland under WOV. At the federal level, WOV is implemented in the programme Management by Performance Contracts and Global Budgeting (Führen mit Leistungsauftrag und Globalbudget, or FLAG). FLAG was launched as a pilot project in 1996 and, after a comprehensive evaluation in 2001, integrated into public management. In 2004, the Federal Council (the Swiss executive) and the administration approved an overall strategy resolving to develop and expand FLAG further. Contrary to many other countries, and the cantons as well, the federal government in Switzerland is not striving for an administration-wide application of FLAG management logic. So far, only 12 administrative units in the federal government are run in accordance with FLAG, which corresponds to about 6 percent of operating expenditures; according to the overall strategy, this number is to be tripled by 2011, which would still make up only some 35 percent of the federal government as measured by operative expenditures. The remaining part of the federal government is run by traditional management mechanisms. On the federal level, there is no unified strategic or outcome-oriented approach consolidated at the government level – in contrast to the cantons – for the administration as a whole.

Conception

The FLAG strategic management process calls for⁵⁷ offices to conclude a four-year framework agreement with the Federal Council called a performance contract. The performance contract contains an explanation of strategy, a context analysis, objectives and a product group plan with performance targets for the coming four years. On the basis of the first years' experience, a description of an outcome model is now required as well, in an attempt to approach the problem of defining outcome targets and indicators and to expand the outcome orientation of programmes. Under the outcome model, an office is given the task of making implicit strategies and the logic of intervention transparent. It is said that "the outcome model describes the way an office's services are to achieve effects in reality. The outcome model is mostly implicit: The administration, but also policy-makers, have an idea of what reality is like and how it can be influenced by state measures. Laws are mostly based on implicit ideas and assumptions of how the state can intervene in society."⁵⁸ Within the performance contracts, the outcome model must be embedded in a context analysis and strategic description. The office expects certain results from the strategic processes in the performance contracts. Despite the four-year performance contracts, financial management is based on annual global budgets. To implement the performance contracts, FLAG offices conclude annual performance agreements with a department.

The impetus for FLAG in the federal government came from the administration. For the most part, individual managers and office directors bore responsibility and took the initiative for the programme's conception as well as its implementation and further development. The programme was accompanied and coordinated by an administration-wide project and management group. The project is given room to develop at department and government level, but neither a federal councillor (i.e. minister), nor a particular department has come to assume a promoting role. Both levels participate within the framework of defining performance contracts and agreements, though intervention hardly ever occurs. At the same time, it must be kept in mind that the small number of FLAG offices leads to only one or two offices within each department or federal councillor portfolio being affected, meaning only a comparatively small part of each field of responsibility. The parliament and its commissions receive the performance contracts for information

and consultation purposes, while targets and control quantities are formally negotiated and agreed to with the Federal Council alone. Currently, the parliament is gaining greater influence over the budgets of product groups, and with that, indirectly, over performance. Strengthening mid-term management by means of planning finances and tasks – as is already customary in various cantons – is the next step in development up for discussion.⁵⁹

Strategic management under FLAG is thus largely situated at the office level. This affects to a large extent the content of strategy as well. Until now, participation was voluntary, and the offices themselves decided whether to become a FLAG office. Within the framework of the expansion envisioned, this principle is being replaced by systematic tests of suitability and the resulting decisions on applying FLAG management.

Results

Experience has shown that the integration of the political level – parliament and the government – into the programme is, on the one hand, an important factor for success, but at the same time, it represents one of the programme's greatest challenges and weaknesses. At the federal level, one of the main dangers lies in the demonstrated "division" of parliament. One part is interested in new management instruments and their further development and analyses the targets and contents of administrative activity more intensely, while the other part basically does not analyse the reforms and also shows almost no interest in management approaches. This presents a danger, because parliament has to share responsibility in spreading and extending FLAG management – and switching over to the global budgeting process that this entails. The government's role in the strategic management process is also heterogeneous and rather weak at the federal level. The Federal Council has issued no stipulation for administration-wide strategic goals or priorities. In "negotiating" performance contracts, the government makes no adjustments with regard to direction. On the one hand, this is explained – even plausibly so – by the government's lack of resources and its internal organisation. On the other hand, realising the role is encumbered by difficulties in implementation and shortages of instruments as well. Programme directors have worked systematically on improving presentation and quality of outcomes information. The offices have dominated the analysis of targets and outcomes, and the entire management process set

in motion by FLAG has made the greatest and most visible changes at the office level. There, greater strategic thinking and action has been observed in addition to other changes. The office directors and senior managers of the FLAG offices also see the effects of the reform most positively. At the same time, this also means that strengthening strategic and management orientation very much depends on the capacities and the engagement of office directors.⁶⁰

Compared with other international examples, the Swiss approach shows a very decentralized concept of strategic management, which locates strategic management primarily at the office level and which calls for comparatively weak central management and little coordination on the part of the departments, the government and the parliament. Another peculiarity is to be seen in the intentionally dual approach for managing the administration as a whole, with different management systems existing in parallel for different fields of the core administration. In Switzerland, as elsewhere, acceptance and application of this management approach has proved to be a lengthy process. Special attention was given to management (and its expansion) by means of outcomes. Concern for increased coordination and management of "cross-cutting issues" has been less present in the Swiss discussion than in other countries. Moreover, it should be noted that developing and shaping the system at the federal level clearly differs from approaches at the canton level. The cantons are in some cases clearly ahead of the federation in developing and applying outcome-oriented management systems and using them as a key management approach throughout the administration.

4 Experience from the International Context

The six national approaches presented in the preceding sections have provided a look at the different approaches and challenges of strategic management at the central government level. Their complexity and inner workings in their specific application context could only be sketched here. The essential features and characteristics of the various approaches have been compiled in the table on pages 26/27, so as to provide an overview and summary of the various programmes. The presented experiences and approaches show that every land has its own concept of strategic management, although certain similarities between countries are also apparent alongside the differences. The important experiences and conclusions to be drawn from comparing the various countries are discussed below.

4.1 Context of Strategic Management

The approaches to strategic management introduced here are embedded in the particular context of each country. These approaches cannot be correctly understood and interpreted without considering this context.⁶¹ Similar forms of intervention produce very different results in the various contexts of application. As in all public management reforms, cultural aspects, bureaucratic procedures and features of the political-administrative system (where changes are effected and implemented) play a decisive role in shaping the reform process. In analysing strategic management approaches, three context-specific aspects deserve special attention: understanding of management and managerial capacities for the entire administration, cultural preferences in handling management instruments and processes of change as well as experiences and results accumulated in previous reforms.

The features of the political-administrative system that appear to be particularly relevant in shaping strategic management are those that determine the management capacities and management of the administration as a whole. Comparison of international approaches shows that the integration of political actors and the role they play take different forms. Also, many management approaches are drafted in a rather decentralized manner and manifest themselves as management systems for parts of the administration, but not the administration as a whole. These two aspects in particular appear to be largely determined by certain features of a political-administrative system and the administrative management integrated into it as well as administrative performance. In all of the example approaches, government system and state structure

above all appear to exert considerable influence in the process. Some management approaches are embedded in a rather centralized state management structure (New Zealand, Great Britain, Ireland). Within more centralized, uniformly designed management systems, differences appeared in the shaping of management capacities and the concentration of power, which, for example, was more pronounced in Great Britain than in Ireland. Differences also exist with regard to the composition and inner-workings of government and political leadership. In Great Britain, these are based on a majority system with a strong prime minister; in New Zealand, by contrast, a coalition system has existed for several years. All of these aspects can influence the management function as carried out by key offices, and the way – the where and how – strategic management is coordinated in the administration as a whole. Other management approaches are embedded in a federal system (Switzerland, the United States) and find themselves confronted with the peculiarities of separate areas of responsibility, considerable powers of enforcement and discretion and the concomitant management mechanisms of the member states as well as various participating administrative offices. How centralized and decentralized strategic management is approached and how well actors in the core executive – i.e. certain departments, staffs or even the government – perform the tasks of coordination and management should be seen in the context of the political-administrative system's features.

Furthermore, the implementation and application of individual instruments and processes is marked by national character and cultural predispositions. This leads to situations where technically similar instruments are integrated very differently into the management process and end up producing different outcomes and mechanisms. Such cultural differences and preferences are well-known from various studies.⁶² With regard to contract management, it appears that, in different cultural contexts, the focus was on control, detecting divergences and formalising relations in transactions. In another context, by contrast, contracts were understood as incompletely described sets of relations for cooperation and applied with an orientation to learning and evaluation. In Scandinavia, the term "contract management" was coined for use in this context instead of "contract management."⁶³ Such cultural predispositions make themselves felt in approaches to strategic management as well, resulting in variations among management systems or elements of

such systems (for example, contract management or performance measurement). Since these are cultural predispositions, i.e. deeply rooted value systems moulded by socialisation and development, a concept of strategic management has to understand these more as framework than as variables in the design process.

The selected approaches are examples from countries considered prominent representatives of administrative reform along the lines of New Public Management. The question of the connection between NPM and strategic management therefore arises. Efforts and reforms to strengthen strategic management should not be equated with NPM reforms. Approaches to strategic management are about the implementation of strategy, while NPM often focused on the implementation of certain (operational) management instruments and techniques. Nevertheless, the objectives pursued in NPM are in many cases very close to those of strategic management. Many strategic management approaches also build on the foundations introduced within the framework of NPM reforms, such as contract management, accounting and controlling systems or performance management systems. In the examples introduced here, strategic management approaches were generally presented and approached as the further development and continuation of these administrative reforms. By building and expanding on proven results of management reforms such as contract management and performance management, these approaches amount to a response to the experience with the NPM reforms. They also aim to compensate for the shortcomings and unintended consequences of the NPM reforms such as centrifugal tendencies, lack of outcome orientation and coordination of the administrative activity as a whole.

4.2 Conception of Strategic Management Approaches

Each of the approaches considered represents a special and unique conception process. The elements of conception display core elements that are technically extremely similar. In the overall conception and implementation processes, however, differences and different orientations appear. The basic direction of this presentation was characterised by a comparison of countries, for example, results-oriented planning (United States), goal-oriented process of change (Ireland), etc. A look at the objectives and the purpose pursued by each programme and initiative explains certain differences and directions of the conception process. Furthermore, certain fea-

tures and orientation took shape only in the course of developing and implementing the approaches, making clear the evolutionary and emergent character of strategic management.

Regarding content, there is a clear shift towards the goals, results and outcomes of strategic issues and towards horizontality within the framework of strategic management. In all of the observed approaches, defining and measuring goals are common features for describing strategic management's contents. The process of defining goals focuses on the outcome level. In the observed examples, strategic management means that administration and administrative action must be subject to evaluation in terms of results and outcomes, and that priorities have to be set. Defining and measuring goals themselves represents a process of development and learning, because the quality of goals as a management indicator is improved and achieved only after several rounds of defining goals. Among issues, those that are horizontal or cross-cutting attract particular attention within the framework of strategic management. Strategic management is frequently used for the express purpose of addressing such issues more effectively and efficiently. The concrete issues addressed and taken up as strategic matters vary and reflect not least of all the organisational level where strategy is formulated, i.e. in the government, the ministries or even the offices.

The number and variety of actors who are integrated into the strategic process varies. Without exception, senior managers in administration play the key role. They establish and implement strategy and strategic thinking in the administration. In those places where strategic management is located at the administrative level, senior managers also play a primary and formative role in developing the management system. Almost every country reports enormous differences in application and implementation between administrative units. These differences are explained for the most part by the mission and significance that managers ascribe strategic management. This shows that strategic management above all must become a task and concern for administrative managers – quite independent of the role of other actors – in order to achieve the intended effect.

Especially in Westminster systems, it was noted that key coordination and management services for the strategic management process are provided in centralized fashion or by one or many places in the central office, i.e. by the Finance Ministry or the

departmental staffs within the office of the prime minister or the cabinet. In countries unfamiliar with the traditions and structures of a core executive, such as Switzerland, these key services for the strategic management process are lacking. The role of the core executive, say, in Great Britain, must not be confused with functional responsibility for strategic management. To define strategic management as a functional responsibility runs counter to the spirit of strategic management, which must be part of the responsibility of the administration management itself.

The role and integration of the political level takes very different forms, ranging from considerable integration and involvement to the status of informed observer. In addition to the government, other political actors, in particular parliamentary commissions and committees, can also be integrated into the process when needed. In many cases, certain tensions exist between strategic management in administration and political management. While the government's involvement and role in different phases of the management process are visible and influential in Great Britain and, to a

Overview: Strategic Management Approaches in International Comparison

Concept	Country/Initiative	Main contents	Key instruments	Core processes
Issue-oriented coordination	Great Britain Public Service Agreements+ Joined-up Government	Strategic issues Performance targets Coordination	Contracts	Monitoring, coordination
Result-oriented contract management	New Zealand Management for Outcomes	Strengthening the outcome level Coordination Output-oriented contract management and outcome-oriented strategic management	Statements of intent Contracts	Monitoring
Goal-oriented process of change	Ireland Strategic Management Initiative	Change targets Strategic goals Coordination	Statements of strategy Programme of change	Change
Result-oriented planning	United States Government Performance and Results Act	Outcome targets Strategies	Strategic plans/ mission statements Performance plans and reports	Planning
Dialogue and process of change	Finland Programme Management	Horizontality Programmes Outcome targets	Government Programme Government Strategic Document	Dialogue and learning
Outcome-oriented public management	Switzerland Management using performance contracts and global budgets	Performance contract/ agreement	Performance Contract/-agreement	Planning and dialogue

Source: Isabella Proeller, 2006

certain extent, in Finland – i.e. from the formulation of goals to their monitoring – in most countries, a moderate role of government is seen. In Switzerland and, to some extent, in the United States, the integration of the parliament and its commissions plays a greater role than in other countries. In Ireland, by contrast, coordinating strategic issues and areas of action with stakeholders and social partners appears comparatively more important. On the one hand, the varying integration of political actors in the strategic management process points to specific contextual features. For

example, Great Britain's rather radically centralized approach with in the context of a majority system with a strong prime possessing considerable resources and powers of his own is to be seen within the context of a highly centralized state structure. By contrast, the political processes in countries with coalition governments, decentralized and federal state structures and/or a separation of powers between government and parliament tend towards greater compromise and more complex systems of goals. On the other hand, experience shows that there are also large differences in how politi-

Overview: Strategic Management Approaches in International Comparison

Concept	Country/ Initiative	Key actors	Weaknesses	Strengths
Issue-oriented coordination	Great Britain Public Service Agreements + Joined-up Government	Core executive Auditors, Agencies	Problems in coordinating Centralised approach	Ability to build on previous reforms, Engagement and capacities of the government's core executive
Result-oriented contract management	New Zealand Management for Outcomes	Senior managers, core executive	Integrating outcome level in existing management systems	Pronounced contract management and accountability for outputs Support for the change process
Goal-oriented process of change	Ireland Strategic Management Initiative	Senior managers, core executive	Many sub-projects and issues (in addition to strategic management)	Strategy and planning at administrative level Open process and orientation towards development
Result-oriented planning	United States Government Performance and Results Act	Agencies/departments, OMB, GAO, Congress	Binding nature fragmentation	Internal planning for agencies and departments Connection between outcomes and strategy
Dialogue and process of change	Finland Programme Management	Minister, agencies	New programme Incremental approach No powers of enforcement	Government involvement "Programme ownership" Culture of evaluation
Outcome-oriented public management	Switzerland Management using performance contracts and global budgets	Senior managers	Minimal infiltration of the administration overall	Outcome targets and indicators Inclusion of political level

Source: Isabella Proeller, 2006

cians are involved and how they handle management systems within the countries as well. As in the case of senior managers in administration, this leads to the conclusion that not all of the politicians affected recognise the management system's usefulness and value for their (managing) task, and in some cases lack the skills needed to deal with strategic management systems. To integrate the political level, the management system must demonstrate (policy) usefulness.

In shaping and embedding strategic processes, the different approaches are grounded in different emphases and thrusts. Even if in formal terms the process is structured everywhere in accordance with the distinctive phases of strategic process (formulation, implementation, evaluation, monitoring), the processes have different goals and thrusts. The thrust reflects a certain understanding of management and shaped by the embedding process and points of departure in the strategic process. Comparison of the approaches showed that in the United States, for example, the process largely takes the form of a planning process; in Great Britain, it serves the supervision and monitoring of administrative activity; whereas in Finland, emphasis was squarely on the evaluation phase and aspects of learning and drawing conclusions from results. The process is shaped by defining key steps, for example, requirements for drawing up planning documents, filing reports, and carrying out evaluations. Some processes are more open (i.e. with fewer guidelines), as in Ireland or New Zealand; some are rather rigid, as in Great Britain. With that, certain minimal demands (especially with regard to providing information and reporting duties) are guaranteed. How the process is lived and how conscious strategic thinking and action are put in motion, however, vary and are determined by the way participants handle it.

Strategic processes are generally drafted as an additional management process for the administration, and integrated with other management processes such as the budget process in terms of time and content. Almost everywhere, linkage with the budget process is comprised of "co-providing" information from the strategic process (strategy documents and performance information) as a supplement for budgetary decisions. Within strategic management, budgetary compatibility is required, and corresponding data are usually supposed to be provided in documents. This usually creates a more informative link first, allowing information from the

strategic process to be accessed for budget decisions. Connections that go further, in particular budgetary decisions according to decisions and results from the strategic management process or the delegation of responsibility for resources depend strongly on the corresponding possibilities provided for in budget law, for example, global budgeting, etc. In Switzerland and Ireland, budgetary rules were adjusted within the framework of the same programme. In the other countries, linkages were integrated into the existing system. All of the countries discussed, however, use commercial accounting (i.e. rather than governmental or cash-based accounting), and certain reforms for delegating responsibility for resources have been carried out in recent years. Many countries describe the coordination and integration of strategic management with other management systems as a particular challenge. In general, it can be assumed that tensions between the strategic management process and other management processes often continue to exist.

With regard to the role of instruments in shaping the process, the entire array of known strategic instruments for analysis, implementation and planning find application. To initiate the strategic process, but to support the strategic formulation process as well, strategy documents – e.g. mission statements, strategic planning documents, statements of intent – are quite widespread. Here, environmental scanning, derivation of strategic goals and thrusts as well as goals for results are required and directed towards a mid-term planning horizon. Contract management represents the principle management instrument for implementing strategies. This has usually already been established in preceding reforms and is developed further. Performance measurement and reporting are coupled with contract management, which under strategic management approaches is increased and explicitly oriented towards outcomes. In supervision, performance measurement systems are mostly used, while evaluations and outcome analyses are given greater emphasis within the framework of strategic management approaches. Handling and applying instruments often requires special skills and experience, which are gained over time.

4.3 Results and Experience with Strategic Management

The overall assessment of experience and results of strategic management is positive. Most of the discussed approaches have been under development for years and have become institutionalised. The positive results include an increased orientation towards results and goals among all participating countries. Transparency and analysis based on the results, goals and outcomes of state action are growing in importance. In some fields and among individual actors, an increased familiarity and capability in handling strategic instruments and processes is noted. Resources for strategic thinking and action have increased, and initial successes in the long-term, success-oriented development of administration are being seen.

Nonetheless, none of the approaches discussed has (yet) met the expectations set at their launching. What matters in particular here is that very heterogeneous processes of application and implementation within the administration are noted. Very positive developments and experiences may have been achieved in individual administrative areas and among individual actors, but at the same time, only the technical prerequisites were achieved in other parts without the process being internalised or lived. This problem is more widespread in countries where a system was introduced throughout the government or administration (e.g. the United States, New Zealand). Where a system was not introduced throughout an administration, the problem is less widespread (e.g. Switzerland and, to some extent, Finland). However, this occurs at the expense of the basis of strategic direction and capabilities in the administration as a whole. The experience from the countries considered shows that it was possible to achieve important limited successes, but it was difficult to establish strategic thinking throughout the administration.

The problem of cross-cutting issues addressed in many strategic management approaches was addressed with varying degrees of success. While initial experience in Finland suggests that cross-cutting issues were tackled more effectively with the Management for Outcome programme and led to more coordination and integrated procedures within the administration, experience in New Zealand or Great Britain seems to vary by issue and context. The greatest success of all is that the issues receive greater visibility. The problems of designing and managing structures of governance and coordination often remain unsolved.

In implementation, all six countries reported difficulties with performance measurement systems, in particular at the outcome level. With the introduction of systems, insufficient data and low quality with regard to outcomes was generally noted. The various experiences also reveal an emerging trend towards bureaucratisation and difficulties in remaining focused on essentials. In addition, performance management is in general insufficiently integrated with other management functions, above all budgeting. Parallel, rather than integrated management systems leads to non-existent or even dysfunctional incentives. The interconnection between different management systems such as planning, performance measurement, organisational development and budgeting must be emphasised more strongly. The conclusion to be drawn from the well-known problems with performance measurement and outcome orientation is not that these instruments should be rejected, but that they need further development and more resources, capabilities and data so they can gradually meet information needs.

Probably the most important lesson from the examples given is that enhancing strategic management in public administration is a very long-term and costly process of change. Most of the approaches introduced here have a history of five to ten years and build substantially on even older reforms. In addition, all of these countries today see themselves in the middle of the implementation process, which suggests an even longer process of change overall. The programmes and reforms involving strategic management approaches were rather steadfastly promoted and further developed throughout these long periods of time under changing governments. The provision and introduction of instruments is only a first step, which must be followed by implementation and application as well as adjustment of instruments. The greatest challenge is shaping and maintaining the process of change as well as integrating relevant actors over such long periods of time.

5 Outlook

Whether strategic management and the introduction of strategic management approaches also represent a promising further development for other administrations, in particular Germany's federal administration, will be assessed essentially by the opinions of important decision-makers. What political and administrative leaders see as important challenges for the federal administration and the kind of ideas decision makers have to confront these challenges is crucial. This question can perhaps already be interpreted as a key question, but whether it is answered with an explicit strategic management approach remains a decision and procedure for key politicians and administrators as well. The usefulness and potential of strategic approaches are not limited simply to improved management and its contribution to confronting the challenges that arise. An important use may be as simple as better understanding of the challenges, their contexts and implications for the federal administration. Usefulness and potential make themselves felt when the key actors demonstrate the will to change and lend backing for the approach chosen.

Analysis of international experience with strategic approaches points to several particularities and features that would have to be considered in the conception of a strategic management approach in the German context. First to be mentioned are the features and implications of the German political-administrative system, such as a federalist state structure and executive federalism for dealing with many tasks, a coalition government and the principle of ministerial sovereignty. Moreover, it appears that Germany, with regard to shaping different management mechanisms in administration, offers a point of departure different from any of those among the examples here. The international approaches were found to build to a great extent on an existing and established system of contract management, goal orientation and performance measurement. The preconditions for these are fragmentary or almost non-existent in Germany at the federal level. The governmental system of accounting poses additional challenges and obstacles to integrating strategic and financial management, though such integration is regarded as essential for implementing strategic management.

For every strategic management system, the following general key questions must be addressed in the conception phase and over the course of development:

- Which problem is to be solved by strategic management?
- Which role are policy-makers supposed to play in the management concept, and are they in a position to take on such a role?
- What could and should a functional, practical and incentive-driven system of objectives look like?
- How are the strategic management functions to be integrated?
- How should contents, actors, processes, and instruments of strategic management be coordinated?
- How can strategic thinking become an element of the political and the administrative culture?

In comparison with the other countries considered here, Germany faces several special challenges. Using strategic management approaches requires strategic thinking and action. The challenges here lie not only in the ability to differentiate strategically and non-strategically but above all in defining what is strategic in terms specific to a particular organisation and in building a common understanding on this basis. Strategic management both demands and enables stronger management. In general, this requires managers who are willing to assume accountability and responsibility for results. The change to strategic thinking and the concomitant establishment of skills and resources to think and act strategically is a lengthy and costly process.

Annotations

1 Introduction

- 1 Bryson 1988; Osborne and Gaebler 1992; Bichsel 1994; Moore 1995; Boston and Pallot 1997; Kissler et al. 1998; KGSt 2000
- 2 KGSt 2000; Eichhorn and Wiechers 2001; Pröhl 2001; Bühler 2002; Gerhardt 2002

2 Strategic Management

- 3 In the German original, strategische Steuerung is used as a synonym for strategisches Management; in English, both terms are translated as "strategic management."
- 4 On schools of thought in strategic management, see Mintzberg 1999
- 5 Mintzberg 1987
- 6 Saloner et al. 2001, p. 4
- 7 Saloner, Shepard and Podolny 2001, p. 8
- 8 Müller-Stewens and Lechner 2001, pp. 17 ff.
- 9 Bovaird 2003, p. 69
- 10 Moore 1995, pp. 73 ff.
- 11 Schedler and Siegel 2005, pp. 18 f.
- 12 In the following, see Schedler and Siegel 2005, pp. 105 ff.
- 13 Schedler and Siegel 2005, p. 100
- 14 Müller-Stewens and Lechner 2001

3 International Approaches

- 15 On PSA, see www.hm-treasury.gov.uk
- 16 As a rule, the "core executive" includes the institutions of the Treasury, the offices around the prime minister, the cabinet and its committees as well as the Cabinet Office; see Dunleavy and Rhodes 1990, p. 4
- 17 James 2004, p. 4
- 18 www.hm-treasury.gov.uk/documents/public_spending_and_services/publicservice_performance/pss_perf_index.cfm
- 19 Service Level Agreements are familiar from the "Next Steps" reforms.
- 20 Cowper, no date, p. 14
- 21 James 2004, p. 11
- 22 On the process with additional references, see James 2004
- 23 From responsibility and cooperation in certain cross-cutting issues (e.g. Social Exclusion Unit, but also the Prime Minister's Delivery Unit), to strategic analyses and strategic development (e.g. Forward Strategy Unit).
- 24 Flinders 2002, p. 60
- 25 For criticism, see Perri 2004, p. 122; Flinders 2002, p. 60; Bovaird 2003
- 26 For more detail on the differing deviations and adjustments in implementation, see James 2004
- 27 MfO was preceded by a strategic management system based on developing and managing Strategic Results Areas. Strategic management was approached by means of defining and managing what were called "Strategic Results Areas" and "Key Results Areas." The former concerns inter-organisational policy objectives of the cabinet, while the latter are key strategic contributions of the individual departments for achieving targets. Using Key Results Areas, each agency determined the contributions it could make to achieving those targets. These issues were not integrated into the strategic planning process that took place throughout the departments and agencies. The system was unsuccessful and ultimately replaced by MfO. Schick 2001, p. 5
- 28 www.ssc.govt.nz/display/document.asp?NavID=208
- 29 On SOIs, see The Treasury and State Service Commission 2005
- 30 Cook 2004, p. 27; The Treasury und State Service Commission 2005; Economics & Strategy Group 2003; <http://io.ssc.govt.nz/pathfinder>
- 31 www.ssc.govt.nz/display/document.asp?navid=208&docid=4727&pageno=1#P9_8
- 32 see OECD 1999
- 33 On experiences, see MFO Formative Evaluation Team 2003
- 34 PA Consulting Group 2002, p. 17
- 35 Embleton 1999
- 36 See the official website at www.bettergov.ie for information on the various initiatives and programmes

- 37 These are central government departments, offices and non-commercial agencies; Embleton 1999, p. 5
- 38 Embleton 1999, p. 5
- 39 Boyle 1997, pp. 50f., Embleton 1999, p. 6
- 40 It should be noted here that this development cannot be traced back to the conception process of the SMI/DBG alone. In particular with regard to implementation, this development was instead favoured by parallel changes in political processes involving the social partners towards a partnership approach that leads to the formulation of joint policy papers. Details on Social Partnership Agreements are at www.taioseach.gov.ie.
- 41 PA Consulting Group 2002, pp. 25 ff.
- 42 PA Consulting Group 2002
- 43 Pollitt and Bouckaert 2004, pp. 302 ff.
- 44 On the process and elements of the GPRA, see Radin 2003, pp. 1363 ff.; Promberger et al. 2004, pp. 32 ff.; Shields and Gadsby, no date, pp. 6 ff.
- 45 See <http://www1.va.gov/op3/>, VA Strategic Plan 2003–2008, Appendix 2–1.
- 46 Radin 2000, pp. 115 f.; on the experience gained from earlier approaches, see Boston and Pallot 1997, pp. 383 f.; Wildavsky 1974
- 47 Radin 2000, pp. 120 ff.
- 48 For additional references, see Promberger, Bernhart and Cecon 2004, pp. 37 ff.; Halachmi 2002, pp. 66 ff.
- 49 GAO 2005, p. 5
- 50 Radin 2000, p. 122
- 51 GAO 2005, pp. 1 ff.; Shields and Gadsby, no date, p. 11
- 52 Harrinvirta and Kekkonen 2004, p. 6
- 53 On the conception process, see Harrinvirta and Kekkonen 2005, pp. 10 f.; Tiihonen 1999
- 54 Harrinvirta and Kekkonen 2005, pp. 12 ff.
- 55 Tiili 2004, pp. 14 ff.; Tiihonen, no date, pp. 11 f.; Tiihonen 1999, pp. 19 ff.
- 56 Schedler 2000; Schedler and Proeller 2003
- 57 On FLAG conception, see Leuenberger 2005; Ritz et al. 1999, pp. 11 ff.
- 58 www.flag.admin.ch/d/leitfaden_d/berichterstattung_wlb/berichterstattung_d.html; in a similar vein, see Rieder 2003
- 59 Brühlmeier et al. 2001
- 60 On the experience gained, Balthasar et al. 2001, pp. 7 ff.; Rieder and Lehmann 2002, pp. 28 ff.; Rieder 2006, pp. 22 ff.

4 Experience from the International Context

- 61 Pollitt and Bouckaert 2004, p. 39
- 62 Hofstede 1980; Jann 1983
- 63 Naschold 1995

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