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Debate: Strategic planning after the governance revolution

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What are the consequences for strategic planning (SP) of the governance revolution that has taken place in the past two decades? This article distinguishes outward- and inward-bound consequences and reflects on the necessary road for theory-building.

Nowadays the necessity of SP in the public sector is denied by few people. Rather, the issue is what kind of SP is appropriate? Over time, the nature of SP has developed. At first, it was a predominantly rational, top-down, design activity aimed at goal setting (often labelled as 'rational planning'). An activity that was linked to the choice of instruments and actions followed by implementation and evaluation through performance measurement. But in more recent conceptualizations, SP has evolved towards a more managerial approach, making the connection with daily practices in the various layers of an organization (see, for example, Bryson, 2018; George & Desmidt, 2014).

This is visible in this PMM theme issue in which contributions use a strategy-as-practice approach, focusing on the dynamics of SP and how it relates to the practices within public organizations (see, for example, the paper by Christos Begkos, Sue Llewellyn and Kieran Walshe on how medical managers in English hospitals strategize within the local circumstances of their departments in this issue). But it is also striking that most of contributions to this theme, with perhaps the exception of the contribution on the Scottish approach, have an intra-organizational orientation, and thus less attention for the consequences of the governance revolution. This is the issue we want to elaborate on here.

The governance revolution and its consequences for strategic planning

In the past couple of decades we have seen a shift from governments governing from the centre towards more horizontal ways of governing, in which they interact and collaborate with other parties. This shift can be phrased as we do in this article as 'the governance revolution' (Pierre & Peters, 2000). In the academic literature, a wide variety of headings and terms is used to refer to this governance shift, including 'modern governance' (Kooiman, 1993), 'network governance' (Kickert, Klijn, & Koppenjan, 1997), 'interactive governance' (Sørensen & Torfing, 2007), 'new (public) governance' (Osborne, 2010). In essence, the governance revolution can be summarized in a few statements (see Klijn & Koppenjan, 2016):

- Governments are increasingly dependent on a wide variety of societal actors in realizing their policies and strategies.
- Governments must find ways to relate to these actors. Traditional forms of participation, like informing and consulting stakeholders, are not enough. Strategies, policies and public services are increasingly realized in collaborative settings and processes of co-production.
- A variety of actors with different problem perceptions, goals and strategies lead to complex interactions between public organizations and the organizations in their environment.
- Public organizations are far from autonomous in determining the terms of success of their strategies. Their strategies have to be aligned with the needs and expectations of other parties, and be judged towards their contribution to a wider set of (public) values.

Realizing results in these interactive processes often requires public organizations to take up co-ordination activities, including network management (Klijn & Koppenjan, 2016). What are the main consequences of this governance revolution for SP? We see two categories of implications: outward bound and inward bound.

Outward-bound consequences:

- Operating in a complex multi-level and inter-organizational environment implies organizations are confronted with a high level of complexity and dynamics. In this environment, other organizations, groups and individuals are also strategizing. In order to cope with conflicts, power games and unpredictability, public organizations will have to

develop collaborative and adaptive strategies. But because of the complexity and dynamics of governance processes the role of strategists and style of leadership changes dramatically.

- Instead of a rational planner, leaders are needed who know how to connect, motivate and commit actors, to bridge differences and to elicit ideas for innovative solutions and services that are acceptable for a wide range of actors (Klijn & Koppenjan, 2016).

Inward-bound consequences:

- Internally, public organizations need plans and strategies that support departments and members at different organizational levels to be externally oriented, responsive and adaptive. On an *ad hoc* basis, ways of doing this often can be found. The challenge is how the new practices can be institutionalized within public organization. This requires adaptation and transformation of planning, procedures, budgets and culture, and balancing pressures to collaborate and coproduce with traditional roles as regulator, problem-solver and service provider.
- Instead of programming and setting performance goals, organizational members should be supported in improvising within certain boundaries, guided by a sense of direction instead of strict rules or targets. Overall, this has implications for recruitment, skills, training and personnel management.

Thus, the governance revolution strongly affects our image of SP. So where do we have to look for further theory-building?

Governance implications for strategic planning theory-building

These developments imply that ideas on communication and dynamics should be inserted in the rather rational ideas on SP. Even though this PMM theme emphasizes a strategy-as-practice approach to SP, it remains largely focused on the realization of strategic goals, in an almost hostile environment with organizational members who have to be incentivized to implement the centrally-formulated plans. In the contributions, top managers and administrators are often the respondents. That does not seem to be incidental. Acknowledgement of the importance of learning and participation does not necessarily imply a shift away from a command-and-control perspective, but can very well be attempts to close the SP circle even further. A more outward-bound SP also implies SP theory to open up for ideas from institutional and governance theory that are less guided by economic rationality and embrace more relational,

sociological and communicative principles (for example Jaffee, 2001; Sørensen & Torfing, 2007). Thus SP is in need of the development of strategies that are not aimed at controlling the environment and resources, but at negotiation, relationship-building and the realization of win–win situations. Strategies need to be aligned with the interests of all societal partners and be able to adapt to changing circumstances (Klijn & Koppenjan, 2016).

Inward bound, the question can be raised how intra-organizational structures and divides, task divisions, budgets, ways of working and strategies can be adapted to the need to be responsive and adaptive to the outside world. Rather than focusing on implementation and performance measurement, SP may acknowledge organizations as interest coalitions. And the need to motivate and facilitate organizational members to be responsive, improvise and work as public professional and network managers across boundaries. This new agenda for SP theory may also inspire governance scholars to think about topics that until now rarely received any attention from them. Although the strategies organizations enact in networks are core to the governance processes they study and theorize upon, the implications of inter-organizational collaboration for intra-organizational SP barely received any attention. In this respect, it might well be that SP theory might enrich governance theory. If we succeed in combining the strengths of both approaches, this has the potential of considerably increasing our understanding of the functioning of public organizations in the complex network society.

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