EXPLORING STRATEGIC MANAGEMENT IN ITALIAN MINISTRIES:
A TWO-YEAR LONGITUDINAL CLUSTER ANALYSIS

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Exploring strategic management in Italian ministries: a two-year longitudinal cluster analysis

Abstract
Strategic management has been singled out as one of the most critical areas of public management research and practice as well as a still-relevant approach in the new post-Weberian organization. A relevant gap of the conspicuous literature refers to the extent to which strategic management is being used in central governments, especially in non Anglo-Saxon countries. The paper explores the evolution of strategic management in Italian ministries following central guidance provided in 2006. The descriptive statistics and longitudinal cluster analysis report a diversified situation comprising a small group of best practices and two larger groups in which either a logical incrementalism approach or an absence of strategy prevails. A generalized critical issue is the diffused lack of internal and external analysis, including stakeholder mapping and engagement. This is reflected in a very low quality of the strategic objectives that impacts, in turn, on the quality of the indicators and, thus, of monitoring and evaluation. Nonetheless, central guidance keeps focusing on strategy formulation ignoring the lack of strategic analysis.

Keywords: strategy; government; strategic analysis; planning; strategic control.
1. LITERATURE REVIEW AND MOTIVATION OF THE PAPER

In the past two decades, governments are facing very important challenges: the global financial and economic crisis, climate change and demographic ageing are just the most recent of the known issues that need to be addressed. Citizens are turning to the State, seeking immediate solutions to complex problems and demanding high-quality public services. While society’s expectations of government are increasing, the resources available to meet these needs are becoming more limited. As the crisis showed, one of the imperative is to find equilibrium between giving short-term solutions to the most immediate problems and assuring intergenerational equity in a long-term perspective. Furthermore, public sector reforms in the past two decades have put emphasis on management by objectives and performance measurement.

Under these circumstances, strategic planning becomes a central key issue for supporting an evidence-based policy-making.

Strategic planning - and the modern “strategic thinking” or “strategic management”\(^1\) - has been singled out as one of the critical areas of public management research as well as a still-relevant approach in the new post-Weberian organization. It has been defined as a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, within legal bounds (Bryson, 2004: 6; Bryson 1988). The theory of strategic management belongs to the rational approaches to public sector decision making and thus faces up the objections raised in public administration towards bounded rationality (Joyce, 1999; Boyne et al, 2004).

The literature has highlighted: (a) the specificities of strategic management in the public sector: namely relevance of democracy and politics, activities regulated by law and funding based on taxes; (b) the preconditions of the political and administrative context that enable an effective strategic management; (c) the aims and benefits of strategic management in a post-New Public Management era; (d) the different approaches: rational planning and political decision-making models, logical incrementalism and strategy absence; (e) the different stages of strategy formulation\(^2\), implementation and control (Joyce, 1999, 2008; Bryson, 2004; Meneguzzo, 2005; Boivard and Löffler, 2009; Lane and Wallis, 2009).

More recently, the literature has emphasized the concern of dealing with crosscutting issues, the need of integrating strategic planning to other processes and the coming up of new instruments such as scenario planning\(^3\).

Research on strategic management needs to focus on the strategic management process – instead of the documents alone – as it is not only a disciplined way for goals achievement, but represents a real innovative cultural approach in the public organizations. It is an opportunity to promote a confrontation moment for decision making between policy makers.

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1 “Strategic planning places more emphasis on the development of the strategic plan and often ‘assumes’ implementation. Strategic management specifically includes and emphasizes implementation”. Cf. Crosby, 1991: 1.

2 This can be detailed in three levels: the strategy for the organization as a whole, service delivery strategies (at a semi-autonomous organizational unit level) and functional strategies (such as marketing, financial resources, human resources, ICT, etc.). Cf. Rebora and Meneguzzo, 1990.

3 The latter is particularly relevant in the private sector. Cf. Strategic planning in a crisis: A McKinsey Quarterly Survey, 2009, http://www.mckinseyquarterly.com. It is curious to compare it with a common position of the ’60s: “… simulation is a last resort technique, i.e., that it is to be avoided if any other analysis techniques can be used to study the problem”. Cf. Geisler and Ginsberg, 1965: 6.
and managers, to increase the engagement through the participation of the staff, to reconsider what is truly important for the organization.

In the public sector, the process consists of the following steps: i) development of an initial agreement concerning the strategic planning effort; ii) identification and clarification of mandates; iii) development and clarification of mission and values; iv) external environmental assessment; v) internal environmental assessment; vi) strategic issues identification; vii) strategy development; viii) description of the organization in the future. The implementation of these steps requires the use of specific instruments.

There is a long-standing literature exploring the different strategic management approaches and process patterns in local government, healthcare organizations, schools, among others. A relevant gap of the conspicuous empirical literature refers to the extent to which strategic management is being used (as well as drivers and barriers) in central governments. This is especially true with reference to some non Anglo-Saxon countries such as Italy.

The paper explores the state of art of strategic management in Italian ministries following two main waves of reforms: the mid-nineties and the specific guidance on strategic management introduced in 2006. It aims at gaining an overview and understanding of the way strategic management is adopted and implemented at the central government level. At the time of writing, a new law on enhancing productivity in the public sector is being implemented through new guidance on strategic performance management. Therefore, our analysis has a double value providing an assessment of the 2006 guidance as well as the state of art which the new legislation is about to tackle.

2. STRATEGIC MANAGEMENT IN ITALIAN MINISTRIES: BRIEF INTRODUCTION TO THE LEGISLATIVE FRAMEWORK

Managerial reforms in Italy date back to the 1980s, when several public administrations, mainly local governments, introduced some management principles and tools. End results were modest but these pilot experiences were useful in testing the tools and preparing the field for nation-wide reforms as those included in the main laws approved thereafter, as well as in showing that efficiency and effectiveness principles did not run counter to more traditional values such as legality and transparency.

During the 1990s, public sector reform concerned almost all components of public organizations such as financial management, human resources management and organizational structures, but also regional devolution. Political reform agendas were clearly inspired by the New Public Management model introducing some of its key features such as market-type mechanisms and performance management. In practice, however, the reform resembled a different model with the emphasis put on quality and citizens’ satisfaction mainly to be achieved through the creation of a professional culture of quality and service. The imperative of representative democracy, key to the Weberian model, remained firmly in place though evolving to include a range of devices for consultation with citizens (Cepiku and Meneguzzo, 2010).

In mid-1990s, strategic management was introduced with the generic aim of achieving efficiency, effectiveness and economy in the public sector. The interesting point with the first wave concerns the implementation sequence: in the first round, emphasis was put on the performance evaluation of senior civil servants. This was followed by a strong emphasis
on the introduction of accrual accounting and managerial controls. Both proved ineffective as took place in a vacuum, i.e. in absence of any strategic planning process\(^4\).

It was only in 2006, with the revision of the mission of the Committee for Strategic Planning (CTS), that the focus shifted to strategic management and planning, finally acknowledging being a precondition for any form of strategic control and performance evaluation or performance-related pay. The guidelines issued shortly afterwards pursued two main aims, through the adoption of strategic management in ministries: (i) to strengthen the connection between policy formulation (the political programme of the government for the legislature) and the strategy of ministries; (ii) to enhance the integration between financial resources planning and the strategic management process in ministries\(^5\).

The Committee for Strategic Planning provided detailed guidance on the different phases of the strategic management process, the instruments, the actors involved and the specific role to be played by the ministerial strategic units (the so-called SECIN or Servizi di Controllo Interno). The recommended process resembles the rational planning approach and is heavily regulated. Each minister, considering the mission and mandate of her/his ministry, states the political priorities, on the basis of which the ministerial top management defines a first proposal of strategic objectives and a budget plan. This proposal is then transmitted to the State General Accounting Department of the Ministry of Economy and Finance, and will be revised two times, following the MTEF and financial bill approval by the Parliament.

After the approval, the strategic plan can be implemented: it must contain operational objectives related to any single strategic objective and collected in a specific action plan, the time-frame, the horizontal or sector-based nature of the objectives, the indicators whereby the objective is measurable and accountable, the name of the manager responsible for any objective.

An additional effort is required for monitoring and controlling the implementation of the plan in order to correct in time its direction, and to continuously evaluate its relevance and effectiveness. Every three or four months, internal monitoring reports are produced and at the end, the final report (for internal use) and the Performance Report (for the citizens) are published, communicating the results achieved and explaining the gaps between objectives and results.

In 2009, a new law on productivity, efficiency and transparency in the public sector was approved introducing relevant innovations on strategic management. It introduces the performance management cycle, strongly based on strategic planning and managerial controls, and changes the profile and the role of strategic planning units. The latter become independent from the political level, directly responsible for the quality of strategic management and should respect specific professional and expertise requirements. At the central level, a new authority is created to ensure the implementation of the law and audit the strategic management and control systems in place (Commissione per la Valutazione, la Trasparenza e l’Integrità delle amministrazioni pubbliche or CIVIT).

Our analysis of strategic management in Italian ministries, performed using 2007 and 2008 data, has two-folded policy implications. It provides an early assessment of the impact of the 2006 CTS guidance and a kind of feasibility study of the 2009 CIVIT guidelines.

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\(^5\) With the budgeting process meantime undergoing relevant reforms very similar to the French LOLF and, to a lesser extent, to the UK spending reviews (Meneguzzo, Cepiku, 2006).
3. RESEARCH METHODS

Considering the state of prior knowledge, our object of research – strategic management in central government – can be considered to enjoy an intermediate state of development (Edmonson and McManus, 2007). It draws from separate bodies of literature: a reasonably mature theory and an unexplored setting (central government in non Anglo Saxon countries).

At this stage of the research, the analysis of the main official documents of the ministries as well as of the guidance documents provided by the centre was carried out, together with nonparticipant observation. The latter was possible (and valuable) by taking part to the activities of the Committee for Strategic Planning (at the Presidency of Council of Ministers) from 2006 to 2008.

Besides descriptive statistics, the variables collected via documental analysis and observation were gathered with the aim of identifying groups of trend-sharing ministries, using cluster analysis technique and including a comparison between year 2007 and 2008.

3.1) Research objectives

The paper has a descriptive aim – exploring strategic management patterns in Italian ministries in 2007 and 2008 – and a normative aim – assessing the effectiveness of the central guidelines provided since 2006 and the feasibility of the new reform introduced in 2009, with the aim of identifying policy and operational implications.

Rich, detailed and evocative data are produced on the strategic management process in all Italian ministries. Exploring whether and to what extent strategic management occurs in Italian ministries includes an exploration of the inescapable steps that precede strategy formulation (such as environmental analysis, stakeholder mapping and engagement and risk management, etc.) as well as other methodological aspects of strategy formulation in terms of goals and indicators definition, interaction between different actors (central government, policy makers and senior civil servants), linkage between strategic planning process and budgeting process, performance measurement and communication.

Information was gathered on the approach selected by Italian ministries in introducing strategic management and on the results achieved, on the main actors of the strategic management process, on how the strategies are developed and implemented and on the instruments used (SWOT analysis, scenario planning, portfolio analysis, stakeholder mapping and engagement, risk mapping and management, mission, vision, goals and indicators, performance and target agreements, among others). Other investigated areas included the interaction of strategic management with other public sector reforms (especially performance budgeting and pay for performance).

The second aim – coherent with the normative nature of the theory of strategic management (Lane and Wallis, 2009: 103) – addresses the issue on how to make public organizations more prone to engage in strategic management, despite all factors that lead to “myopia, slack and bureau autonomy”. Attempts were made to identify cluster groups of ministries with similar features and to discriminate between sets of strategy adopters, in

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6 The national context of studies is relevant as strategic management is a highly context-dependent phenomenon. The political and administrative culture and other public sector reforms influence its take up. Therefore, unfortunately, only a very limited use can be made of the vast literature on strategic planning in other countries, such as the USA.
order to provide conclusions on how can both strategic management in ministries and central guidance be improved.

3.2) Information sources, units of analysis and variables

Three main official documents of strategic planning in ministries were analyzed: the annual strategic plan (*direttiva annuale*) containing also the statement of intents on political priorities by the minister (*atto di indirizzo*) and the detailed financial and action plans; the annual budget (*nota preliminare*) and the final performance report (which should also inform the budget debate in the Parliament).

The authors performed an in-depth analysis by reading all the official documents and independently filling the database. In order to control and limit the errors inherent in the subjective process of assessment, several measures were taken. The authors worked independently and discrepancy between the assessments was less than 1.5%; variables that were rated differently were reviewed once again, discussed and agreed upon.

Most of these documents were introduced or reformed in 2006. Therefore, the analysis starts from the year 2007. It should be noted that in 2008 a change in government took place that could have influenced the reform application (by also changing the members of the CTS). As a first and visible consequence, performance reports are no longer issued in 2008. Analysis was based, therefore, on the performance information included in the budget.

Our units of analysis are the sixteen Italian ministries in central government that have governance responsibilities in specific fields. These represent the entire population of ministries, with the exclusion of State ministries (i.e. without portfolio).

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<th>Table 1: Units of analysis</th>
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The variables resemble the classic stages of the strategic management process. Considering the documental nature of the analysis, our investigation is limited to the coverage of the phases and provides only limited evidence on the quality of strategic planning. For instance, if the strategic management official documentation of the Ministry of Social Policy provides evidence that some internal analysis or stakeholder mapping have been performed this means that these phases are covered but we have no objective information on the quality of the strategic analysis neither could we compare it with a similar activity in another ministry. Therefore, we have opted for binary variables leaving to a next stage based on primary data (interviews) research on the quality of strategic management.

In order to assess the methodological rigor (coverage of stages) of the strategic management process in Italian ministries we have identified 14 binary variables, which are classifiable in 3 groups (see the protocol of analysis in Appendix 1).
The first group of variables aims at verifying the availability of the documents useful for collecting information on the methodology of strategic management. The objective of this area is to answer the very preliminary question: is there any evidence of an activity of strategic planning in Italian ministries?

The second group of variables aims at finding out evidence of analytical activities that should be conducted by the strategy makers and that should precede the formulation of the strategic plan. In order to formulate a good strategy, the organization has to be aware of the characteristics of its internal environment and of the external environment in which it is involved. Several tools are available to conduct these analyses including the SWOT/C analysis, stakeholder management and risk management. The rationale of this sequence appears very clear considering that the environmental analysis is adopted to make the organizations aware of their internal strengths and weaknesses, and this awareness is the main framework for networking with stakeholders and for managing risks. Another important element is the connection of the strategic plan with the previous cycle of strategic planning in order to ensure about the temporal continuity of the strategic decisions and activities.

The third group of variables aims at analyzing the formulation of the strategic plans in terms of strategic objectives. In order to establish if the formulation of strategic objectives is meaningful, we have focused our attention on some characteristics: the linkage with the budget management cycle that should ensure about the financial sustainability, the multi-year temporal horizon that represents an indicator of the long-term work propensity, the presence of crosscutting activities and objectives, the specification of consistent indicators for performance measurement and management. The objective of this area is to give answer to the question: is the formulation of the strategic plan methodologically appropriate (i.e. are all the stages recommended by the literature covered)?

3.3) Cluster analysis

Besides descriptive statistics, we decided to employ clustering to identify similar groups of ministries in terms of strategic analysis and strategy formulation for the years 2007 and 2008. Due to strategic management’s emphasis on identifying groups of similar organizations, cluster analysis has been a rather popular methodology in the field. By taking a sample of elements (e.g. organizations) and grouping them such that the statistical variance among elements grouped together is minimized while between-group variance is maximized, cluster analysis permits the inclusion of multiple variables as sources of configuration definition, thus capturing the multidimensionality of constructs of interest in strategy research. Even without disposing of a huge observation sample, it can provide rich descriptions of configurations without over-specifying a model (Ketchen, Shook 1996). The identification of clusters is in fact inductive and empirically based, instead of guided by theory. The inclusion of two years in the analysis allows us to compare movements in the cluster membership from one year to the other, and so to assess the evolution of strategic management tools employment in that period.

We decided to focus on the second (strategic analysis) and third (strategy formulation) groups of variables as the first one merely describes the formal availability of documental evidence and is, thus, not useful for our analytical purposes. The cases of observation are all the 16 Italian Ministries.

For this paper, agglomerative hierarchical algorithms were used, which the theory indicates as best suiting datasets where the sample is rather small and measures are
qualitative (in our case, all the variables are binary). Similarity was measured by calculating binary Euclidean distances and aggregation was conducted employing Ward’s method, as this has been indicated as the best method in the absence of outliers (Kuiper & Fisher 1975; Edelbrock 1980).

The clusterization algorithm was thus run in a SPSS environment using the original 11 variables from the two groups, each comprising 16 observations, including the two years simultaneously so to obtain a blocked membership outcome. The visual inspection of the dendrogram result as well as the coefficient analysis suggested the existence of 3 separate clusters for the two aggregate years. We then proceeded to graphically represent the cluster positioning for the two years in a scatterplot which features the percentage of “yes” answers about formulation variables on the X axis and the “yes” answers about analysis ones on the Y axis, for both years.

4. RESEARCH FINDINGS

As already mentioned, our analysis featured an intermediate stage, consisting in the descriptive analysis of the documental evidence about the strategic management process in ministries, and a final data reduction study through cluster analysis.

4.1) Availability and quality of the official documentation

A first exploration concerned the availability of the three documents – strategic plan, budget and performance report – that, according to the law, should be made public. The compulsory requirement is not sufficient; not all the ministries have defined and approved these documents. The redaction of the strategic plan is mandatory since 1999 and, in fact, this has been adopted almost by all ministries. The budget and the performance report have been introduced in 2006. Therefore, only half of the ministries comply with this legal requirement in 2007, while in 2008 there is a significant increase in the number of ministries (from 8 to 15) adopting the budget document (nota preliminare).

Although the focus of our analysis is strongly oriented on the strategic management process, the documents hold their own relevance, especially in terms of internal and external communication of strategic priorities and results.

In some cases (Defence, University and Research, Public education) even if the strategic plan is adopted, it consists only of a brief document (less than fifteen pages), of poor quality and lacking the fundamental phase of the identification of strategic objectives. In other cases, specifically the Ministries of Transport, Agriculture and Cultural heritage, there is only a list of strategic objectives, without any other relevant information on how these have been defined and how will be pursued.

It is interesting to notice that only two ministries (Interior and Economy) have produced all the three documents of strategic management. This is particularly relevant considering that the process is an activity which is really effective only if it is iterative and works in a systemic perspective. For instance, in absence of the performance reporting, it is impossible to compare the achieved results with the goals, and strategic management runs the risk of becoming ineffective. Moreover, the lack of the performance report negatively affects the degree of accountability of a public organization, consequently reducing citizens’ trust.

With regards to the budgeting process, it is still not connected with the planning process in eight ministries: this circumstance represents a very negative aspect considering that the
2006 normative framework was introduced with the explicit aim of improving the connection and the coherence of the two processes.

Summarizing, there is evidence of activities of strategic management in Italian ministries, but, in most cases, it is undertaken adopting with a bureaucratic and compliance-oriented approach rather than a managerial approach.

### 4.2) Coverage of the strategic analysis phases

Moving to an in-depth analysis of the documents for each ministry, the picture worsens. Only for four ministries (Social Policy, Labour, Foreign Affairs and Defence) there is some evidence on the accomplishment of environmental (external and internal) analysis. This is not a positive precondition for an effective strategy formulation.

Several ministries limit their strategic analysis to one of the two areas: for instance, the Ministry of Health in analysing its internal environment, takes into account a quantitative description about the equipment of the various departments in terms of human and financial resources.

Only two ministries (Social Policy and Labour) have carried out a stakeholder mapping and engagement and these are part of the four which carry out internal and external environment analysis. This demonstrates that stakeholder management is strongly related to internal and external context analysis. Stakeholders may be other public administrations or groups of interest, and their role and position can influence the ministry’s actions.

The Ministry of Social Policy and the Ministry of Health present a relevant peculiarity: in their action plan there is a section for each objective dedicated to the foreseen barriers that should be overcome. This element points out a risks recognition activity and for this reason we can assume that there is a risk management activity in these organizations.

Summarizing, with the exception of a few cases, Italian ministries do not pay sufficient attention to the strategic analysis part of the strategic management process. There is no evidence of collection of relevant information on the internal and external context in which the strategic plan will be implemented. This points to another question: could a strategic plan be feasible and effective without knowing the opportunities and the challenges that the context presents, and without understanding internal strengths and weaknesses? The literature already provides a negative answer and an empirical verification would require an in-depth evaluation of the performance of these organizations, in order to verify whether the goals have been achieved, in which way and which outcomes they produced.

### 4.3) Coverage of the strategic formulation and monitoring phases

The quality and rigour of strategy formulation and monitoring depends greatly on the quality of the strategic objectives. Our analysis shows that most of the Italian ministries have objectives with a lifetime longer than one year. While this is a positive feature meaning that the organization has a longer-term focus, it makes the monitoring of the objectives and the definition of operational objectives more complex. With the exception of the Ministry of University and Research, all the ministries establish an exact deadline for their achievement.

Only nine ministries have cross-cutting objectives (i.e. recognizing that their realization influences the mission achievement of other organizations)\(^7\).

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\(^7\) An interesting example is that of the Ministry of Economy and finance. In its plan there is a strategic objective called “reducing the deficit and respecting the Internal Stability Pact”. This issue is manifestly
Another crucial aspect is the connection between the strategic planning process and the budgeting process, necessary to effectively allocate resources and to enable the implementation of recent performance-budgeting reforms (similar to the Spending Review in the UK and the LOLF in France). Only through an effective strategic planning process, it is possible to evaluate the performance and to distinguish programmes that are producing results from those that are not, enabling managers to improve poor-performing programmes and orienting decision makers in resource allocation. In Italian ministries, this approach was totally absent before the reforms. It is improved in 2007 with eight strategic plans having the strategic objectives connected to their spending prevision and again in 2008 when the number of ministries reaches 15, mostly due to the budgeting reform.

If the strategic process worked correctly, any citizen could trace the origin of the performance chain, from the government's priorities to the operational objectives and the results. The linkage between political priorities and strategic objectives is present in half of the Italian ministries.

Another characteristic of an effective strategy are high-quality and consistent indicators, without which objectives are not measurable and the results cannot be accounted. If a citizen would like to understand how a public administration or a program is working by reading a performance report, he would be able to find this (nonetheless, mandatory) information in only three ministries.

As far as evidence on strategy formulation is concerned, Ministries are apparently distributed in two clear poles: those that present a good quality across almost all six variables (namely: Social Policy; Labour; Agriculture, Food and Forestry Policies; Infrastructure; Environment and Economy and Finance) and those that present a scarce quality of almost all variables (Transport; Public Education; Foreign Affairs; Defence). Only a few ministries occupy an intermediate position. This draws the attention to the high interdependency among strategic management phases and elements.

In sum, the quality of strategy formulation in general and of strategic objectives in particular is very low, with only the Ministries of Social policy, Labour and Infrastructure satisfactorily covering all the key aspects.

**4.4) The impact of the reforms: results from the cluster analysis**

At this point, we can try and interpret the findings of the cluster analysis conducted on all of the Ministries and on 11 of the 14 variables considered (excluding the 3 documental presence/absence ones), which was carried out considering simultaneously the variables from both years. A scatterplot representation of the three identified clusters allows us to visually interpret the position of groups with respect to the degree of strategic analysis and formulation and monitoring (on the Y and X axis, respectively). It is important to note that cluster membership is blocked between the two years, so movements in the scatterplot view represent the actual difference in the coverage of strategic management activities by cluster members from one year to another; this was possible calculating the coverage percentage of activities for 2007 and 2008 separately, while keeping stable the overall cluster composition for the two years combined.

As illustrated in the following figure, Cluster 1 represents the more “virtuous” Ministries, or in other words those which steadily carry out more than 50% of the strategic activity

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horizontal because for its achievement it is necessary that each public administration contribute by reducing its expenses, but this strategic objective is not considered crosscutting.
requirements for each area. It includes only three ministries and the impact of the reforms is strongly positive on both the analysis and the formulation sides.

Clusters 2 and 3 stand considerably below the first one in terms of strategic analysis and the reform, focusing mainly on formulation standards, did not produce any remarkable improvement in this regard. A relevant difference between Cluster 2 and Cluster 3 is the degree of formulation and monitoring. While the former (Cluster 2 accounting for half of the ministries) shows a limited analysis - limited formulation pattern (which corresponds to an absence of strategic management), the latter covers all the stages of strategy formulation and strategic control even in absence of any kind of analysis.

Figure 1: Strategic management in Italian ministries: results of the two-year longitudinal cluster analysis

This analysis has relevant implications also for the 2009 reforms (the Law N. 150 and the recent guidelines issued by CIVIT). In fact, these guidelines keep focusing on the characteristics of strategy formulation, on performance standards and performance measurement, neglecting the issue of strategic analysis. It is clear from our analysis that this kind of guidance is effective for a very small number of ministries (only the three pertaining to the first Cluster) that have already developed competencies and experience on strategic analysis, while is behind reach for the others.
5. DISCUSSION AND CONCLUSIONS

The analysis of the first two years of application of strategic planning guidelines in ministries points out the adoption of a logical incrementalism approach in some cases and the absence of strategy in others.

Considerable differences in the quality of strategic documents and in the capacity to carry out context analysis and link it to organizational goals and strategies are noticed. The case studies range from the minimal fulfilment of legal requirements to the active take up of the strategic management process.

Apart from some cases – namely, Social policy, Health and Labour that rank high in terms of both strategy analysis and formulation and monitoring – the other ministries share a critical issue, which is the diffused lack of internal and external analysis, including stakeholder mapping and engagement and risk management.

This is reflected in a very low quality of the strategic objectives that impacts, in turn, on the quality of the indicators and, thus, of monitoring and evaluation. Strategic objectives are usually lists of activities instead of future-directed priorities / outcomes and indicators often refer to limited aspects of the goals. A persistent orientation on outputs (or even on the control of inputs) is observed instead of outcomes.

Boosting horizontality within government was often among the aims of introducing strategic planning in other countries. Crosscutting issues, however, are not frequently present in Italian ministries’ strategic planning. Relevant causes include difficulties of pooling budgets and lack of inter-ministerial coordination.

Another lingering weakness, in spite of recent reforms, is the integration with the budget process, which was achieved only formally (aligning timing of both processes) and not substantially (content of strategic and financial planning).

A first policy implication of this study relates to the need to overcome the fragmentation and lack of coordination between the actors responsible for assistance and guidance: namely the Committee for Strategic Planning (CTS) at the Presidency of Council of Ministers, the State General Accounting Department (RGS) at the Ministry of Economics and Finance. The newly established authority (CIVIT) has been endorsed with a very relevant mission. Yet, the relation of it to the other actors (CTS and RGS) remains unclear.

Secondly, both the 2006 reform and the 2009 law identify minimum standards of compliance in defining a strategic plan, although with a different degree of authority, the first being guidelines and the second a law. There is still lack of awareness of the state of art of strategic management in ministries, which will hinder the effectiveness of the reform. Acknowledging the absence of competencies and experience with strategic analysis (either internal or external) is the first step for addressing it.

In part, the aforementioned critical issues depend on the preconditions of strategic management, i.e. the unsatisfactory results achieved by public management reforms in Italy and the limited autonomy of senior managers to engage in decision making for the future.
6. REFERENCES


Crosby B.L., (1991), *Strategic Planning and Strategic Management: What are they and how are they different?*, USAID Technical Note N. 1.


7. APPENDIX 1: PROTOCOL FOR ANALYSIS – VARIABLES

(1) Group I (*)

1. Is the document called “Strategic Plan” available for the year 2007?
2. Is the document called “Budget” available for the year 2007?
3. Is the document called “Report on Performance” available for the year 2007?

(2) Group II

4. Is there evidence of external environment analysis?
5. Is there evidence of internal environment analysis?
6. Is there evidence of stakeholder management activity?
7. Is emphasized the connection with the previous strategic planning cycle?
8. Is there evidence of risk management analysis?

(3) Group III

9. Are there multi-year strategic objectives in strategic plans?
10. Are there crosscutting strategic objectives, shared with other Ministries?
11. Are the strategic objectives linked to the budget management cycle?
12. Is the linkage between strategic objectives and priority of policy makers emphasized?
13. Are consistent indicators connected to strategic objectives?
14. Is an exact deadline determined for the objectives?

(*) Variables not included in the cluster analysis
8. APPENDIX 2: CLUSTER ANALYSIS COEFFICIENTS

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<td>22.053</td>
</tr>
</tbody>
</table>
9. **APPENDIX 3: CLUSTER MEMBERSHIPS**

| Cluster 1 | 1) Social Policy  
| 2) Health  
| 3) Labor |
|---|---|
| Cluster 2 | 1) Transport  
| 2) University and Research  
| 3) Public Education  
| 4) Foreign Affairs  
| 5) Defense  
| 6) Economic Development  
| 7) Environment  
| 8) Justice |
| Cluster 3 | 1) Agriculture, Food and Forestry Policies  
| 2) Infrastructure  
| 3) Interior  
| 4) Economy and Finance  
| 5) Cultural Heritage |