The Use of Strategic Management in the Public Sector Organizations in Tanzania:  
A survey of four Executive Agencies.

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1.0 Background Note.  
This paper focuses on the use of strategic management in four executive agencies in Tanzania. In order to fully grasp the strategic management issues in the agencies studied, we also examined, albeit in a nutshell, the extent to which their parent ministries do use strategic management, through which agencies’ strategic management is mirrored.

Strategic management is now a government-wide reform initiative in Tanzania. In the 1990s, after a considerable period of socio-economic reforms (which started in 1986), the government of Tanzania launched an expansive public sector reform including the introduction of a strategic management approach that requires all public organizations to adopt strategic management in their management system. In line with this new policy requirement, all public organizations are expected to develop long term vision, strategic objectives and establish the level of resources required to accomplish the identified performance objectives. The basic idea behind this reform was, first and foremost, to align public service provision with the related financial implications. To that effect public organizations are required to indicate what they are doing, how they are doing it and with what financial implications.

The introduction of strategic management in Tanzania has to be seen as typical reform efforts whose success is not dependent solely on ‘policy pronouncement’ but also on the context in which reforms are introduced, a context characterized by budgetary constraints and cultural resistance to reform. In this paper we explore the extent to which strategic management has been adopted in four executive agencies and in their respective parent ministries, and determine whether these organizations have been able to overcome problems relating to budgetary constraints and resistance to change. For a developing country like Tanzania there is often the problem of budgetary inadequacy for public service delivery in which the gulf between planned activities and resources availability is usually huge. An interesting issue will therefore be whether this lesson of history has
been taken in consideration before strategic management was introduced and put to practical use. A feasible strategic planning requires substantial resources commitment (Douglass and Vizant 1996) and therefore it will be interesting to examine whether adequate resources were truly committed by the government for the implementation of agencies’ strategic plans. Our findings indicate that although many elements of strategic management have been introduced in the four agencies we studied, by and large, the fact remains that a full implementation of strategic management in the public organizations is faced with two problems, namely financial constraints and the general uncertainty to change. Although the use of strategic management in the public organizations in Tanzania is still in its infant stage, early indication is that reformers need to be cautious of ‘implanting’ new management techniques into the public sector without paying due consideration to the context in which they are introduced. The danger of not paying sufficient attention to the context is that, the negative consequences of reforms may outweigh its benefits.

2. Introduction.
Strategic management has gained a sustained prominence in the management of public services in the past two decades or so. Public organizations are increasingly being asked to use it as part of their management techniques. It has become an attractive management tool to reformers, and as Bovaird (2009: 61) argues for an organization to be without a strategy is to appear directionless and incompetent. It is not an exaggeration to say that, the use of strategic management particularly in this era, when public organizations are considered under-performing and uneconomical in their use of public resources, could, among other things, help to enhance public organizations’ image and legitimacy. The general mood of the public has been that public managers must ‘do more with less’, the situation that requires strategic thinking in order to ‘reduce wastes’. Writing from the US context, Berry (2001) noted that widespread recession of the early 1990s precipitated the need to ‘hold down the size of the government’ thereby forcing political leaders to initiate public sector reform process that takes strategic management to its heart.

Strategic management is concerned with the process of making organizations develop their mission, purpose and define what they should be doing, with which resources and how it can be done most effectively and efficiently. Hughes (2003) see the rise of strategic management in the public sector as a critique to traditional public administration model, which he describes as inward and short-term focused, routine oriented based with less considerate to long term planning issues. Managing strategically implies looking to the future as well as trying to link an organization to its environment. As Hughes (2003) insists strategic management has to go beyond routine management tasks and consider in a systematic way a long-term organization mission and vision. Similarly, Eadie (2000) suggests that the purpose of strategic management is to maintain a favourable balance between the organization and its environment over a long period. It is also about thinking the best alternative in getting solution to a certain problem under a given circumstance. Strategic planning is about looking to the future from the current position of a firm. It entails a systematic process for gathering information about the ‘big picture’ and using it to establish a long-term direction and then translate that direction into specific goals, objectives, and actions (Poister and Streib 1999).
While strategic management is now widely accepted and recognized, there are still skeptical-minded people who see strategic management as unfit for the public sector management (See Berry 2001). For one thing, this skepticism emanate from the fact that traditionally, planning efforts in the public sector have often ended unimplemented, meaning that planning documents often end up on the ‘dusty shelves’ as their contents were rarely implemented. Berry (2001: 264) however, argues that the ‘old traditional planning’ and the current strategic planning efforts are different in four ways:

1) The current efforts of strategic management put more emphasis and consideration of external factors (environment) while the traditional model of planning tend to ignore this important aspect of planning

2) While the current strategic planning identify its stakeholder and gather information from them for the purpose of incorporating in the organizational decision making, this was not the practice in traditional planning model

3) While traditional planning was on short-term basis the current strategic planning tend to be based on long term vision, e.g a 5-year plans

4) While tradition plans may develop objectives, but often without plans of action while the current strategic thinking tend to be integrative, incorporation not only plans of action (implementation process) but also budgeting and quality management systems

There seems to be a new spirited enthusiasm in the public sector towards the use strategic management approach. Although much has been written about the rise of strategic management, less has been documented on the many issues raised by the introduction of strategic management in the public sector (Nutt 1993, Green 1998). The central concern of the current literature is that the public sector context is not conducive to strategic management and that the introduction of strategic management in the public sector may not yield the expected benefits. Beyond this general concern, much is yet to be done in measuring the extent to strategic management is actually being used by the government organizations. This paper seeks to contribute to the growing research of the application of strategic management in public sector by exploring three questions relating to the introduction of strategic management in public sector in Tanzania. These questions are:

1) To what extent executive agencies in Tanzania do use strategic planning?
2) To what extent is agencies’ strategic planning linked to their parent ministries strategic plans?
3) How does the development of strategic management in the government impact on questions of loose or tight coupling/decoupling?

In order to handle these questions the paper is structured as follow: After the background note and introduction to strategic management in general, it defines what strategic management is. It then moves on to provide a conceptual overview of the strategic management in the public sector and, that is followed by a section that describes what is meant by managing strategically and how strategic management is generally
developed in the public sector. The final sections are concerned with the presentation of empirical data, discussion and conclusion.

3. Defining Strategic management
Before we move on, we need to define what the strategic management is. We however, at the outset, need to be clear of one thing: there seems to be a very narrow ground that tries to distinguish strategic management from strategic planning. That field is still young and scholars are still grappling with its conceptual definition (Vinzant and Douglas 1996, Hughes 2003 see Halachmi 2000 for an elaborate discussion). In this short paper we do not intend to delve ourselves into that discussion, nor do we attempt to distinguish them. Instead we propose to use the two concepts interchangeably. That being highlighted, we now move on to explore the meaning of strategic management.

Strategic management has been defined variously (see Bovaird 2009, Berry 2001, and Hughes 2003). While strategic management is a key concept in the management research, there has been a notable inconsistency on how it is conceptualized. Berry (2001:263) defines strategic planning as a systematic process for managing an organization and its future direction in relation to its environment and in accordance with the demand from its stakeholders. While considerate of organizational environment, this definition also insists the role of organizational stakeholders in shaping organizational decision making. Bryson (1988, 118) describes strategic planning broadly as a disciplined effort to produce fundamental decisions and actions that define what an organization is, what it does, and why it does it. In a similar vein Boyne (2001) sees strategic planning as organizational attempt to influence its future by forecasting changes in the organization and its environment, setting objectives, and developing strategies for the achievement of these objectives. Whereas it may be hard to find out precise definition of the concept of strategic management, Bozeman and Straussman (1990) assert that there are three major features of a strategic approach in managing an organization: defining goals and objectives, developing and action plan that mediates between organization and its environment, and designing effective methods of implementation. An elaborate discussion of how strategic management is developed in an organization is given below.

4. Strategic Management in Public Sector.
Strategic planning is a relatively new innovation in the public sector management, and according to some observers, it represent a major change in the management of public sector organizations (e.g., Bryson, 1988). According Poister and Streib(2005)strategic management was only introduced into the public sector 20 years ago, with much of the early literature focusing on local government applications. This observation implies that strategic management is basically a new management instrument\(^1\) imported to the public sector. For example, Llewellyn and Tappin (2003) insist that strategic management is not rooted in the public sector so strategies have to be ‘planted’ in the public services. They continue to argue that public sector cultures are uncultivated ground for strategic thinking – public services constitute a ‘wilderness’ in this respect. An immediate question that

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\(^1\) Bovaird (2009: 62) argues that strategic planning is quite old, dating back to the 19th century with its first usage in town planning and later in industrial planning in Russia in the later 1920s. It is these public planning roots that gave rise, from the 1950s onwards to private sector.
comes to ones mind is then why should public sector borrow this management approach from the private sector? For private sector the reasons for the use of strategic management is rather justified by the circumstances in which they operate- a competitive and market driven environment in which the innovation for survival strategic is crucial. In order to survival and prosper firms have to develop a means of aligning their missions to their environment and that means is strategic planning. Strategic management is thus a key survival tool. For public sector the need for strategic management seems to be lower because their survival are not in immediate threat and that their environment is not that major threat for their survival (Snow and Hambrick 1980). Despite this observation public sector is being forced to adopt strategic management approach in their performance.

5. The Rational for Strategic Management in the Public sector.
The current surge for strategic management in the public sector is related to a number of recent events that also triggered far reaching public sector reforms. As noted above, there seem to be a clear connection between economic crisis of the later 1980s and the increased emphasis in the use of strategic management in public sector organizations. For example the strategic management literature includes extensive writings on "cutback management" (Rubin, 1990) and as well as the alignment of organizational goals and the available resources. During periods of fiscal austerity, public organizations are likely to adopt strategic planning to assist agency managers to contain their budgets and maintain funding for the agency's highest priority areas (Caïden, 1990). Since funding uncertainties and constraints are endemic to public services, public sector organizations are required to make their organizational aims, outputs and outcomes much more transparent in ‘strategies’, in order to secure on-going funding from government bodies (Llewellyn and Tappin 2003). Strategic management is also said to enhance external control of how public organizations use meager public resources. In my recent interview with a senior staff in the ministry of Industry, Trade and Marketing, it was revealed that strategic planning is now a compulsory activity for public organization because the treasury will have the problem of releasing annual budgets to public organizations that do not have strategic planning. This implies that strategic planning is something externally imposed to organizations from the treasury. There is impression that with strategic planning public organizations may be able attract funding from different sources. When funding from the government is not forthcoming or insufficient ,strategic management documents can be presented as an organizational vision (or ‘strategy’) that potential (additional) funding agencies can buy into in terms of both commitment and money (Llewellyn and Tappin 2003)

The use of strategic management is triggered by governments’ desire to control public expenditure via enhance efficiency of public organization (Green 1998). This desire is reflected in government’s emphasis to link organizations’ performance targets with funding ceilings. Traditionally the link between organizational performance results and costs involved is not clear and the introduction of strategic management is assumed to correct this past legacy.
It can further be argued that with the rise of NPM, the boundaries between public and private sector have become porous and that there is a significant increase in human resources movement between (cross-over) the two sectors. The implication of this is that there is also an increased transfer (movement) of management techniques and culture between the two sectors that are traditionally distinct. Another important element related to the NPM-reforms is the decentralization of public management in which public services are increasingly being delivered by semi-autonomous public organizations that are placed at arm’s length from parent ministries. In doing so, public sector is generally moving away from hierarchically managed agencies towards a management style in which there is split between provider and purchaser. This new system approach places strategic planning at its heart because of the fact that the services to be bought by the government from its agency must be precisely planned, and that costs related to its provision be clearly stated.

Further more, under the new governance arrangement ‘freed’ public managers would like to be more proactive in dealing with issues and move away from crisis-oriented management and to focus on future demands of their stakeholders. This is indicated by a survey of state agency leaders in the US who cited the following reasons for the adoption of strategic management in their organizations: 1) Their own perceived need to set a clear mission and direction of their agency 2) Prior experience of the chief executive officer with strategic management in another organization 3) A desire to emulate good business practice 4) Fiscal stress and the need resolve competing pressure to allocate resources (Berry 2001). Similarly it has been noted that an increase in the application of strategic management in the public management is also related to the increasing managerialism of public sector administration (Llewellyn and Tappin 2003). It is therefore imperative that the rise of strategic management needs to be seen as part of the broader public sector reform movement.

6. Managing Strategically in Public Sector: The process of developing strategic Planning
Managing strategically begins with the development of organizational strategic management model or plans. According to Bryson and Roening (1987) the process begins with a ‘plan for planning’. Although many authors take a pluralistic approach to strategic management development (Berry 2001), according to Zanetti and Cunningham (2000) strategic management is essentially the function of the top organizational leadership. Vincent and Douglas (1996) also argue that strategic management is a process carried at the top of the organization which provides guidance, direction and boundaries for all aspect of operational management. What is perhaps important for us here is to describe an organizational strategic management process than who doest what. There is a plethora of literature on strategic management in public sector and authors do not share a common view on the process of developing organizational strategic management. As Berry (2001) correctly acknowledge, there are many models of strategic planning process, none is superior than the other, and that an effective strategic planning process for an organization is always uniquely designed for that particularly organization to meet its needs. Eadie (1983) argued that organizational strategy can be narrow or broader but it must describe an organizational overall goal, and the means to achieving it including the
mobilization of available resources (technical & financial resources). He continues to say that the efforts to develop any meaningful strategic planning have to go through the following process:

1. The organization must have a firm grasp of those aspects of its environment identified as pertinent to its mission and goals. It must scan its environment and identify factors that have implications for achieving its goals.
2. It must assess its internal strength (capabilities in terms of human resources and finance) and to see whether it actually has the right resources to accomplish the chosen course of action (choosing the right strategic with the right strength).
3. Following the above two steps, the organizational goals are developed and compared with the available resources. This comparison must be able to give out the right objectives according to the available resources. Potential strategies are compared to organization resource’s base to determine as fully as feasible the costs of implementing a particular strategy. Objectives are then chosen basing on the basis of a rough costs benefits analysis.
4. Strategies are then developed to achieve the selected objectives. These are generally seen as implementation plans: setting major steps, accountabilities at various levels, deadlines and providing the needed resources.

A common approach to developing organizational strategic planning has followed what is commonly referred to as SWOT (strength, weaknesses, Opportunities and threats) analysis (Bovaird 2009). This is the analysis of internal and external organizational environment so as to identify factors favourable and hostile to the success of organizational mission. According to Vinzant and Vinzant (1996) strategic management exist when an organizational go beyond normal planning and implement those planning in strategic way. They continue to argue that strategic management consists of three interrelated component processes:

1. Strategic planning to determine organizational goals, objectives and implementation strategies.
2. Resources management to configure and allocate resources among units within an organization to implement the plans.
3. Control and evaluation to ensure the implementation of the strategies.

Similarly, Bryson and Roering (1987) developed a point 6-point strategic planning processes that they say is applicable to public organizations. Their process begins with initial agreement on the need to plan within the organization. The ‘plan for planning’ will then garner organizational energy and support among organizational leadership. At this stage while nothing substantive is articulated, the aim is to create a sense of why strategic planning is necessary and who will steer the process (Berry 2001). An external consultant can be hired to be part of the steering team. The second phase in the process is to reiterate or restudy or identify organizational mandate. Bryson and Roering called this as the need to understand the ‘Must’ of an organization, or the things the organization must do because they constitute the reason for why the organization is created in the first place. Organizational strategic planning has to take its ‘Must’ as a central building block. The third process is to identify and develop organizational mission, vision and values. The clarity of these elements is central to the long-term organizational success. Clear
mission statement leads to the easier creation of organizational goals and objectives. As Berry (2001) suggests, mission statement must be able to easily answer questions like ‘whom do we serve, why we exist, what were the problems we were created to address etc. This has to be followed by the organization’s attempt to develop its key ‘strategic issues’. These are the issues that will be at the centre of strategic management process of the organization. The next steps will be to deal with the ‘SWOTS’. At least many authors on strategic management agrees that this is a key element in any attempt to develop any meaningful organizational strategic planning.

When organizational vision is developed and objectives are agreed, the next step is to understand organizational strengths, weakness, opportunities, threats and support. While the first two elements concern internal factors to the organization, the last three factors connect the organization to its environment. Organizational strength concerns issues related to organizational resources (human resources, finances), internal competences and capabilities, leadership, technological and organizational internal management processes that are crucial to organizational success. After the analysis of its internal factors, the organization must look outside its boundary to identify opportunity that the environment may offer to support the success of its mission. There can be so many opportunities but that also depends on the type and nature of organization’s mandate (tasks). Stakeholders or political support for organization goals are examples of opportunities. Several threats also exist for organizational endeavors to succeed. Lack of resources, political support, and hostile stakeholders are among the threats to organizational success. After SWOTS analysis the organization weigh out various options to choose best alternatives for implementation. The choice of options are related to organizational mandates (essential priorities) and results of the analysis of SWOTs. The sixth step is to implement best chosen options. The current strategic effort is to go beyond the old traditions of developing strategic plans that are never implemented. Lastly the organization must create a feedback loop in which implementation of strategic plans are re-connected to organization mission and goals. This is done through the process of evaluating the results of the implemented programmes.

Although this strategic planning model seems to have followed a logical sequence it should be emphasized that there is no single superior model or approach. Much depends of organizational resources, mandate and motivation and as such there is no blueprint of organizational strategic planning processes.

It needs also to be emphasized that full development and implementation of strategic planning, particularly in the public sector point to the need for strong external support. While the importance of internal organizational strength has been highlighted, it is important to realize that without much external support, organization efforts to develop strategies will not yield expect organizational benefits. Both political leaders and stakeholders must provide sufficient resources and oversight to support organizational planning endeavours.

Whereas external support seems to be necessary, there is also a recurring debate in the literature as to whether or not strategic management is applicable in the public sector. At
the centre to this debate is the argument that strategic planning may not be an ideal management tool for public sector because of the difference between private (from where it originated) and public sector organizations (Zanetti and Cunningham 2000). Hughes acknowledges that there ‘are more problems and constraints in using strategic management in public sector compared to private sector’, yet he is of the view that public organizations ‘could conceivably benefit from a strategic approach’ (Hughes 2003:136). According to Berry (2001) public sector presents some obstacles to strategic management because of public policy vagueness (goal ambiguity), competing and unstable public sector political goals. It is further noted that public organizations face a wide range of stakeholder and their power in policy making can be substantial, constraining internal organizational autonomy to develop policies (Nutt 1993). Many other recent literature have cited the resources constraints as factors that may hinder the successful use of strategic management in the public sector (Llewellellyn and Tapipin 2003, Douglas and Vizant 1996). It is argued that many strategies developed need substantial amount of resources that are always not readily available for many public organizations. Similarly, Claver et al (1999) draw a conclusion that public organizations have less autonomy in decision making than their private sector counterparts.

Another issues highlighted in the literature is that of culture difference between public and private sector. Christensen and Laegreid (1999) strongly argued that public sector has its own culture and that a direct importation of privates sector techniques has often been resisted by public sector organizations. In their recent research on the application of NPM in Norway they noted that the Norwegian civil service has taken an incremental way in implementing the radical NPM reforms, of which strategic management is one of its elements. They observed that instead of radical reforms, political and administrative actors have always agree on the need to balance political considerations with the value of a rule-oriented civil service, citizen’s right, equity, the interest of affected parties and the code of professional behavior. In a similar observation, Whorton and Worthley (1981 cited in Claver et al 1999) lamented that new managerial techniques have failed to succeed in public administration due to resistance offered by bureaucratic culture. Despite these observations, the use of strategic management continues to hold grounds in the public services.

7. Public sector reforms in Tanzania; Towards Public sector strategic management

The past two decades or so has been a period of extensive reforms in Tanzania. It is quite rare to see what is not being reformed. The triggers and enthusiasms for reforms are understandable for Tanzania, which has now fully embraced liberal economic policies, after abandoning its socialist policies in the later 1980s. As Tanzania continue to re-orient itself from socialist institutional set up to liberal social-economic setup, there certainly were and are so many types of reforms that are being undertaken, the situation that prompted one scholar to characterize Tanzania as suffering from ‘projectitis’ in which more than 2000 donor-funded reform programmes appeared in the national development budget (Therkildsen 2000). For the purpose of this work we will only focus on one component of this projectitis - the public sector reforms, of which strategic management is its key element.
7.1 Strategic Planning in Tanzania. The origins

The introduction of strategic management in Tanzania in the later 1990s was preceded by a number of important policy decisions. First, in the 1990s, after a reasonable period of social economic, the government decided to review its national development goals, a decision prompted by the fact that while it was realized that reforms were able to set the country into the right path of liberal economic policies and that the economic growth was steadily being recorded, at least 6% annually (Mongula 2006), the government also noted that there was another puzzle that needs to be addressed: the rising levels of poverty in the face of a rapidly growing economy. There was emerging consensus among political actors in the country that the issue of poverty reduction needed a special government attention and a policy direction (Rugumyamheto 2004). Externally, this was also a period in which donors were facing fierce criticisms for not doing enough to address poverty in their development aid policies. In response to those criticisms donors started to directly link their economic assistance to the government’s efforts to address poverty reductions issues (Roberts 2004). Following this realization the government supported by donors embarked on developing a variety of policies to address poverty issues and to align both efforts and national resources to that effect. The National Poverty Eradication Strategy (NPES) and The Tanzania Development Vision 2025 were both developed in 1997, setting out both economic and social objectives to be attained in the long run. The Poverty Reduction Strategy Paper (PRSP) followed in 2000, detailing more concrete medium-term and short-term strategies and goals. Specifically the National development Vision 2025 anticipates Tanzania to be a nation imbued with five main attributes:

- High quality livelihood for its people
- Peace, stability and unity
- Good governance
- A well educated and learning society; and
- A competitive economy capable of producing sustainable growth and equitably shared benefits.

These two strategic policy issues became or are the central building blocks of Tanzanian strategic plans and every institution is required to reflect the aims of these policies in their strategic planning. It was also acknowledged, that one of the most constraining factors for Tanzania to realize its developing vision and its poverty reduction goals has been budgetary deficit. For instance, budgetary requirement to implement PRSP was estimated at Ths.1.9 trillion for the 2001–2003 period (Ronsholt and Andrews 2005). This is notably a huge amount that cannot be easily internally generated by Tanzanian government and donors support is thus critical. Apart from the financing requirements, there was also the need to change the way government managed its resources as well as the need to improve public services. Donors were concern that resources were not effectively and efficiently used to address poverty reduction. Budgetary reforms and strategic planning became essential component for other reforms such as poverty

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2 $1 = 1300 Tanzanian shillings as at 21st July, 2009
3 The PRSP itself was a donor initiated programme that came out of the 1999 Cologne Annual meeting to G-7 states when its leaders announced the Enhanced Heavily Indebted Poor Countries Initiatives (HIPC). The World Bank and IMF officially approved PRSP in 1999 as a new approach to poverty reduction strategies in developing countries and as a new framework for development assistance (see Cheru 2006)
reduction efforts to succeed. A key focus of the budgetary reform was to link public services expenditure to public sector performance. In this regard the government introduced result-oriented budgetary system in its attempt to finance ‘outputs’ instead of inputs and process. These efforts were late consolidated in a budgetary reform called Medium Term Expenditure Framework (MTEF) initiated by donors and the Treasury. The aim was not only to control public expenditure but to link public resource allocation (Budget) to public service outcomes (Rugumyamheto, 2004, Andrews 2006). As Ronsholt and Andrews (2005) argued the aim of this reform was ‘….to ensure that the poverty reduction strategies developed through the Vision 2025, NPES and PRSP actually translate into operational reality through the budget process. The MTEF has been the major fiscal reform in Tanzania in recent years. It involves the adoption of targets into the budget, the development of sector spending limits and baseline projections of expenditures and revenues (with improved activity-based costing devices introduced), and annual expenditure estimates’.

The salient feature of the MTEF initiative is the integration of public policy making, planning and budgeting system within a medium term perspective. In line with this reform initiative all public organizations (Ministries, major departments and Agencies hereby MDAs) are required to develop their strategic plan, showing how their plans are integrative to national poverty reduction strategy. They are further required to indicate actual program for implementing their strategies, linking these strategies to expected outputs as well as financial requirements.

The new financial reform has to be seen as party of the broader public sector reform program initiated in the earlier 1990s. This new generation of structural reforms was aimed at the improvement of public sector efficiency including the good use of public resources. The new generation of reforms focused on restructuring public organizations to create more strategic and result – oriented performance in the government organizations. Executive agencies are an example of this new restructuring approach, which was believed to be necessary for public service efficiency and economic growth and hence poverty reduction. Similarly the government introduced a new management approach that insists on management by strategic planning (Rugumyamheto 2004) for all public sector organizations. In order to coordinate and harmonize strategic management process in the government, the Public Service Management, a responsible ministry for coordinating public sector reform in the country, issued a strategic management model (See figure 1) or a template that guides the formulation and design of strategic planning in the entire public sector.

This model represents a typical planning procedure for public organization in Tanzania. It provides a ‘how-to- do strategic planning’ for public organizations and that is why all public organizations have almost a similar design of their strategic plans. Many organizations, particularly ministries, major department and agencies have all embarked on developing their strategic plans as required by the government. A few MDAs have really progressed to the point of developing fully fledged strategic plans with Vision and Mission statements objectives, targets and activities specified (see Andrew 2006).
what follow we will present strategic plans for the four agencies under study and the ministry of trade,

**Figure 1.** Strategic Planning cycles in Tanzanian public sector.

Sources: adapted from PO-PSM, State of the Public service Report 2004.

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8. Findings
8.1. The implementation of strategic planning in Tanzanian

In this section we first present findings on whether or not strategic management has been introduced in the four executive agencies and in their parent ministries. In relation to that, we will also describe the process of strategic management development in the agencies studied as well as in their parent ministry. Since the ministry of Infrastructure development is yet to develop its strategic plan, we have excluded it from this work. Next to that, we will provide an overview of how strategic plans are used in these public agencies. Discussion and conclusions are then drawn from these empirical data regarding our research questions.
8.1.2 Ministry of Industry, Trade and Marketing

This is one of the several ministries in Tanzania. Its core mandate is to formulate industrial, trade and market policies in the country. The ministry began developing strategic plans in 2002 and by the end of that year, its first three year strategic planning, covering the period of three years from 2003-2006, was prepared through an extensive consultative process. This process involved various cadres of employees of the ministry, external consultants (probably from the private sector) as well as other key stakeholders. As noted above the new public sector management approach is that all public organizations must develop strategic plans, indicate their performance goals, establish expenditure estimates to accomplish those objectives and finally to link their budgetary requirement to the government-wide Medium Term Expenditure Framework (MTEF), managed by the treasury.

The ministry is now operating on the 2008-2011 strategic plan. This new strategic plan has a very similar structure and content, although its performance objectives are more elaborate. Its content analysis shows the following key features:

- A review of ministries mandate
- A review of core functions of the ministry
- Situational analysis exercise (the SWOTS of the ministry)
- Creation of ministry’s vision, mission and core values
- Development of performance goals, objectives and performance targets
- The implementation of the chosen performance objectives and their related annual budgets
- Monitoring and evaluation of the set


The ministry insists that their strategic plan is based on the requirement set by the government in line with the broader national development plans (the Vision 2025 and Poverty reduction policy). This suggests that strategic management is not a choice for ministries and agencies but a compulsory exercise imposed on them by the government. For instance in order to support and contribute to the broader national development goals, the ministry’s aims is to enhance industrial production, improve marketing systems as well as increasing trade and exports. Five ministry’s performance objectives are developed around those aims. These objectives are:

- Production of quality products and services by large industries
- Enhancing trade and business opportunities for goods and services
- Innovation and technology development to support the development of large industries
• To improve health care for staff and reduce the rate of HIV/AIDS infection
• To improve effective service delivery by the ministry

The ministry has also developed (see Ministry’s strategic plan booklet, pp27-35) an ‘implementation matrix’ in which eloquent annual performance objectives are set out, performance targets and indicators developed and responsible units for implementing each component of the strategic objectives is shown. Further more; ministry’s resources requirements to implement each component of the strategic objectives are also indentified. The strategic planning covers a three period, and for each financial year each unit under the ministry is required to develop its annual performance objectives- directly linked to the ministry’s goals, as well as the appropriate budget required to implement the identified objectives.

An interesting puzzle is that when one looks at the content of the ministry’s strategic plan and the subsequent implementation ‘matrix’, it immediately becomes clear that, whereas all units (directorate) under ministry have their roles and their performance objectives mirrored (shown) in the ministry’s entire strategic planning, the role and strategic objectives of executive agencies under ministry are not mirrored in the ministry strategic planning. Although agencies are listed in the ministry strategic plan,( in the section on the list of organizations under the ministry)agencies’ strategic plans and their performance objectives are no where to be seen in the entire the ministry’s strategic plans. As we shall indicate later, there seems to be a de-link between agencies strategic plans and those of their parent ministry and this can be an example of fragmentation and decoupling of public policies, an effect usually related to the rise of NPM reforms (Christensen and Laegreid 2005).

All in all, the ministry of Industry, Trade and Markets has progressed in developing a fully – blown strategic planning, although as we shall see later the extent to which all elements of strategic planning shown in their document are implemented is different story. For example the ministry admits that it has not been able to fully implement elements of its strategic plans, particularly issues related to monitoring and evaluating the effective implementation of organizational plans and objectives

8.1.3. Strategic Management in Weight and Measure Agency (WMA)
This is an executive agency of the ministry of Industry, Trade, and marketing and was created in 1999 to ensure that measuring systems result in fair trade transactions. Just like many other agencies, it has its own management system, functions and responsibility arrangement.

The agency developed its first strategic plan in 2004 and was it put to operation from 2005 – 2008. This is a three year strategic plans and the content analysis shows that its process of creation followed a model similar to that of its parent ministry. The procedure and processes are those outlined in the model developed by the Civil Service Department (See Figure 1 above). Following that model, each agency has to review its mandates, core functions, undertook SWOTS, developed specific performance objectives and annual achievement indicators. For instance in the 2005-2008 strategic plan, the agency had 3 key performance objectives or what it called the Key Result Areas (KRAs). For
each KRA operational implementation measures are also shown, that is, how each objective is to be implemented, the targets for implementation, time frame and the actual expected output indicators against which the successive implementation of these goals are to assessed. What is however missing, in the agency strategic plan is the monitoring and evaluation of agency’s strategic plans. There is no mentioning of who and how the implementation of those strategic plans is going to be monitored. This may not be considered as an oversight or a naivety of the agency, for after all, it is the responsibility of the parent ministry to monitor and evaluate agencies performance, something that is lacking in Tanzania. There is also concern in the agency that despite its effort to develop strategic plans with clear performance goals and annual target, there were no enough resources to accomplish these goals. The agency is really facing financial constraints (it quite under-funded) and that the danger is to return to the ‘old days’ where plans are developed and put on ‘the shelves’ due to the lack of resources to implement.

8.1.4 Business Registrations and Licensing Agency (BRELLA)

The Business Registrations and Licensing Agency (BRELA) is yet another executive agency under the Ministry of Industry, Trade and Marketing (MITM). It was formally launched on 3rd December, 1999. The aim of the Agency is to ensure that businesses operate in accordance with the laid down regulations and sound commercial principles. Its key functions are registration of companies, both local and foreign; registration of business names; registration of trade and service marks; granting of patents; and industrial licensing. The process strategic of developing strategic planning in this agency followed the same pattern described in the case of its parent ministry and there is no need to repeat the same story. Perhaps a point to be noted here is that this agency does not depend on its parent ministry for its operational budget. It generates sufficient internal revenues to meet its annual budgetary requirement for operational issues. For capital expenditure and long term strategic investment, much is dependent of government funding.

8.1.5 Tanzania National Road Agency (TANROADS) And Tanzania Meteorological Agency(TMA)

These two agencies are in the ministry of Infrastructure development. They were all established in 1999 and while TANROADS is concern with the maintenance of trunk and regional roads, the TMA, as its name suggest is handling meteorological services in the country. While there parent ministry is yet to develop full fledged strategic plan, the agencies progressed well in developing their own strategic plans. The two shares similar strategic plans template and perhaps the major different is that while TANROADS’s strategic plan is almost sufficiently financed by the government because of the saliency of road works, the TMA experiences a serious problem of funding and many elements of its strategic plans are almost not funded. The TANROADS has a stable source of funding, derived from a special Road Fund Board. Because of the importance of road infrastructure for economic growth and in order to avoid funding uncertainty for road works, and due to donors’ pressure (Donors provide 49% of the annual road works funding), the government established a dedicated ‘Roads Fund’ financed by a special petrol levy. To that effect, for every litre of petrol sold in the country a fixed rate ($0.076%) directly goes to that Fund. The Fund also receives its revenue from two
additional sources: truck overload fines and foreign car levy. Since it is rather easier to predict annual tax collection from these sources, the government is rather directly involved in the development of TANROADS’s annual performance objectives, indicators and sufficient funding is realised to achieving those objectives. Our impression is that TANROADs strategic plans are developed and implemented in a predictable way. The link between planed activities and the level of financing is rather realistic.

We can summarise this section by saying that to some extent the four agencies have introduced strategic management in their organizations. So to do is also the ministry of industry, trade and marketing. What is yet to be established here is whether what we have seen in their strategic planning documents is put to practice. The next section is devoted to tracing that fact.

9. The Use and Practice of Strategic Management in the Organizations Studies.

Strategic management is a functional exercise that has to go beyond the process of producing strategic ideas and official documents. These ideas and plans indicated in the strategic planning documents have to be put to practice. One of the criticisms of traditional government plans was the lack of implementation of strategic plans. The current approach to strategic planning seeks to go beyond the old traditions. In this section we will report on the implementation and the use of strategic plans in Tanzania. Our aim is to explore to what extent strategic management is been put in to use. In the previous sector section above we saw how these organizations have strived to develop their strategic plans at least in documentary levels. We are in this section interested to know how these strategic have been put to use. It is easier and more symbolic to produce strategic plans than implementing it to its full scale. How then do analyze whether or not strategic plans have been implemented or put to use? There is a methodological problem here and the literature does not provide a general model. Vinzant and Vinzant (1996) have however, attempted to developed a model to assess the implementation of a strategic management capacity in the government. Their model consists of four levels useful to assess strategic plan implementation;

Level 1: completion of a full-fledged strategic planning process
Level 2: Production of a strategic planning document
Level 3: Changes in resources allocation to the accomplishment of strategies
Level 4: Changes in control and evaluation processes to provide feedback on the implementation of strategic plans

While this model has been kept in our analysis of the extant us of strategic implementation and use in Tanzania, we have added additional elements to capture real planning events and motives. Our model will have 5 levels:

- Completion or not of a full fledged strategic planning processes.
- Production of a complete or NOT strategic planning documents
- Establishment of organizational goals and annual performance targets
- Changes in resources allocation to support strategic plans and the subsequent provision of enough resources to support the accomplishment of strategic goals:
  tying budgetary allocation to organizational goals.
• Monitoring and evaluation of strategic goals so as to track the success or shortcoming of the plans (creating feedback loop)

We used documentary analysis and some interviews to grasp the extent of implementation and the use of this strategic management. The documentary analysis indicates that that all the four executive agencies and the ministry of Industry, Trade, and Marketing have tried to implement many aspects of their strategic plans. We noted that at least these organizations have taken concrete steps in trying to develop new management techniques such as the development of performance goals, some forms of performance indicators against which the agency’s annual performance results can be assessed. There is also an emerging culture in the agencies, in the sense that agencies are free to discuss their strategic plans openly and these documents are publicly available to researchers and other users. These strategic planning documents consist of all necessary elements of a meaningful strategic planning document. It is also interesting to note that all agencies have aligned their strategic plans with their financial management system. This means that at least agencies’ annual budgets are linked (tied) to their performance goals. Aligning plans to budgetary requirement is however different from getting (receiving) the actual budget for accomplishing the planned activities. In Tanzania the gap between what public organizations plans to do, their financial requirement to accomplishment and the actual funds released by the government to the implementing agencies is huge.

How are these strategic plans used? For many agencies strategic plans help them to respond to their environment particularly to the needs of organizational stakeholders. Agencies are now more confident in responding to political demand for service delivery in the sense that they are able to confidently tell political leaders, why certain service is not or insufficiently delivered⁴. Strategic plans become a reference book on which the agency planned activities and resources required to accomplish those tasks are indicated. More importantly the strategic management enhances performance accountability in the public sector because the line of accountability and for what agencies are accountable is now clearer. The implication is that unlike in the old day, agencies cannot be asked for things that do not appear in the strategic plans.

One of the most notable weaknesses of strategic management in the organizations surveyed and probably in the entire public sector in Tanzania is the lack of monitoring and evaluation of what has been planned to be accomplished. Although monitoring and evaluation is often mentioned and put as important component in the content of organizational strategic plans, in actual practice monitoring and evaluation is rather weak in all agencies except TANROADS. There is a rather sense of monitoring and performance evaluation by the government, but the quality of that monitoring and evaluation can be called into question because of the fact there is a public outcry in Tanzania that the quality of roads is poor.

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⁴ We do have more confidence is responding to questions such as why we have not been able to accomplish certain tasks and normally that which sufficient funds is not provided by the government. My interview with senior manager at WMA in April 2009
10. The Constraints of Strategic Planning in Tanzanian

The introduction of strategic management in Tanzania is faced with several problems and some of these have been noted by agencies themselves. For instance in one of its annual report, the Tanzania Meteorological Agency (TMA) mentioned the under-listed problems as seriously hampering its effort to realize its strategic plans.

- Inadequate funding for its strategic plans. For example in 1999/2000 financial year, it requested from the government Tshs. 700,000,000\(^5\) for its operational budget but it only received Tshs 20,000,000/= (2.8% ) Similarly in 2000/2001 it received Tshs 15,000,000/= out of the requested budgeted of Tshs 536,170,200/=.
- The lack of essential meteorological tools, specialized data analysis computers (may be because of lack of funding)
- Short age of skilled staff in some specialized areas (agencies are not allowed to recruit unless they get special permit from the treasury)
- The lack of inadequate office space (they operate from a small hired building)

These problems are not unique to TMA. Problems related to funding are almost in every public sector organization in Tanzania. In our recent survey of all executive agencies in Tanzania, none could say with certainty that they have sufficient funds to undertake their mandated functions and the fact is always that the gap between what the agencies request from the government as their annual budget and what their actually receive is quite big. It is also important to highlight that all public organizations in Tanzania operate on cash budget, meaning that the government disburse funds to implementing agencies on the basis of monthly tax collection, and the level of disbursement is determined by the level of tax collected by the treasury in a months. This situation creates budgetary unpredictability for many organizations

Another pitfall of strategic planning in Tanzania is the issue of coordination and control of government- wide plans. In this case, it seems that central institutions (central ministries) lack coordination capacity, but also agencies see it as not necessary to link their strategic plan directly with those of their parent ministries. As noted above, in our analysis of the content of strategic planning in the Ministry of Industry, Trade and Marketing we noted that the agencies’ strategic plans were not integrated into the ministry’s strategic plans. While the ministry has developed an eloquent and well structured strategic plan, indicating responsibility of each of its department in accomplishing performance objectives set up the ministry’s strategic plans, there was no mentioning of the agencies’ role to that effect. This can be described as the decoupling of strategic management in which the government-wide strategic plans are not centrally coordinated and there are several reasons for that.

First the current public sector governance (the NPM –driven reforms) tends to empower public managers and these managers use the legal mandate of their organizations which generally defines area of competencies and their respective sphere of authority to resist external interference, making less legitimate for the centre to intervene. In many instance the role of the centre (the parent ministry) is not always clear as far as government

\(^5\) 1 $ = 1300 Tshs, as of July 21, 2009.
strategic management policy is concern. There is a role ambiguity in that central ministries do not clearly understand their role with regard to agencies strategic management. In Tanzania for example while the Civil Service Department, which is charged with the responsibilities of super heading public sectors reforms, has been implementing its strategic plans, regularly producing its progress report on the implementation of its strategic plans, it has been concern with the lack of implementation of reforms in other departments, but it does not seem to know what it should do to ensure that other public organizations implement their reforms program effectively.

Secondly as Green (1998) has correctly argued, the paradox of the current public sector reform is that of ‘slimming central government bureaucracy’ while it is expected to effectively steer government-wide or sector-wide administrative processes. The consequence of this ‘hollowed out’ state is that of also reducing resources allocation to the center, thereby reducing its coordination and policy making powers. In our visit to the ministry of Industry, Trade and Marketing we noted that, not only that the coordination and steering of agencies is a remote activity of the ministry, but their was only person in the department of Budget who is responsible for looking after the agencies. Instead of coordinating and evaluation agencies’ performance, this individual person was mainly concerned with the task of receiving and consolidating agencies annual budget into the ministry’ general annual budget that has to be submitted to the treasury for approval. This reinforces Greens (1998) observation that ‘control over strategic planning tend to be confined to the planning procedures to be adopted or budgetary control rather than the delineation of scope of activities between policy and service delivery. He continue to note that ministries do their strategic planning on their own instead of linking it to other units in which there is a shared mandates. This syndrome is quite evident in Tanzania. First, strategic plans are limited to three years and these planning are directed related to the requirement of Medium Term Expenditure Framework (MTEF) and not by performance consideration at the agency level. Secondly each agency or organization is struggling to develop its strategic plans to meet the requirement set by the treasury under MTEF and in many instances these planning efforts are not centrally coordinated. A recent report (2004) by the Civil Service noted this problem arguing that strategic planning in Tanzania is faced with the problems of overlapping and coordination.

But this problem may not be limited to Tanzania. In his research covering public sector in four countries (the UK, Ireland, Australia and New Zealand) Green (1998) noted that strategic plans in these countries have been typically driven by the treasury and the there seems to be serious problem of central coordination.

Another problem we noted with regard to the implementation strategic plans is that of resistance to reform. There are several ways of explaining resistance to reform, but as noted earlier, public service culture is at the centre of that resistance. At the outset one could say that the very weberian bureaucratic culture is incompatible with the principles of strategic management. Much is known of weberian bureaucratic characteristics such as hierarchical structures, task divisions, formalized rules, procedures and probity all of which have resulted in what could be called as unique bureaucratic culture such as the culture of conformity or the culture of processes (Claver et al, 1999). These cultural
elements are change averse and that why traditionally public sector changes have been incremental and slow (Christensen and Laegreid (1999). Other elements of culture are organizations or country specific. One of the most noticeable cultural elements in the public administration in Tanzania is the lack performance accountability and control. This is entrenched (embedded) in the public sector management behavior. This behavior is hindering several reform initiatives such as the introduction of performance monitoring, strategic planning and most recent an initiation called Open Performance Review and Appraisal System (OPRAS) introduced in 2004 (Bana and Shillindi 2009). The aims of OPRAS were link individual employees’ performance objectives to that of its Unit. In other words, it cascade organizational performance objectives down to the individual staff’s performance objectives so that the two are harmonized. It also help the process of annual performance appraisal because staff will be assessed purely on the basis of performance objectives agreed and signed at the beginning of the year between him and his/her supervisor.

The introduction of this reform component has been strongly resisted in the entire public sector, including in the agencies and cultural issues played a significant role. In is unusual for civil servants be signing annual performance objectives with their supervisors and it is equally hard to punish individual staff for not meetings its annual performance goals. As senior manager in the ministry of Infrastructure insist, ‘that is not how we operate here (My interviews with the senior administrative officer in the ministry). Reform in this area is quite slow. In a similar research Rosholt and Andrews (2005) noted that only four MDAs had managed to complete the preparation of strategic plans, an essential reform component for performance-based Medium-term budgets. The reform process in Tanzania is therefore not only about technical issues but more importantly it is about changing public sector culture.

11. Discussion and Conclusion
In this paper we have explored the introduction of strategic management in Tanzania. We noted that the development of strategic plan was not the choice of these agencies but was an instruction from the central government. One of the central issue and which seems to have driven the introduction of strategic planning reform is the problems of financing public services than the actual desire to enhance public service delivery. The whole is of strategic management seems to revolve around the issues of financial management. It was financial crisis that prompted the government, and with support and pressure from donors to develop Term Medium Term Expenditure Frameworks (MTEF). Following this financial reform the government then announced the introduction of strategic management in the public service. It is thus the context than the real desire of government wanting to improve the efficiency and effectiveness of public service delivery. We do not see much efforts being directed to achieving specified organizations goals.

Our central argument is that, given the rise of NPM and resources constrains, a situation has developed in Tanzania, where public service funding is directed related to not only

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In our agency the introduction of OPRAS is reluctantly agreed by our staff because we have not been able to develop the culture of performance accountability. It is not easy to tell an employee that your performance this year is very poor. My interview with a senior manager at BRELA in April 2009.
what organizations ought to do but what it has indicated to do. In such circumstances, funding is no longer to be allocated purely on the basis of traditional annual incremental appropriation, but through means such as competitive bidding or earmarked budgets for what organization has promised to do. This new type of resources allocation is encouraged by an emerging governance arrangement which splits purchasers from providers of public services (Ferlie 1992). For purchaser (the government) to fund the services provided by the agency, ideally the level of services to be provided must be shown as well as the costs involved in producing the services.

The good news for reformers and the donor community is that at least in rhetoric, every public organization is engaged in strategic planning. Public organizations are busy, developing their three year-rolling strategic plans, formulating organizational goals with annual budgets tagged to it as well as the development of performance indicators. This is not a traditional way of managing public sector in Tanzania and the question that we have not addressed here is whether or not these changes constitute a systemic reorientation of public management to result based management.

The concern of this paper is also that the development of organizational strategic planning is much related to budgeting and are in lines with directives of the treasury according to MTEF policy than the actual organization performance requirement as it should have been shown by the link between agencies’ goals development and performance monitoring systems in which the feedback loop between the goals and performance results are very clear. Furthermore, we noted that the introduction of strategic management has not addressed two common problems of funding and cultural change. While the issue of funding is chronic to a poor country like Tanzania, a question then was whether or not strategic management was or is appropriate management tool in a situation where planned activities cannot be fully funded. Two issues are notable here: first what will be the difference between the current strategic management efforts and the traditional planning that has never been funded? Are the current strategic plans not mere the control tools of the treasury over the rest of civil service? In spite of these questions, it seems for now strategic management will remain as one of the management fads in the contemporary public sector administration in Tanzania.

References


