

Strategic management thinking and practice in the public sector:

A strategic planning for all seasons?

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Abstract

This paper explores how strategic management thinking manifests itself in strategic management practice in the public sector. Mintzberg's framework of 10 strategic management schools of thought is chosen for mapping strategic management thinking. The paper analyses a convenience sample of 35 strategic management processes, observation of an agency's strategy reformulation process and interviews of managers in the public sector in Norway for informing the discussion. Strategic planning is heavily criticized in some of the business strategy literature. The analysis indicates that strategic management in the public sector extensively uses strategic planning, bundled with certain other schools of thought, despite tendencies to downplay formal, mechanistic planning in contemporary strategic management theory.

Keywords

Central government, local government, public management, schools of thought, strategy theory

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Introduction

The purpose of this paper is to explore how strategic management thinking manifests itself in strategic management practice in public sector organisations. Strategic management has since its academic conception in the 1960s become a diverse field spanning business, non-profit as well as public sector strategy. Policy formulation, planning and budgeting have for a long time been important activities in the public sector. However, by the early 1980s public sector organisations also started to use strategic management concepts and techniques. Today, strategic management is common in the public sector in many countries and across different tiers of government.

The adoption of strategic management in the public sector was partly a response to environmental turbulence in the 1970s, which made some of the traditional planning obsolete, and partly a reaction to disappointment with certain management models such as the planning, programming and budgeting system (PPBS) which put heavy demands on information processing and management capacity (Eadie, 1983). The growing use of strategic management in the public sector was moreover partly a component of many public management reforms that emphasised decentralisation and sought to replace traditional bureaucratic governmental institutions with smaller and more autonomous organisations (Brudney et al., 1999; Pollitt and Bouckaert, 2004). On this background one could expect that planning plays a less prominent role in public management than before, or that planning only is one among many strategy and management tools in use in the public sector today. However, this assertion has so far not been empirically documented. On the contrary, an

analysis of US state agencies' experiences from the early 1990s indicates that strategic planning in government was a successful innovation that contributed positively towards improving the agencies' performance (Berry and Wechsler, 1995).

Strategic management in the public sector is a relatively young academic discipline. Since the mid-1980s there has been an expanding academic literature on strategic management in the public sector (Behn, 1980; Ring and Perry, 1985; Jackson, 1993; Nutt and Backoff, 1993, 1995; Goldsmith, 1997; Poister and Streib, 1999; Boyne and Walker, 2004; Bryson et al., 2007; Johanson, 2009). After an initial emphasis on conceptual studies adapting strategy theories and techniques to the public sector context there has in the 2000s been a growing number of empirical studies. Many of these studies have analysed the situation in USA (for example Stevens and McGowan (1983), Hendrick (2003), Poister and Streib (2005)) or the UK (for example Greenwood (1987), Andrews et al. (2005), Andrews et al. (2006), Andrews et al. (2009a, 2009b)). Despite this positive development we still know little empirically about how public sector organisations use strategic thinking in practice. It is therefore interesting to study how strategic management practice in the public sector reflects strategic management thinking after five and three decades of extensive critique of formal planning in public policy and business strategy respectively. The contribution of this paper is the positioning of public management practices in relation to theories of strategy.

Bryson et al. (2010) called for more studies on how strategic planning affects organisational learning. Poister et al. (2010) argued for more large-scale studies of how strategic planning affects performance and outcome. Boyne and Walker (2010) stated in their review that we need more knowledge on how to measure performance, how 'publicness' affects strategy and performance, how different strategic stances relate to different dimensions of performance,

and how different national and public sector contexts affect strategic management. Absent from the above listing of the need for future research is more knowledge on how different theories and thinking underpin public sector strategic management. This paper aims at starting to fill some of this gap in the literature. The research problem is: How do strategic management schools of thought manifest themselves in strategic management practice in public sector organisations?

The remainder of the paper is outlined as follows. Section two reviews schools of thought in strategic management and sections three develops hypotheses regarding their use in the public sector. Section four documents the methods and data employed and section five presents the results. The last section discusses the results and concludes the analysis.

Strategic management theory and public management

Strategic management is commonly conceptualised as the alignment of internal capabilities with external demands, and this alignment may take the form of plans, patterns, positions, perspectives, and plots (Mintzberg et al., 2009). Rumelt (2011) defines strategy as a ‘cohesive response to an important challenge’. As such a *good* strategy has a kernel of a logical structure consisting of a diagnosis, a guiding policy, and coherent action, he argues. Strategy in the private sector often presupposes rivalry and competition in markets. Strategy in the public sector may on the other hand, according to Boyne and Walker (2010, p. 185), more appropriately be conceptualised as ‘a means by which organizations can improve their performance and provide better services’. Leaving aside the issue whether the public sector and its organisations have more or less leeway for improvement than the private sector (Boyne, 2002; Mulgan, 2009; Nutt and Backoff, 1993; Ring and Perry, 1985), the issue of improvement may be common to all organisations. Strategic management is important for

organisational improvement because it can affect organisational adaptability, performance and legitimacy. Many factors are important for organisations' ability to adapt to changing circumstances, improve services, create value and sustain support. These factors include environment, regulation, funding, technology, organisational structure, and strategy (Andrews et al., 2005; Andrews et al., 2008). Many factors represent constraints that the public sector organisations have to adapt to, but strategy and structure are different in that these factors to some extent are under management's discretion. Therefore, if management can affect strategy (and structure) and these factors are important for organisational performance then management thinking about strategy may be important to study in order to better understand organisational performance.

Strategic thinking can conceptualise different definitions of strategy and how strategy affects performance. Different strands of strategy thinking, what Mintzberg et al. (2009) denote strategic management schools of thought, emphasise different definitions of strategy. Some schools of thought that emphasise strategy as a plan, such as the planning school, are criticized and are seemingly passé in some of the strategic and public management literature. Mintzberg (1994), one of the best known critical voices of strategic management as planning in the 1980s and 1990s, argued that strategic planning puts too much emphasis on hard data and programming, separates analysis from synthesis, reduces commitment, and is often outdated and badly suited for local circumstances and changing environments. Some of this controversy may stem from different conceptions of what planning and strategic planning is. Strategic planning seems nevertheless to be extensively used in strategic management in the public sector (Boston and Pallot, 1997; Barzelay and Jacobsen, 2009; Poister and Streib, 2005; Proeller, 2007), and continue to be recommended. See for example Bryson's (2011) book *Strategic Planning for Public and Nonprofit Organizations*.

Management in the private and public sectors may be different (Allison, 1979; Boyne, 2002), but strategic management and strategic planning have been found to be important in the public sector (Boyne and Gould-Williams, 2003; Meier et al., 2007; Ugboro et al., 2011). Moreover, strategic management tools, such as the balanced scorecard (Kaplan and Norton, 1996) and strategy mapping (Kaplan and Norton, 2000), may be especially important in public management because such tools can operationalize public value for different stakeholders (Talbot, 2011). All organisations have stakeholders, but to the degree that public sector organisations are more prone to political processes than other organisations using tools such as stakeholder analysis for analysing actors, interests and power relations (Bryson, 2004) as well as using missions for motivating employees (Wright and Pandey, 2011) and collaborators may also be relatively important. Thus, strategic management in the public sector is important.

Strategic management practice is a complex phenomenon. According to Bryson et al. (2010 p. 497) practices in 'strategic planning or management should be understood as partially routinized strategic thinking, acting, and learning behaviors that involve typically complex assemblies of human and nonhuman actors held together by ordering and sense-making principles that are maintained and changed over time through the way they are performed'. This implies that strategic management practice encompass different types of actors – for example top managers, planners, accountants and external consultants just to name a few – who engage in processes that for example involve various routines, making of plans and utilization of specific tools. Different actors have different education and training, and some schools of thought would evidently fit some group of actors better than other schools of thought.

The literature on strategic management in the public sector has so far not produced any overarching framework of theories in use. However, there are several typologies on public sector strategies. Greenwood (1987) developed the Miles and Snow framework for local government and studied how strategic styles varied in English and Welsh local government. Wechsler and Backoff (1988) used case studies of general purpose government agencies and identified four distinctive public sector strategies: developmental, transformational, protective, and political strategies. Nutt and Backoff (1995) developed a contingency framework where strategic leaders respond to environments and act producing five positive (directors, bureaucrats, accommodators, compromisers, and mutualists) and three negative (dominators, drifters, and posturers) public sector strategies. Following the classical theme of strategy and structure one of the most employed framework in much of the empirical research on strategic management in government so far is the Miles and Snow typology of prospector, defender, analyser and reactor. Boyne and Walker (2004) reviewed this literature, identified shortcomings and developed a new framework with three stances for classifying public service organisations' strategy content, which acknowledged the specific constraints that public sector organisations face.

The Boyne and Walker (2004) framework builds on Michael Porter's generic strategies, the Miles and Snow model, and constraints that stem from publicness. The publicness concept is based on Bozeman's (1987) assertion that 'all organisations are public' and means the degree to which political authority affects an organisation. An organisation's publicness depends on the level of collective ownership, level of government funding, and level of how market or political forces constrain management's behaviour. The Boyne and Walker framework consists of a strategy content matrix that has two dimensions: Strategic stance that maps an

organisation as a prospector, defender or reactor; and strategic action that categorises changes in markets, services, revenues, and external and internal organisation. This framework is ‘the first analysis of the strategy of public organisations that not only is exclusively concerned with content but also distinguishes between strategic stance and strategic actions’ (Boyne and Walker, 2004, p. 239–240). Because strategic action implies that strategy content refers to how organisations actually behave and not merely intend to or state that they behave, Boyne and Walker asserted that measurements of strategy content must be based on other data than mission statements and paper plans, for example actual changes in markets, services, revenues, and external and internal structures. The ‘Cardiff-group’ has been prolific in analysing how strategy affects performance with several studies from the UK, for example Andrews et al. (2008, 2009a, 2009b), and from the USA (Meier et al., 2007). However, also other frameworks on how to understand public sectors’ strategic actions exist. For example, Johanson (2009) identified three modes of strategic management in public agencies: strategic design, internal strategic scanning, and strategic governance.

All these typologies on how government organisations act clearly encompass underlying theories on strategic thinking, but they are difficult to use as frameworks for mapping strategic thinking because these underlying theories are mostly implicitly stated and different theories and ways of thinking can materialise in the same processes, stances and actions. Moreover, the typologies do not map strategic thinking or schools of thought in public sector strategic management as such.

There are at least two well-known, possible frameworks for categorising and analysing strategic management thinking more or less systematically. The first is documented in Whittington’s (2001) book *What is Strategy – and Does It Matter?*. The second is

Mintzberg's typology of 10 strategic management schools of thought (Mintzberg, 1990), revised and updated in the book *Strategy Safari* (Mintzberg et al., 2009). These frameworks map general strategic management thinking, but the books give few examples from the public sector and provide no systematic analysis of strategy in government. Other frameworks documented in well-known public sector strategic management books, such as *Creating Public Value* (Moore, 1995) and *The Art of Public Strategy* (Mulgan, 2009), give many examples of strategy in government but provides no systematic analysis of the utilisation of the different schools of thought or no coherent mapping of the usage of strategy tools in the public sector. For the purpose of this study the Mintzberg framework is chosen to explore strategic management thinking in public sector organisations because this framework purports to give a general and systematic overview of strategic thinking.

Table 1 here

Table 1 outlines the Mintzberg et al. (2009) framework. The Mintzberg framework is divided into three normative (the design, planning and positioning school), six descriptive (the entrepreneurial, cognitive, learning, power, culture, and environmental school) schools and one mixed (configuration) school. The basic trust of the Mintzberg framework is contingency theory; different schools of thought define strategy differently and are supposed to be more useful for addressing some issues in some environments than in others. For example: The design school is useful for formulating a strategy and especially when there is a major reformulation and the organisation is facing stable environments. The planning school is useful for implementing a strategy, in particular in big organisations operating in stable environments and in organisational cultures that value loyalty to top-management's decisions. The positioning school is useful for big companies operating in mature and competitive

markets. The entrepreneurial school suits start-ups or turnaround in small organisations. These four schools of thought are supposed to be related to individual central strategic actors; the chief executive, planners, analysts (in particular consultants) and entrepreneurial leaders, respectively.

The descriptive schools conceptualise strategy processes and decisions as subject to influence from many stakeholders. Also these schools of thought are ‘contingency theories’. For example: The learning school is hypothesised to be especially relevant in professional organisations, in complex environments, in organisations lacking a powerful centre, and in new situations. The learning school is especially viable for understanding emergent strategies when the environment is in flux. The power school is assumed to be useful for explaining strategy formation in big, decentralised organisations and in blocked decision points. The macro version of the power school, corresponding to the resource dependence perspective, is allegedly most useful for big organisations for influencing the environment. The micro version is useful for understanding strategies as subject to institutional politics and actors’ interests. The central strategic actors in the descriptive schools vary from ‘minds’ to collectivities such as whole organisations and even ‘the environment’.

Mintzberg’s typology is contingency theory: Given the environmental factors and organisational traits there would likely be one school of thought that best describes a good fit between an organisation’s strategic issue at hand and its decision making process. Mintzberg et al. (2009) summarise this way of thinking in the configuration school. As organisations establish, grow, mature, face crises, reorganise and so on, the stakeholders will typically have different interests and agendas and employ different theories in use and tools, depending on the strategic issue at hand. Alternative interpretations are also possible. Actors may have

different cognitive styles, organisations may have been imprinted by popular theories in use and tools at critical stages in the organisations' development, and there may be some stability in the environments, which are matched with proper internal structures. Actors and organisations may therefore specialise in utilising certain mix of theories in use and related tools that are assumed to be versatile for a whole range of different strategic issues and contingencies. Changing from one school of thought to another when strategic issues change may also be costly. Hence, actors and organisations may mix two or more schools of thought and corresponding tools in a strategic management package of choice. Strategic management may in that case be evident by bundles of schools of thought and related tools that persist over time and between strategic issues more than by a pattern consistent with the configuration school where managers deliberately choose strategic stances, actions, processes and tools depending on the strategic issue and situation in question.

The schools differ in their origins and theoretical foundations. Some normative schools have distinct intellectual 'founding fathers' – for example Philip Selznick and Kenneth Andrews for the design school, Igor Ansoff for the planning school and Michael Porter for the positioning school – while other schools correspond more to academic developments – as well as trends and fashions – in theory and research which partly developed as a response to perceived problems in the normative schools. For example, cognitive psychology, organisational learning, the resource dependence perspective, culture theory, and new institutionalism emerged in the 1960s, 1970s, 1980s with some research also on strategy, which Mintzberg pedagogically has regrouped into the descriptive schools. On the assumption that the normative schools, especially the design and planning schools, are older in the academic literature than the other schools of thought as well as that they by definition purport to improve management by being normative one could hypothesise that these schools

dominate practice. However, this hypothesis could be premature relative to what the literature on strategic management in the public sector informs us. Collier et al. (2001), for example, discusses research that indicates that strategy development to a large extent appears to be the same in the public and private sectors, but that public managers are more likely to report that strategy development is more constrained by external forces than private sector managers. This indicates a need for analysing how the public sector context may affect strategic thinking and practice.

Strategic management thinking in public sector practice

So far the discussion has pointed to the possible application of all the ten schools of thought in strategic management in general. We now turn to exploring the most likely manifestation of the schools of thought on strategic management in public sector organisations. Ring and Perry (1985) developed five propositions and identified four contextual factors that give rise to distinctive constraints and behavioural consequences for strategic management in the public sector. The research problem for this paper is to explore how strategic management is manifest in public sector organisations' practices. Ring and Perry's (1985) five identified expected behavioural consequences are therefore used for making hypotheses regarding which schools of thought in strategic management affect public sector strategic management most.

The first behavioural consequence of the public sector context is *incremental decision making*. 'To the extent that incremental decision and/or emergent strategies enable public organisations to be more responsive to the needs or demands of their constituents, they are likely to be more effective' than rigidly planned processes, according to Ring and Perry (1985, p. 282). This assertion indicates that the learning school could be especially viable for

public sector strategic management. The second behavioural consequence is *maintaining flexibility*. 'If the strategy process tends to be emergent and more open to exogenous influences, flexibility and adaptability appears to be required of public managers' (Ring and Perry, 1985, p. 283). This bill fits the environmental school. The environmental school encompass many actions that public sector organisations could use to adapt to, accommodate or decouple from external demands. The third behavioural consequence is *bridging competing worlds*. '(T)he political executive must bridge competing demands within the structure of government, in addition to bridging competing cultures outside the formal structure. Coping with all these competing demands is likely to require managers who display the attributes of marginality' such as 'the ability to integrate competing viewpoints in decisions', 'a self-other orientation', 'maintenance of low levels of dogmatism' and 'openmindedness' (Ring and Perry, 1985, p. 283). The power school typically is about being open-minded towards the de facto stakeholders and being able to analyse as well as form coalitions and should therefore be a natural candidate school of thought for informing public managers' strategy practice with respect to bridging competing worlds. The fourth behavioural consequence is *wielding influence not authority*. Ring and Perry (1985) discussed the managers' need for handling both external and internal relations, but here we can emphasise the internal relations because above the environmental and power schools addressed the external focus. Ring and Perry stated that 'the formal protections of these [merit based personnel] systems, coupled with the existence of employee unions, is likely to place a premium on the use of influence rather than authority in managing policy within the organisation. It also may require an ability to maintain high morale within the agency, managing internal dissent by influence rather than authority' (Ring and Perry, 1985, p. 284). Though influence typically is wielded in the power school, the cultural school may be useful for public managers, especially in many professional organisations. Public managers need to understand how to analyse and develop shared

organisational values and how organisational cultures may dissolve planned strategies as well as facilitate emerging strategies and maintain high professional integrity when there are conflicting expectations both within and outside the organisation in question. The fifth behavioural consequence is *minimizing discontinuity*. Ring and Perry (1985, p. 284) asserted: 'Coalitions are unstable, political executive tenure is brief, agendas change constantly. Successful public sector managers act to minimize discontinuity and bridge the gaps that it leaves in its wake'. If instability and change are the premises for public sector strategy then the design school, which emphasise values and a simple, easy to comprehend strategy formulation, may be especially relevant. The main trust of the design school thinking is that the strategy ideally should be easy to understand so that all organisational members should be able to grasp its central idea and adapt to top management's strategic intention in their regular tasks, even though many factors – and maybe the top manager himself – change. This hypothesis contradicts Mintzberg's assertion on the applicability of the design school but is supported by Ansoff (1991) who argued that the design (and planning) school are useful for adapting to changing environments.

So far the expectations are that public sector management would lean especially on strategic thinking consonant with five schools of thought: the learning school, the environmental school, the power school, the cultural school, and the design school.

Research methods

In order to explore how strategic management thinking is manifest in strategic management practice in public sector organisations this paper extracts and analyses information from three sources.

The first information source is an analysis of 35 strategic management processes from 27 different public sector organisations in Norway, and the 35 cases is a convenience sample.

Table 2 documents the 27 public sector organisations in the sample.

Table 2 here

The data for this analysis were extracted from master student assignments from a course on strategic management in the public sector during four runs of the course over the period 2008–2011. The 35 assignments were conducted by in total 101 master students who participated in an executive master programme in public management. All the students had work experience from the public sector after finishing their bachelor degrees in various fields such as education, health care and policing, and many of the students worked full time as middle or top level managers in local or central government organisations.

The students worked in groups of 2–4 students. The groups were instructed to apply the 10 schools of strategic management thought framework for their assignments and analyse what kind of strategic themes were at play and how different background factors could explain the observed organisational behaviour. All of the cases relied on formal planning documents as data sources for the analysis, but many groups in addition conducted unstructured interviews and ‘participatory observation’ as some students also studied the organisation that was their main employer and strategy processes they knew from first-hand experiences.

The students were advised to select only the most important schools of thought for explaining the observed strategy process. The schools of thought that were analysed in the cases were categorised as ‘most important’ or ‘somewhat important’ for explaining the observed strategic

management issue, but not all groups could identify the most important school of thought. In two cases the students' categorisations of some of the schools of thought have been changed. These were observations that the groups labelled 'the power school' (meaning adapting to the environment) that were changed to 'the environmental school'.

To the extent information was given also data on the usage of strategy tools (values, missions, check lists, SWOT-analysis, scenario analysis, performance management, quality management, risk management, focus groups, stakeholder analysis, user surveys, employee surveys, consultations) as well as help from consultants were recorded.

The second information source is observations of a strategy reformulation process in the Norwegian Mapping Authority (*Kartverket*), which is a governmental agency under the Ministry of the Environment. The Mapping Authority bears nationwide responsibility for geographical information, operates the national property registry and undertakes all property registration in Norway. The agency has four divisions and has about 850 employees. The agency headquarter is in a small town outside Oslo, but the Mapping Authority also has twelve regional cadastral offices across the country. The author gave a lecture at a kick-off seminar for the strategy reformulation process in November 2012 and was allowed to observe, take notes and pose questions at the top-management team's deliberations at two subsequent strategy seminars in February and March 2013.

The third source of information is interviews in April 2013 of seven of the 101 executive master students who earlier had taken the master course on strategic management in the public sector. The seven students were selected because they subsequently had written master theses on strategic management issues and therefore were assumed to have especially good

knowledge on strategic management issues from writing these additional master theses on the subject. At the time of interviewing they were also able, based on their job position and experiences as middle level managers, to give informed first hand account, albeit subjective, of strategic management as it is practiced and implemented. The interviews were conducted from one year to two and half years after the students had completed the executive master of public management programme. At the time of interviewing the students worked in two higher education institutions, a ministry, the Armed Forces, a hospital, and two municipalities. Thus, their occupational background represents the breadth of the public sector well. For the interviews an interview guide was developed. The interview guide had five questions on the issues of the difference between strategic management and other forms of management, good and bad strategies, the use of strategic management tools, the three most important strategic management schools of thought used in practice, and why these schools of thought seem to dominate public management strategy practice.

The three information sources tap into strategic management from different perspectives. Even though not specifically designed for doing so in practice the three information sources may have highlighted certain definitions of strategy more than others. The 35 student assignments analysed strategy in particular documented by formal strategic plans and corporate web sites, and therefore may have emphasised strategy as *a plan*. The observations of the agency's strategy reformulation process analysed strategy in top-management decision-making processes and therefore could have highlighted strategy as *position* and *perspective* more than the other sources. The interviews gave information on implemented strategy and practice, as experienced from a middle level management perspective. Therefore this information source could have highlighted strategy as *pattern* or *ploy*. Taken together these information sources are judged as valid with regards to exploring how strategic management

thinking manifest itself in strategic management practice in the public sector on a conceptual level. However, the research design is too limited for assessing how strategic thinking affects practice and performance, or whether performance or situation affects practice and hence thinking, as contingency theory (for example the configuration school) would suggest.

Results

In order to analyse strategic thinking and practice in the 35 processes some background information on the context of public management in Norway is useful. All central governmental organisations are required by regulation to formulate goals, measure performance, evaluate their outcomes and secure that their decision-making is based on sound evidence. The government's accounting is cash-based and has a one-year cycle only. There is, however, extensive additional planning and forecasting in many central governmental organisations and processes, and many agencies also use a modified accrual-based accounting system. There is no formal requirement to undertake 'strategic' planning, but many central as well as local government organisations make strategic plans even though the distinction between strategic planning and other planning may be blurred. The local government consists municipalities and counties and has a modified accrual-based accounting system, and all local authorities are mandated to make a four-year rolling budget and other plans. Local authorities are annually required by regulation to report accounts, activities and performance to central government in a mandatory performance management system. There is no formal requirement for local authorities to use management by objectives and benchmarking, but most do.

Ring and Perry's (1985) implications of distinctive contexts and constraints on strategic management in public sector organisations were used to hypothesise that the learning, environment, power, culture and design schools of thought should be widely used by public

sector managers. Figure 1 presents strategic management practices based on the identification and categorisation of in total 100 ways of thinking in the 35 strategy processes in the Norwegian context. For the sake of conceptual simplicity the configuration school is disregarded in the analysis.

Figure 1 here

The pattern in Figure 1 gives some corroboration for the importance of the learning, environment, power, and design schools of thought in public sector organisations' strategic management, but the culture school is seemingly not as important as hypothesised. The planning school, however, stands out as the school of thought that have been mentioned most often, and also mentioned most often as most important for describing the 35 strategy processes analysed. The interviews of seven former executive master students, who now were public managers, corroborated the notion that strategic planning and hence the planning school thinking stands out as the most important school of thought in public management practice. The study of the Mapping Authority's strategy process also supported the notion of planning as dominant in strategic thinking.

When the Mapping Authority reformulated its strategy the top management team emphasised that the planning process should align with the governmental planning cycle, even though much of the thinking informing this process could be labelled as design, positioning, culture and environmental school. Much of the strategy process in the agency concerned mapping all its objectives and then assessing and prioritising these in order to reduce the number of objectives in the resulting strategy. A seminar over one and a half days in February 2013 dealt with the reformulation of the agency's vision and the specification of related main objectives.

A working group then elaborated on the vision and main objectives, and made a list of 56 goals with related assessment of their importance, degree of change and degree of operationalisation. Five hours of a top-management meeting in March 2013 concerned several issues. The top-management group discussed the agency's media exposure, assessed and choose the most important goals in order to reduce the number of goals for the final strategy proposal including the need for innovation. The top-management group also discussed how the final proposal of the strategic plan could be presented for the agency's employees at a plenary agency seminar, and how there could be participation and commitment before final approval of the strategic plan in April 2013. Also political salience and backing was discussed. When asked the chief executive informed that the time horizon for the Mapping Authority's planning was five years. Beyond that time frame uncertainty related to technological development and private firms' actions were deemed to make most plans obsolete. This indicates that that even though planning seemed to be the dominant thinking behind the strategy process, cognisance of entrepreneurship, culture, politics (power) and the environment was also present.

Figure 1, where the data to a large extent is based on analyses of written accounts (strategic plans and internet pages), indicates that both the cognitive and entrepreneurial schools are relatively unimportant in strategic thinking in the public sector. However, some of the Mapping Authority top-management team's strategy discussion concerned how to innovate its services using existing and new technology, indicating that entrepreneurial thinking has a more important place in strategy thinking than in plans in the public sector. Furthermore, the cognitive school is hard to observe as a 'stand-alone' school of thought but its thinking about cognitive biases was easy to identify in agency's strategy discussions. Members of the top-management team 'debunked' other actors' as well as their own biases and hunches in the

deliberations. Another example of thinking that could resonate with the cognitive school's recognition of cognitive psychology, as well as power issues, was present when the agency head made changes to the pre-arranged composition of groups during one of the strategy seminars. The agency head revealed that she rearranged the groups in order to adjust the balance of divisional power in the deliberations as well as to complement the cognitive styles represented in the groups.

The 27 organisations studied in the 35 strategy processes used a diverse range of strategy tools in their practices. Many of these tools such as mission statements, core values, visions, objectives, SWOT-analyses, scenario and checklists, correspond to common conceptualisations of strategic planning and resonate with the design and/or planning school thinking. Other common tools were consultations, user surveys, employee surveys and stakeholder analyses. These tools correspond to many schools, typically the learning, power and culture schools, but also the design and planning schools. The Norwegian Mapping Authority, for example, used mission statement, core values, vision, objectives and user surveys in their strategy reformulation process. Also positioning, power and environmental school thinking were present in this agency's strategy process albeit without any systematic use of tools such as Porter's five forces framework or stakeholder analysis in the process.

The overall picture is that strategic planning in a combination with one or more other school of thought seems to be widespread in strategic management in the public sector. The 35 cases have no consistent time series data for studying alternative explanations for these patterns, but the data indicate some common bundles of strategic schools of thought and tools at points in time. Planning and power together most often describe the strategy processes well. Planning

and learning also often coincide as important explanations of the observed practices. A third common mix is design and planning.

Discussion and conclusions

The first issue to be discussed is why the many schools of thought that often are derived from business strategy could be relevant for strategic management in public sector organisations.

The design school's contribution is to formulate a coherent strategy that integrates values, vision, opportunities and capabilities that can lay the foundation for concerted action as well as placing the formal responsibility for this process and outcome on top management.

Strategic management is, however, more than analysis and strategy formulation. One problem is that strategies can become mere talk, often the formulation of lofty visions and objectives, and loosely coupled to action, what Rumelt (2011) labels bad strategy. The environmental school, on the one hand, addresses decoupling and other actions as strategies for adapting to external and sometimes inconsistent demands. Decoupling could, on the other hand, lead to substantial policy drift, implementation failure or outright mismanagement that is especially severe in the use of public money. This is where the planning school enters the stage.

The planning school with its programming, forecasting and budgeting makes a bridge between policy and strategy formulation and implementation. The common critique that planning is less useful in turbulent environments in general and for public sector strategy in particular has maybe less to it than meets the eyes (Boyne et al., 2004). Often the public sector, through centrally co-ordination of its many organisations, projects and networks, 'makes' the environment less uncertain and unstable by the very act of planning. Moreover, the public sector has legitimate institutions and strategy tools for defining the public good,

regulation and taxation, which businesses do not possess (Mulgan, 2009). The formal planning processes may therefore be especially useful in companion with organisational learning and political processes. Internal stakeholders may use the regular and detailed planning processes and documents in professional and administrative routines. Strategic planning with its emphasis on programmes and budgets may serve the opposition's need for administrative control as well as government's need for campaign documents for winning the next election (Downs, 1957). Moreover, different stakeholders can through formal consultations and informal interest group activities seek to influence policy design and implementation.

The design and planning schools have mainly focused on processes. The positioning school's main contribution is its focus on strategy content. The point here is that the positioning school and economic theory can facilitate the analysis of stances and actions that can improve performance and public value. Positioning thinking may in this respect be more than the application of Porter's five forces framework and choosing one of the generic stances of cost leadership, focus or differentiation and implementation through value chains. The Boyne and Walker (2004) framework may give a better framework for strategy content in the public sector in that respect. The positioning school's emphasis on rivalry brings not much new to politics as such, but its checklist style in utilising economic reasoning may well serve policy makers and public managers well, in particular in understanding how many actors in the markets and networks surrounding the public hierarchies operate. An economist or business manager might prefer using the explicit economic reasoning and theories in the positioning school. Many civil servants and public managers, however, often have academic backgrounds in political or social science or humanities and may be more familiar with the economic and political reasoning found in the power school. Whether the positioning or power school is

regarded as most useful may therefore be a matter of personal taste. Anyway, political-economic reasoning is fundamental for understanding and conducting public sector strategy, and may explain why bundling the design or planning school with the power school seems to be common.

Innovation and entrepreneurship is not new to politics or public management (Schumpeter, (1942). Entrepreneurship in public strategy could well be important for policy innovation, and entrepreneurs with charismatic leadership may be crucial in periods of agency transition. The entrepreneurial school may also shed light on some negative aspects of entrepreneurship, such as high risks associated with management by gut feeling, psychopathic leadership styles and overdependence on individual leaders. These problems may be especially grave in a public context. Hence, some degree of formal and mechanistic planning can mitigate such negative aspects of innovation. The seemingly low importance attached to the entrepreneurial school in the 35 cases may also have been caused by the research design. Most of the cases analysed strategy formation or strategic management processes more generally, and almost all cases relied much on document studies. These processes and data sources probably cover policy innovation, programme initiation and entrepreneurship only marginally.

The cognitive school evidently has application also to the public sector. Cognitive biases in strategic decision-making are acknowledged in practice by the fact that there is much regulation (red tape) in bureaucracy, many checks and balances in political institutions and constraints on public management. Furthermore, public sector organisations' strategic management practices seem to reflect the appreciation of the limited, but intended rational, administrative man because nearly all the cases documented that the processes seemed to

reflect many schools of thoughts at play – and being designed or allowed to play in the same act.

The learning school's relevance in the public sector has long been acknowledged. In fact, learning and incrementalism go hand in hand with strategic planning in the public sector, which often has incremental budgeting at its core. The findings from the cases corroborate this notion because the planning school and the learning school were often used in conjunction, either by design or accident. The added value of the learning school lays in its emphasis on emerging strategies and collective and bottom-up processes. However, these processes and resulting strategies should improve performance consistent with the political and economic constraints and have little public value in themselves (Boyne and Walker, 2004). This may explain why many government and public sector organisations combine the learning processes in emergent strategies with formal and transparent planning. The practices of formality and transparency may enhance administrative control and political accountability.

The last three of the descriptive schools are evidently important, as the cases indicate. The power school highlights that strategies need political backing (Moore, 1995), and that stakeholder analysis is a versatile tool in public managers' tool kit (Bryson, 2004). The culture school provides public managers with useful theory on how shared values and institutionalised routines may give informal control as well as represent a danger for groupthink and resistance. The environmental school, which may be most important to top-management, managers in central government who are close to politicians, and organisations that are more public than other organisations, gives many possible actions for how to adapt to the environment.

The second issue to be discussed is the paradox that the public sector extensively uses strategic planning where the organisations often are professional bureaucracies and the environments are unstable. Moreover, organisations in the public sector vary with regards to many aspects such as contexts, tasks, tiers, technologies, structures and resources – to name but a few – but still planning thinking and practice seems to be dominant.

There are many possible reasons for why public sector organisations use planning, but a problem in the discussion of the merit of planning and strategic planning is that these concepts overlap. For example, Boyne (2001, p. 74) defines planning broadly as attempts ‘to influence the future by forecasting changes in the organization and its environment, setting objectives, and developing strategies for achieving these objectives’. Bryson (2011) defines strategic planning as disciplined efforts to produce fundamental decisions and actions that shape and guide what organisations are, what they do, and why they do it. It is often difficult to distinguish strategic planning from other planning. Employing Rumelt’s (2011) analysis of good and bad strategies, however, one may say that good strategic planning is planning, but not all planning is either strategic or produces good strategies.

Researchers and practitioners in public policy and strategic management have witnessed some similar ebb and flows in management thinking, and public policy and strategic management shares some interesting parallel developments in this respect. In both public policy and business strategy planning has been a contested issue. In public policy there has been a discourse on the merit of central planning and big reforms versus decentralisation and incrementalism (Hayek, 1945; Lindblom, 1959; van Gunsteren, 1976). On the organisational level there have been calls for complex planning models that later have been more or less abolished and superseded by more mundane planning models. For example, the planning,

programming and budgeting system (PPBS) was abandoned in the early 1970s and replaced by other management models or traditional line item budgeting (Schick, 1973; Wildavsky, 1978). However, in some countries this trend in strategic planning and management has been reversed. Some countries have again introduced more complex planning and budgeting models in government in the 1990s and 2000s, for instance performance-based budgeting (PBB) in the USA (Melkers and Willoughby, 1998) and resource accounting and budgeting (RAB) in New Zealand (Pallot and Ball, 1996) and the UK (Likierman et al., 1995). When traditional centralised public administration allegedly transformed to more decentralised and strategic public management, some of the thinking may in fact be old private sector practices and ideas predating the 1970s being recycled (Bromwich and Lapsley, 1997) and public policy may still require extensive formal planning and tight control. Therefore, despite 20–30 years with new public management and reinventing government allegedly reducing red tape and planning and introducing more decentralisation, competition, and quasi-markets in the public sector we may witness a revival of central regulation and formal planning. However, this time it is not a question of central planning at the societal level but government planning under the guise of strategic management with corresponding planning and accounting systems at the organisational level. These corporate-wide management models are often centrally imposed but adopted for improving local flexibility and organisational autonomy. This may be one of the paradoxes of the middle aging of new public management (Hood and Peters, 2004).

Business strategy seems to have some similar discourses and trajectories as public policy. For many in the 1960s strategic planning was the pinnacle of strategic management, but during the 1970s environmental and political turbulence increased and corporate top-down strategic planning lost some of its credibility. Alternative or complementary strategic management

models gained momentum, at least in academia, and Mintzberg (1994) advocated strategising more as learning processes facilitating emerging strategies than formal top-down planning. In the 'beyond budgeting' literature there have also been critical voices of traditional business planning in the form of corporate-wide and long-term budgeting (Wallander, 1999). However, also in the business strategy context there are – even unashamed – calls for the re-establishment of extensive planning as well as formal planning units, this time in the guise of dedicated units for strategy and management that shall connect the divide between top-management strategising and organisational implementation (Kaplan and Norton, 2005). The revival of the 'planning school' may be seen in Kaplan and Norton's (2008) synthesis of many modern management tools incorporated in the business management system. Because government organisations often share 'best practices', management tools and consultants with business organisations (Micklethwait and Wooldridge, 1996) the same trend of a revived planning school may also be present in the public sector. Examples of such a trend may be the four-year planning requirements for local governments in Norway mandated in the Local Government Act of 1992, the introduction of the 'synoptic' (one-size-fits-all) strategic planning in the Government Performance Results Act (GPRA) for the US federal agencies in 1993 (Roberts, 2000), and the Best Value regime for the local government introduced by the UK Labour government elected in 1997 (Boyne, 2001) partly in order to emulate good management and planning practices from the private sector. The discourses on strategic management thinking and tools may on this background be seen as ebb and flow partly dependent on environmental (contingency) shifts and partly dependent on management thinking and fashions which may or may not take hold in strategic management practices.

We can restate some of the points discussed above in the hypothesis that because there is policy ambiguity, demands for openness, attentive publics, time problem, and shaky

coalitions, public sector management relies heavily on formal planning. For example, the time problem implies that political decision-making should choose projects with big social benefits relative to costs, and at the same time make sure that the inter-generational burden of taxation and distribution of consumption of public services are fair. Such choices are complex and demanding, and often require advanced calculations and planning tools such as cost-benefit analyses. Because such analyses and the use of advanced planning tools are demanding strategic management in practice may therefore rely more on other and simpler forms of formal (strategic) planning. The line of reasoning here resembles Wildavsky's (1978) 'defence' of the traditional, much criticised, line item budgeting. Many, more complex management tools were assumed to be superior to the traditional line item budget, but in the end of the day the traditional budget often lasts because it is versatile on a number of dimensions and is relatively easy to use. The same may apply to strategic planning: The usefulness is its ability to facilitate incremental decision making, maintaining flexibility, bridging competing worlds, and to satisfy wielding influence not authority and minimizing discontinuity.

Strategic planning and strategic management thinking resonating with the formal, mechanistic processes, routines and plans of the planning school seems to be a widespread public sector practice. There may, however, be alternative explanations as to why this is so, and what effect this practice has. Poister et al. (2010, p 526) stated that 'some agencies may engage in strategic planning simply because it is required by a legislative or central mandate'.

Norwegian public management regulation requires widespread planning, but not necessarily strategic planning. Berry and Wechsler (1995) argued, however, that agencies initiate strategic planning also without a formal mandate, often depending on the chief executive officer's experience. Thus, management's training and experience may be important for

explaining strategic management practices and not only certain practices' perceived or documented effects on performance. Furthermore, rationalistic and mechanistic strategic planning may in itself have little impact on performance and has to be complemented by top-management and organisational commitment, training and resources. Therefore, common practice – implicitly or explicitly – seems to bundle some schools of thought together and using packages of strategic management tools. This public sector practice corroborates Ansoff's (1991) assertion that the field has moved from strategic planning to strategic management during the last 30 years or so. Nevertheless, planning seems (still) to be a major element in public sector management and strategy.

The third issue is to be discussed is why public sector organisations seem to combine strategic thinking and practices from two or more schools of thought. There may be many explanations, including that managers use theories and tools pragmatically, and contexts differ within the public sector which may call for certain combinations of thinking and tools.

Schools of thought as well as strategy tools may complement another. This means that public sector organisations and managers in practice could bundle thinking and tools from different schools of thought into one strategic management package of choice based on pragmatic reasoning and experience. For example, Berry and Wechsler (1995, p. 159) defined strategic planning as 'a systematic process for managing the organization and its future direction in relation to its environment and the demands of external stakeholders, including strategy formulation, analysis of agency strengths and weaknesses, identification of agency stakeholders, implementation of strategic actions, and issue management'. This definition, which corresponds to the Harvard policy and stakeholder model (cf. Bryson, 2011), may be a bundle of thinking and tools corresponding to several of Mintzberg's school of thought, most

notably the design (strategy formulation and SWOT-analysis), planning (implementation by programmes, plans and budgets) and power (stakeholder analysis, coalition building and influence activities for agenda setting and decision making) schools. In addition, many practicing public sector managers would not have any formal training in strategic management, let alone Mintzberg's ten schools of thought. Evidently, strategy in practice either in business or the public sector would likely be a mix of experiences, ideas, and tools that either would be hard to categorize or would almost by definition fit the configuration school.

The degree of publicness varies (Alford, 2001) and may also affect the need for certain combinations of strategic thinking and tools. Often the expected consequences of the distinct public sector context and constraints have been assumed to be similar across the public sector. However, this assertion may not be empirically valid. The constraints and contexts may vary across the public sector contingent on specific constitutions, different countries and tiers of government, and depending on type of organisational context such as market rivalry (competitive), mandatory service provision (co-operative) and oversight responsibility (regulative). These issues indicate that different strategic thinking and tools may be more useful for public managers in some types of contexts than in others. Furthermore, certain degrees of publicness could favour certain combinations (bundles) of strategic thinking and practice, but strategic planning seems to be for all seasons.

The analysis has identified several interesting areas for future research. First, there is a gap in the literature regarding empirical analyses of the distinction between policy-making and strategising, and the roles of elected officials in strategic management need more research. Second, public sector organisations differ enormously, and how different contexts and

organisational traits affect strategic thinking, practice, and results needs more systematic analysis. Third, the distinction between strategic planning and planning and how they affect public sector performance need more research.

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TABLE 1 *The Mintzberg et al. framework of five definitions and 10 schools of thought in strategic management*

School of thought	Definition of strategy	Central actor(s)	Strategic issue(s)
Design	Plan	Chief executive	External and internal analysis, strategy reformulation
Planning	Plan	Planners	Programming, implementation
Positioning	Position	Analysts	Competition, external and internal analysis, implementation
Entrepreneurial	Perspective	Leader	Start-up, organizational changes, strategy reformulation
Cognitive	Perspective	Mind	Strategy formulation and reformulation, inertia
Learning	Pattern	Anyone who can learn	Development
Power	Plot	Anyone with power (individuals, groups, organisations)	Conflicts, dependencies, blockages, cooperation
Cultural	Pattern	Collectivity	Reciprocity, inertia
Environmental	Plot	'Environment'	Adaptation, conflicts and environmental dependencies
Configuration	Position, or all of the above	All of the above, in context	Episodic challenges and turning points

TABLE 2 *The 27 public sector organisations in the sample*

Organization	Government tier	Type of organization	Year of study
12-municipality co-operation of Vestfold	Local government	Network	2011
Agency for Public Management and eGovernment (Difi)	Central government	Agency	2010
County of Akershus	Local government	County municipality	2010
County of Hedmark	Local government	County municipality	2009
Directorate of Health	Central government	Agency	2009
			2010
Directorate of Health and Social Affairs	Central government	Agency	2008
Government Administration Services	Central government	Agency	2010
Kommunalbanken AS (government owned municipal bank)	Central government	Limited company	2011
Municipality of Bamble	Local government	Municipality	2010
Municipality of Bærum	Local government	Municipality	2011
Municipality of Gjøvik	Local government	Municipality	2010
Municipality of Oppegård	Local government	Municipality	2009
Norwegian Armed Forces	Central government	Government	2011
Norwegian Directorate for Children, Youth and Family Affairs (Bufetat)	Central government	Agency	2011
Norwegian Directorate for Education and Training	Central government	Agency	2008
Norwegian Directorate of Immigration (UDI)	Central government	Agency	2011
Norwegian Labour and Welfare Administration (NAV)	Central government	Agency	2009
Norwegian Labour Inspection Authority	Central government	Agency	2008
Norwegian Public Roads Administration	Central government	Agency	2008
			2010
Norwegian Research Council	Central government	Agency	2010
Norwegian Water Resources and Energy Directorate (NVE)	Central government	Agency	2011
Office of the Auditor General	Central government	Agency	2009
Oslo City	Local government	Municipality	2008
			2009
Oslo City Emergency Ward Centre (<i>Legevakten</i>)	Local government	Municipality	2011
Oslo University College	Central government	Government University College	2008
			2009
			2009
			2009
Oslo University Hospital (<i>Rikshospitalet</i>)	Central government	Hospital Company	2008
The Government of Norway's International Climate and Forest Initiative	Central government	Project	2011
Undervisningsbygg Oslo KF (Educational offices)	Local government	Municipal company	2010
Volda University College	Central government	Government University College	2010

FIGURE 1 *Frequencies of schools of thought in strategy processes by importance (N=35)*

