



Universiteit Utrecht



REALISING PUBLIC GOALS

**Managing for outcomes in the Department of Corrections
in New Zealand**

Anne Goossens

Utrecht, 5 December 2012

REALISING PUBLIC GOALS

Managing for outcomes in the Department of Corrections in New Zealand

A.J Goossens (3805573)

Master Public Management
Utrecht University School of Governance (USG)

Supervision
Utrecht University School of Governance (USG)

Dr. M.J. van der Meulen
Dr. A.J. Meijer

The Australian and New Zealand School of Government
Victoria University of Wellington

Mrs. J. Tyson

Utrecht, 5 December 2012

SUMMARY

In this research the influence of the ideology of managing for outcomes in the Department of Corrections is analysed. The focus is on the specific influence the ideology has on the strategic management of the Department. Both for the scientific literature and for the public sector of New Zealand, it is relevant to know how this ideology influences the Department of Corrections. From the information in this research, other public sector organisations (in New Zealand) can gain knowledge that will help them to deal with the ideology themselves.

The New Zealand of the 1980s was considered to be the frontrunner of New Public Management (NPM) reforms. However, during the 1990s academics and the public started to worry about the long term focus of the public sector and new initiatives were implemented that tried to put more emphasis on outcomes. The Department of Corrections was one of the public sector agencies that took part in a lot of these initiatives. Recently, the government initiated the Better Public Services programme that sets ten goals for the public sector. The goal that has been set for the Department of Corrections is to reduce reoffending by 25% in 2017. The Department of Corrections supports this goal, but also acknowledges that things need to change to achieve this. The first step is to adjust the strategic management to this new ideology. The central question in this research is: *How does the ideology of managing for outcomes influence the strategic management of the Department of Corrections in New Zealand from 1995-2012?*

The ideology of managing for outcomes can be defined by three main elements. First, the ideology is emphasising a broad and sustaining perspective. Second, to be able to achieve the results of the organisation, it is necessary to collaborate with (other) public organisations. And third, to achieve new ways of workings, three main roles need to be present in the organisation; a public entrepreneur, fellow-travellers and guardian angels. Strategic management can be defined in both the process and the elements. The process of strategic management is called 'planned emergence' and is a combination of both bottom-up and top-down decision-making. The four elements of strategic management are a long term focus, an internal integration, external perspective and political authority.

The influence of the ideology of managing for outcomes on the strategic management is noticeable in both the process and in the elements. In the process of strategic management, the number of actors that are involved increased because of the ideology of managing for outcomes. Both the central guidelines and decentralised strategy-making of the organisation are more goal- and results-oriented. In the elements of strategic management one can see the difference in internal integration; activities are all aligned to achieve the goals of reducing reoffending, rather than to achieve performance targets. The most surprising difference is the political authority; the goals that gained importance are imposed by the government which restricts the room for manoeuvre for the Department.

PREFACE

This research is written as a part of my master's in Public Management at the Utrecht University. Already before I started my study Public Administration at the University of Twente, I was very anxious to travel to New Zealand. My master at the Utrecht University made this possible. After realising that the public sector of New Zealand was a very interesting one to study, I started to talk to my teachers at the Utrecht School of Governance, and asked them if they could help me to do my master research in New Zealand. All of them were very eager to help and if it was not for them, I would not have been able to travel to New Zealand for five and a half months.

My special thanks go to the Australian and New Zealand School of Government, ANZSOG, whose associate Prof. Dr. Paul 't Hart made contact with Janet Tyson, the ANZSOG Case Writer and Editor based at Victoria University of Wellington (VUW) in New Zealand, where the School of Government arranged a place for me to do my research. But even more thanks goes out to Janet Tyson who was willing to let me come to New Zealand and be my 'guardian angel' for my time in Wellington. She arranged a place for me to stay. She introduced me to all the people she could think of that could be helpful for my research. She helped with setting up my research and she read my texts and adjusted the English language more than once. So many, many thanks to Janet!

Also many thanks to Stephanie Doyle, who let me stay at her place for five and a half months. Not only did she have the best view ever from the living room window, she helped me to get to know Wellington and introduced me to all of her friends. She was patient enough to help me improve my English language and also helped me with my research. Without Stephanie I probably did not had such a good time in New Zealand, so also many thanks to Stephanie!

It would not be fair if I also did not thank all the other people in New Zealand that helped me with my research. Above all, thanks to the respondents of the Department of Corrections who were willing to talk to me about the influence of the ideology of managing for outcomes on their department. But also thanks to all of the academics of the School of Government of the Victoria University who were willing to guide me in my research and provide me with useful information. I would also like to thank all of the other staff of the School of Government, I really enjoyed the morning teas and had a great time.

Next to all of the people in New Zealand, there are also a lot of people living in the Netherlands that I like to thank. Starting with both my supervisors of the Utrecht University, Dr. Martijn van der Meulen and Dr. Albert Meijer. Thank you for all your help and advice. Without your assistance it was not possible to write this research. But I would also like to thank all of my friends and family for their help, assistance and patience with me going on and on about my research. Thank you guys!

Anne Goossens

Utrecht, 5 December 2012

TABLE OF CONTENT

1. Introduction	7
1.1 Research questions	9
1.2 Scientific relevance	11
1.3 Social relevance	12
1.4 Reader's guide	12
2. A changing public sector in New Zealand	13
2.1 A new trend in public management	13
2.2 The New Zealand model	14
2.3 Second reforms, the 1990s and 2000s	17
2.4 2010s	21
2.5 Department of Corrections.....	23
3. Delivering better public services.....	27
3.1 The ideology of managing for outcomes	27
3.2 Strategic management.....	35
3.3 The ideology of managing for outcomes and strategic management.....	41
4. Methodology.....	46
4.1 Research design	46
4.2 Case study	47
4.3 Data collection	48
4.4 Data analysis	50
4.5 Operationalisation	51

5. Outcomes at Corrections	54
5.1 Shift from outputs to outcomes management.....	54
5.2 The ideology of managing for outcomes in the Department of Corrections	57
5.3 Strategic management in the Department of Corrections.....	61
5.4 The ideology of managing for outcomes and strategic management in the Department of Corrections.....	65
6. Conclusion, discussion and recommendations.....	71
6.1 Main research questions	71
6.2 Discussion	75
6.3 Recommendations.....	79
References	82
Interviews	89
Appendix 1 interview questions	90

1. INTRODUCTION

"I make no apology for my high expectations. I came into politics to make a difference." This is what Prime Minister of New Zealand John Key stated with the introduction of the Better Public Services programme in March 2012. The government wants to focus on delivering better services for New Zealanders and therefore changes are needed. One of the big changes announced, is setting ten challenging and specific results for the public sector. The other two are focused on lowering the cap on employees working in core government administration and amalgamating four existing agencies in the Ministry of Business, Innovation and Employment (Key, 2012).

These are not the first big changes in the public sector in New Zealand. Weak economic circumstances in New Zealand made reform in the public sector in the 1980s necessary. Powerful ideas and strong leadership made reform possible (Schick, 1996 p. 13, 27). The Labour government of David Lange reacted to the financial and economic crisis that New Zealand was facing, and started the reform in 1984. New Zealand accepted the central ideas of New Public Management (NPM): a smaller and less central government, privatisation, and a focus on efficiency and effectiveness (Pollitt & Bouckaert, 2004).

In theory, both outputs and outcomes were central to the design of the New Zealand model. In practice, however, the focus on output had the upper hand (Gill, 2008; Hughes & Smart, 2012, p. 4). The difference between outputs and outcomes is one of great importance. Outputs are products, goods and services that an agency or department delivers to the outside world. Examples are academic qualifications (universities) and paying benefits (social service). Outcomes are the effects of the activities on communities and the society at large of an agency or department (Pollitt & Bouckaert, 2004; Gregory & Lonti, 2008), for instance reducing unemployment (social service).

In 2012 – after almost a decade of questioning and adjusting the NPM-based reforms – the focus in New Zealand has shifted towards emphasising outcomes, rather than outputs. New Zealand has moved on from NPM. The system that was implemented during the reforms in the 1980s, the New Zealand model, has not been as effective as New Zealand had wished for. In order to reach the desired level of public services in New Zealand, more changes are needed (Better Public Services Advisory Group [BPSAG], 2011). According to one of the most influential academics on the subject of public sector reform in New Zealand, and co-editor of *Future state: directions for public management in New Zealand*, Bill Ryan (2004, p. 1), this actually means just returning to the substantive basis of public management, a trend he is pleased to see. *"The task of public managers and analysts is refocused on developing and managing organisations, resources and the policy process in a manner that seems most likely to achieve government's desired goals and objectives"* (Ryan, 2004, p. 1).

The shift of a focus on outputs towards a focus on outcomes is a change in ideology. The dominant NPM perspective in the 1980s has to clear the way for a new belief about how the public sector has

to be organised: the ideology of managing for outcomes. This ideology stresses the importance of a balance between the focus on outcomes and outputs. It underlines that organisations need to work together in order to achieve their results. And finally it emphasises the need for three roles in the process of finding new ways of working; the public entrepreneurs, fellow-travellers and guardian angels (Gill, Eppel, Lips & Ryan, 2007; Hughes & Smart, 2012; Ryan, Gill, Eppel & Lips, 2008; Norman, 2007). Public sector organisations need to adjust their strategy to this new ideology before an actual change in the activities of front line staff can be established. This is hard for public sector organisations that have been trying to meet the criteria of the previous ideology, and have been occupied with a focus on outputs for the last thirty years.

However, the shift in ideology did not come as a complete surprise. Already in the 1990s both academics and the public started to worry about the long term vision and capacity to achieve results of the public sector. This resulted in adaptation to the New Zealand model, with a particular focus on one of the management tools that could enhance the long term focus: strategic management. Strategic management sets a framework for the organisation and is concerned with the overall management of the organisation. It sets a focus, consistency and a purpose for the organisation, and is fundamental, complex and long term (Hughes, 2003; Montanari & Bracker, 1986; Nutt & Backoff, in Hughes, 2003; Scott, 2001). Another management tool could have been operational management. But because of the concern of operational management with a short term focus, routines and specific day-to-day activities (Boston & Pallot, 1997; Scott, 2001), this does not seem to be suitable when people are worrying about the long term.

To implement the ideology of managing for outcomes, academics and public officials realised that in order to change the daily practices, first the strategic management of public organisations needed to change and focus on outcomes.

Strategic management gained importance in the New Zealand public sector from the 1990s onwards. However, from an academic point of view, 'strategic management' was never formally introduced in the New Zealand public sector (academic Victoria University 1). Public organisations make strategic documents and plans, but according to a number of academics organisations tend to skip the implementation and evaluation phase of strategic management. In this research there will no judgement or measurement of to what extent strategic management does occur in public organisations in New Zealand. This research will assume that public organisations are practicing strategic management.

The focus on outcomes gained even more importance from the 2000s onwards. Academics, public servants and the public started to realise that it is more important to actually achieve results that matter for the people living in New Zealand, rather than just producing outputs that might contribute to this. How is this new ideology affecting the strategic management of public organisation? Does it has any influence, and if so, what kind of influence? This research will seek to find the influence of the ideology of managing for outcomes on the strategic management of public organisations. Are the senior managers of public organisations only talking about how they want to focus on outcomes and

results, and is this just window dressing? Or are the senior managers actually adjusting their strategic management to the new ideology of managing for outcomes in order to change the daily practices in the organisations?

To be more specific, this research will focus on one public organisation in New Zealand. It will be dependent on the influential senior managers in public sector organisations, if the ideology of managing for outcomes is just window dressing or will bring about actual change. Some of the senior managers and in particular the chief executives of the departments in New Zealand are eager to change towards this new ideology. The government is emphasising the new ideology and is encouraging departments to make this shift. This helps in order to actually make a change in the various departments and ministries in New Zealand, rather than just window dressing.

In order to analyse the influence of managing for outcomes, one needs to focus on a public organisation of which the senior management has accepted the ideology of managing for outcomes, places great emphasis on this reform and can be seen as a frontrunner. The organisation in the New Zealand public sector that meets these criteria is the Department of Corrections. An analysis of the strategic management of the Department of Corrections will show how New Zealand public organisations are strategic and provide a basis for further research about strategic management in New Zealand.

The Department of Corrections is an organisation in the public sector with a special character. It is a public organisation that is highly political salient. The Department is focused on reducing risks; compliance with procedures is of high importance. The focus on procedures and rules is at odds with the ideology of managing for outcomes. In the ideology of managing for outcomes the emphasis is on seeing the products as a mean to achieve results. The focus on complying with procedures is incompatible with the focus on results (Ryan, Gill & Dormer, 2011). This makes the Department of Corrections an extra interesting department to analyse because on the basis of experience and theory, we would expect that the Department of Corrections would retreat into rules rather than focusing on outcomes.

1.1 Research questions

The main objective of this research is to clarify the obscurity of what implementing managing for outcomes means for the strategic management of public organisations. This is done by analysing how the strategic management of the Department of Corrections in New Zealand has been influenced by the ideology of managing for outcomes.

To be able to analyse and clarify this obscurity, there are questions that need to be answered. These questions can be divided in different categories. There are two main research questions, and three sub questions: context, theoretical and empirical. The context questions will provide important background information, the theoretical questions will support answering of the general main

research question based on theory, and the empirical questions will help in answering the specific main research question based on the empirical findings.

The guiding question of this research will be the general main research question:

How does the ideology of managing for outcomes influences strategic management of public organisations?

The specific main research question is a more explicit version of the prior stated general main research question:

How does the ideology of managing for outcomes influences the strategic management of the Department of Corrections in New Zealand from 1995-2012?

Context questions

The context questions will provide this research with background information about the setting in the public sector of New Zealand and the Department of Corrections in specific.

1. Which changes occurred in the New Zealand public sector from 1980 – 2012?
2. What are the results of these changes in terms of the emphasis on outcomes?
3. What are the core characteristics, history, and institutional context of the Department of Corrections?

Theoretical questions

In the theoretical questions the two concepts of the main question are discussed on the basis of existing scientific literature and theories. In the first two theoretical questions the concepts are both explained. In the third theoretical question the relation between the two concepts is discussed.

1. What is the ideology of managing for outcomes in the public sector?
2. What is strategic management of public organisations?
3. How does the ideology of managing for outcomes influences strategic management of public organisations?

Empirical questions

The empirical questions have the same structure as the theoretical questions; the empirical questions analyse the two main concepts of this research by practical experience. The first empirical question is different and will help to clarify the shift from a focus on outputs to the ideology of managing for outcomes.

1. What does the shift from outputs management to the ideology of managing for outcomes entail in the Department of Corrections?
2. What is the ideology of managing for outcomes in the Department of Corrections in New Zealand?
3. What is the strategic management of the Department of Corrections?

4. How does the ideology of managing for outcomes influences the strategic management of the Department of Corrections?

An important remark is that the ideology of managing for outcomes in this research refers to the *ideology* of how the public sector should be managed; by focusing on results. It is not referring to the *initiative* 'Managing for Outcomes' from 2002. However, the initiative 'Managing for Outcomes' will be described in this research. When referring to this specific *initiative* single quotation marks are used.

1.2 Scientific relevance

The process of adjusting to a new ideology in the public sector is not a new phenomenon. During the 1980s public sectors all over the world were influenced by the ideas of New Public Management. The overarching theme of NPM is *"the adaptation of putative market and private sector business practices into the management of the public sector"* (Goldfinch & Wallis, 2010, p. 1100). But there is not one particular definition of NPM and different authors have different opinions about the elements of NPM. Hood (1991) was able to identify seven overlapping aspects that were repeatedly addressed by scholars. Research about NPM is abundant and shows that a convergence on the ideas of NPM *"does not mean a convergence on design or practice"* (Goldfinch & Wallis, 2010, p. 1104).

The reforms in New Zealand therefore will differ from the reforms in other countries, as is shown by Pollit & Bouckaert in *Public Management Reform. A comparative Analysis*. New Zealand was to be considered a frontrunner in implementing NPM reforms in the public sector, the reforms in New Zealand are addressed as 'The New Zealand Model'. The New Zealand model has been analysed multiple times by various authors. Two of the most important books, that analyse the New Zealand model as a whole, are: *Public Management in New Zealand. Lessons and challenges* by Scott (2001) and *Public Management. The New Zealand Model* by Boston et al. (1996).

The ideology of managing for outcomes can be categorised as 'Post-NPM'. The ideology emphasises on the faults and flaws of the NPM ideology and introduces irresistible solutions for this that can be categorised as Post-NPM (Goldfinch & Wallis, 2010, p. 1112). Academics have been writing about the strengths and weaknesses of the ideology of managing for outcomes (Norman, 2007), different ways of working to establish this focus (Ryan et al., 2008), and the need to be able to be efficient on the bottom line and effective on the top line (Hughes & Smart, 2012). This research will analyse the influence of the ideology of managing for outcomes in practice, in the Department of Corrections in New Zealand and contribute to the debate about *"to what degree NPM has been abandoned, and over the novelty, coherence and resilience of the post-NPM agenda"* (Goldfinch & Wallis, 2010, p. 1109).

The influence that the ideology of managing for outcomes has on management systems remains to be established in the current literature. In general, research about strategic management in New Zealand is rather scarce. Information about New Zealand strategic management can be found in

Local Government Strategic Planning, in theory and practice by the Institute of Policy Studies. However, this book is focused on the strategic management on only the local level. This research extends the knowledge about the ideology of managing for outcomes and strategic management.

1.3 Social relevance

Departments and other agencies in the New Zealand public sector are struggling with several forces influencing their practices. One of these forces is the current focus on outcomes, not only advocated by academics but also by the central government. After an intensive period of reform in 1980s and adjustments in the following years, departments in the public sector are again required to change their practices align with to the current ideas of thought. Implementing an outcomes focused management system is a complicated thing to do. Learning from experience of other departments therefore could assist in making this transition. But not only other departments and agencies in New Zealand can benefit from the experiences of the Department of Corrections. Also other countries could have an advantage by knowing how the Department of Corrections in New Zealand dealt with and interpreted the ideology of managing for outcomes. The knowledge that can be gained from the pioneer situation in New Zealand can help other countries and organisations deal with this new focus. There are countries and organisations that already have started with implementing the ideology of managing for outcomes, others are still searching how to deal with this ideology.

1.4 Reader's guide

This research will present the influence that the ideology of managing for outcomes has on the strategic management of a public sector organisation, and specifically the influence in the Department of Corrections of New Zealand. Chapter two will start with the context of this research. New Public Management, the New Zealand model and changes made to the New Zealand model, are discussed. The chapter ends with a section about the organisation central in this research, the Department of Corrections. The third chapter contains the theoretical framework of this research. The two main concepts are described: the ideology of managing for outcomes and strategic management. The final section explains the influence the ideology of managing for outcomes has on strategic management in public organisation in general. Chapter four is the methodological chapter. In this chapter the research design, case study, data collection, data analysis and the operationalisation will be explained. This is followed by the chapter with the findings of this research. Again the two main concepts will be used to describe the findings, but also the details of the shift from an outputs focus to the ideology of managing for outcomes are given. In the last section the influence of the ideology of managing for outcomes on the strategic management of the Department of Corrections is described. Chapter six is the conclusion and contains answers to the main research questions, followed by a discussion and recommendations.

2. A CHANGING PUBLIC SECTOR IN NEW ZEALAND

This chapter contains background information about the research topic to assist the reading of this research. There are three questions that will be guiding this chapter. The first two refer to the history of reforms in the public sector of New Zealand: (1) Which changes occurred in the New Zealand public sector from 1980 – 2012? and (2) What are the results of these changes? The third context question will refer to the specific public sector organisation that is central to this research (3) What are the core characteristics, history, and institutional context of the Department of Corrections?

2.1 A new trend in public management

From the 1980s onwards there was a big neo-liberal shift in thinking about the public sector. After the oil-crisis during the seventies, it was clear to the Western countries that things needed to change in the public sector. The public sector in the 1980s was characterised by the bureaucratic model of Max Weber, with centralisation, control, hierarchy and input focus as its core elements. The public sector had become a massive and inefficient organisation with no room for innovation or customer needs (Hughes & Smart, 2012, p. 4). Privatisation and a focus on efficiency and effectiveness should help countries recover their public sector (Noordegraaf, 2008, p. 85). Countries wanted smarter and smaller governments (Boston, Martin, Pallot & Walsh, 1996, p. 2). This trend is known as ‘New Public Management’ (NPM) (Hood, 1991).

The intention of NPM is to minimize the power of the civil service and empower its democratically elected executives (Peters, in Norman & Gregory, 2003, p.36). The characteristics of NPM indicate a *“marriage of two different streams of ideas”*; the strong economic practices of the ‘New Institutional Economics’ and the soft managerialism practices, thus causing a tension in NPM itself (Hood, 1991, pp. 5-6).

NPM can be defined with the following seven aspects (Hood, 1991, p. 4). The first aspect is ‘hands-on professional management’ in the public sector, an active and visible control in the public sector. There is a need to have ‘explicit standards and measures of performance’, goals and indicators need to be defined with a ‘greater emphasis on output controls’. Furthermore there needs to be a shift to ‘disaggregation of units in the public sector’ and to ‘greater competition in the public sector’. Departments need to be broken-down to units arranged by specific products and operate in a more business-like way. The use of ‘private sector styles’ in managing the public sector needs to increase and also the use of resources needs to be business-like: ‘more discipline and parsimony’. The public sector needs ‘to do more with less’ (Hood, 1991, pp. 4-5). These different aspects are not new, and some were already used in the 19th century. The ‘New’ in NPM refers to the combination of these aspects, which is done for the first time (Boston et al., 1996, p. 26).

2.2 The New Zealand model

“The New Zealand government achieved what was probably the most comprehensive and radical set of public management reforms of any OECD country” (Pollitt & Bouckaert, 2004, p. 280). This statement is supported by multiple authors like Boston et al. (1996), Boston & Eichbaum (2007), Norman & Gregory (2003), and Ryan & Gill (2011). Prior to the reforms, the public sector in New Zealand could be characterised with centrally written rules, absence of corruption, avoidance of mistakes, significant influence of the Cabinet on operational management in departments, and departmental structures along sector lines. Reform was necessary to resolve new emerging issues like the large and growing annual fiscal deficit (Ayto, 2001, pp. 4-6).

New Zealand is a small country, with a centralised and unitary system of government. There is a unicameral legislature, because of the abolition of the upper house in 1951. In the first-past-the-post electoral system, which applied in New Zealand during the 1980s, the Cabinet and Prime Minister had the advantage of a great amount of power in Parliament (Boston et al., 1996, pp. 44-48, 351-353). New Zealand does not have a written constitution (Boston & Eichbaum, 2007, p. 129). These institutional characteristics of New Zealand, and especially the lack of an upper house and written constitution, contributed to the major reforms in the public sector.

‘The New Zealand model’ was based upon a consistent framework designed by the New Zealand Treasury. The Treasury created a consistent reform agenda, based on an analysis of the weaknesses of the existing public sector. The Treasury worried about the effectiveness, efficiency, and accountability of public servants to their superiors, as well as to their ministers (Boston et al., 1996, p. 57). The attention of the public servants must primarily be on achieving results, instead of following bureaucratic procedures (Norman & Gregory, 2003, p. 35). The reform agenda of the Treasury, therefore, *“favoured private ownership and non-ministerial organisational forms”* (Boston et al., 1996, p. 80). Ideas of reform that were aligned with NPM (Mintrom, 1998; Boston et al., 1996, p. 3).

The framework the Treasury had built – the *‘NPM manifesto’* (Hood, 1990, p. 210) – was an alternative for bureaucracy-based controls. In order to have effective services, the Treasury advised accountability, performance assessment, sufficient information flows, ‘freedom to manage’ and clear goals (Norman & Gregory, 2003, p. 36, 43). The logic behind these five conditions was explained by the States Services Commission (SSC) and an illustration of the accountability relationships is shown in figure 2.1.

If managers are clear about what is expected of them (clarity of objectives) and are given the power to achieve their specified objectives (freedom to manage) and then made accountable for achieving the objectives by being judged (accountability), with quality information (adequate information flows) on how well they met their stated objectives (effective assessment of performance), managers will make efficient resource allocation decisions and obtain objectives in the most efficient way. (State Services Commissions [SSC], 1999b, p. 13)

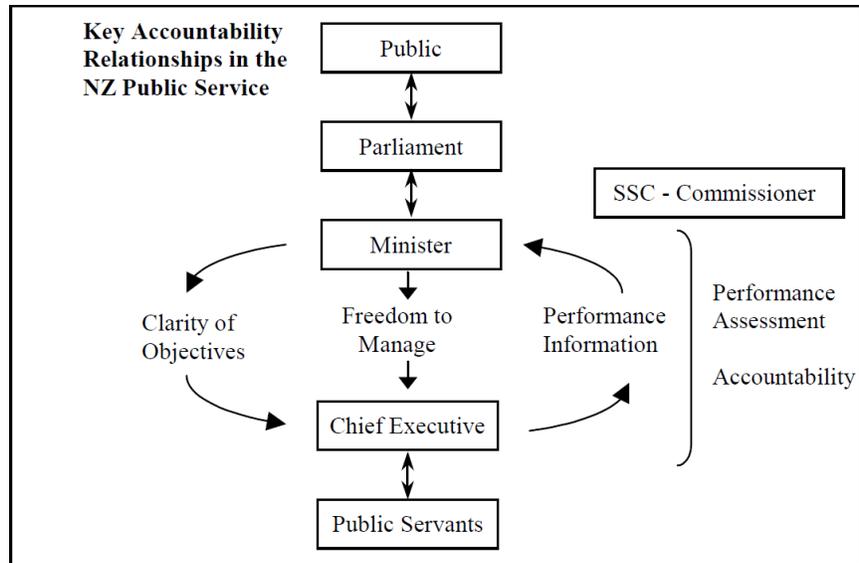


Figure 2.1: Key accountability relationships in the New Zealand public service (Source: SSC, 1999b, p. 14)

Objectives and principles of the New Zealand model

The changes that were made during the 1980s in the public sector of New Zealand were numerous. New legislation was essential to implement the New Zealand model, which resulted in The State Sector Act 1988 and the Public Finance Act 1989 (Boston et al., 1996, p. 268). The Labour government also used legislation as a tool to implement the reforms. Legal support made it easier to implement the reforms, and more likely that the reforms stayed uniform (Schick, 1996, p. 14). The core elements of the New Zealand model are: the distinction between ‘outputs’ and ‘outcomes’; the separation of policy advice and service delivery; and contractual accountability (Boston et al., 1996, p. 78; Chapman & Duncan, 2007; Gregory & Lonti, 2008, p. 839; Pollitt & Bouckaert, 2004; Schick, 1998). *“Few would dispute that the reforms undertaken during the mid-to-late 1980s constituted a systemic change. After all, virtually every aspect of the public sector was altered to one degree or another”* (Boston, 2000, p. 30).

Outputs and outcomes

The Public Finance Act 1989 introduced a new accounting system which focused on outputs and outcomes instead of inputs and activities (Boston et al., 1996, p. 267; Gill, 2008; Pollitt & Bouckaert, 2004, p. 280). The Public Finance Act 1989 defines outputs as well as outcomes:

outputs—

- (a) means goods or services that are supplied by a Department, Crown entity, Office of Parliament, or other person or body; and
- (b) includes goods or services that a Department, Crown entity, Office of Parliament, or other person or body has agreed or contracted to supply on a contingent basis, but that have not been supplied

outcome—

- (a) means a state or condition of society, the economy, or the environment; and
- (b) includes a change in that state or condition. (Public Finance Act 1989)

Gill (2008, p. 4) notes that there was a big difference in the description of outputs and outcomes in the Public Finance Act 1989. Whereas the Treasury used great precision in describing outputs, outcomes were more vaguely described. *“The emphasis on the accountability for outputs occurred at the expense of focus on outcomes”* (Gill, 2008, p. 4). This is also what Norman (2001, p. 84; 2007, p. 541), Pollitt & Bouckaert (2004, p. 281), Schick (1998, p. 126) and Turner & Washington (2002, p. 366) argue. That outputs gained importance at the expense of outcomes, might have been something that the designers of the New Zealand model did not regret. Graham Scott sees outcomes as *“a rich opportunity for plausible excuses”* (in Norman, 2007, p. 541). Graham Scott was the Secretary of Treasury from 1986 to 1993, in other words; he was the most influential public servant during the establishment of the New Zealand model and *“one of the intellectual designers of the managerial revolution”* (Mendez Martinez, 2003, p. 91). Besides that, he also wrote one of the very limited numbers of existing studies that analysed the reform in the public sector of New Zealand as a whole (Mendez Martinez, 2003, p. 91).

Separation of policy advice and service delivery

The governmental departments were extensively reorganised and decentralised. Departments were broken down in favour of flat and smaller single-purpose agencies with clear objectives (Boston et al., 1996, p. 351; Chapman & Duncan, 2007; Pollitt & Bouckaert, 2004). This resulted in a total number of 39 government departments in 1995 and a tremendous decrease in the number of public servants (Laking, 1999, p. 9). Additionally, the number of governmental departments delivering services together with policy advice and contract management was greatly reduced (Boston et al., 1996, p. 78). In other words, policy advice was separated from service delivery (Gregory & Lonti, 2008, p. 839; Hughes & Smart, 2012, p. 4; Pollitt & Bouckaert, 2004).

For mega-departments, like the old Departments of Justice and Social Welfare, separating policy advice and service delivery had its benefits. Some aspects of the services they were delivering were overwhelmed by others and did not get enough attention, and having all the different activities in one big conglomerate did not produce any synergy. But, in a department where there was synergy and the operational functions were homogeneous or closely related, disconnecting policy advice from service delivery could be counterproductive (Schick, 1996, p. 30-31).

Contractual accountability

The State Sector Act 1988 promoted management of public agencies to be more efficient, responsible, and accountable (Walsh, in Pallot, 1998, p. 4). It changed the role of the State Services Commission from being the employer of the *entire* public service, to being the employer of the *chief executives*. The chief executives were now responsible for the management of their own employees and appointed for a fixed term (Boston et al., 1996, pp. 267, 351; Gill, 2008; Pollitt & Bouckaert, 2004, p. 280).

The New Zealand model allowed the chief executives of the governmental departments to act more autonomously and it gave them administrative discretion. To avoid abuse of public power, it was necessary to monitor, report and assess the performance of the chief executives (Boston et al., 1996, p. 110). In other words, the implementation of a performance management system – which focuses on accountability as well as transparency – was necessary. In the agreements between the minister and the chief executive, the minister described which outputs had to be produced, and held the chief executive accountable for accomplishing these outputs. The minister himself was responsible for the outcomes, which should result from the outputs. Thus, chief executives were free to produce the desired outputs the way they want to; they have a ‘freedom to manage’ (Boston et al., 1996, p. 351; Gregory & Lonti, 2008, p. 839; Hughes & Smart, 2012, p. 4; Kibblewhite & Ussher, 2002; Norman & Gregory, 2003, p. 37, 41).

Eventually this resulted in a greater distance between politicians and public servants, making it easier for ministers to shift the blame (Norman, 2001, p. 82; 2006, p. 26). A failure to deliver outputs, could result in outsourcing or restructuring, and cause both ministers and chief executive to lose their job security (Norman, 2007, p. 841). Both developments generated a ‘climate of fear’ in which public officials became increasingly reluctant to be innovative and take risks. Ironically, this was exactly the opposite effect to what was intended to be achieved by the reforms (Norman, 2001, p. 82).

2.3 Second reforms, the 1990s and 2000s

In the early 1990s both academics and the public were concerned about the New Zealand model. Due to the focus on performance and efficiency, they worried about the long term vision and capacity to achieve results. The academics emphasised the misfit between the single-focus and results-oriented management of the New Zealand model, and the complex problems public managers were facing in the current New Zealand society (Norman & Gregory, 2003, p. 46). The public was accusing the public sector of being under-funded, poorly led and ineffective (Chapman & Duncan, 2007, p. 4). And the OECD mentioned that *“the first-generation reforms have been efficient but insufficient”* (Cook, 2004, p. 7).

This criticism resulted in adaptations to the reform programme in the 1990s, to make the programme more cohesive and outcome-focused. Besides the adaptations, there were also parts of the reform programme that were reversed. The focus shifted to the outcome performance of public organisations. Chief executives were not only responsible for the outputs their organisations produced, but they also had to contribute to the strategic goals set by the government (Chapman & Duncan, 2007).

The lack of attention to the question of strategic capacity was a serious flaw in the original design of the New Zealand reforms. The design flaw was not an oversight but derived from the strong emphasis on operational efficiency and accountability. (Schick, 1996, p. 53)

The use of formal contracts had been the main element in the relationship between ministers and chief executives, since the reforms started in 1984. But from 1992 onwards this formal approach started to change and these contracts were replaced by ‘Statements of Intent’ (SSC, 1999a, p. 7), which are “documents that elaborate departments’ medium-term strategies, capabilities and projected performance” (Lonti & Gregory, 2007, p. 841). In the Statement of Intent both the outcomes and outputs were described (Norman, 2007, p. 544), showing how the department would contribute to the key government goals (Chapman & Duncan, 2007). Departments were encouraged to focus more on collaborative policy outcomes and focus less on the production of outputs (Chapman & Duncan, 2007).

Strategic Framework

Due to concerns of the Government, in 1993, about the long term objectives, the government started to pay more attention to a strategic vision for New Zealand. This resulted in a framework at the strategic management level (SSC, 1998, p. 1). The framework consisted of Strategic Results Areas (SRAs) and Key Result Areas (KRAs). The SRAs were mandated by the minister, and the KRAs agency driven (Gill, 2008, p.5). The SRAs “are intended to communicate to governmental managers and to the public at large what the government intends to accomplish over the next 3-5 years and how it plans go about using its own agencies” (Boston et al., 1996, p. 282). Operations of departments were connected to the SRAs, via the KRAs (Boston et al., 1996, p. 283). To assure alignment with departmental actions, the government had to formulate and communicate its aspirations for the future (Schick, 1996, p. 54). As shown in figure 2.2, strategic management is where both the political strategy (SRAs) and operations of departments (KRAs) come together. The political strategy influences the strategic management via SRAs in which not only the ministers and the Cabinet, but also the chief executive (CE) and the collective CEs are involved. The departmental operational output delivery is connected to the strategic management via the KRAs.

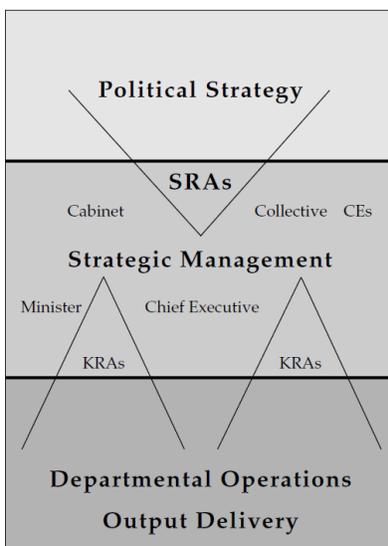


Figure 2.2: Linking high-level political and policy goals with output specifications in the strategic management process (source: Scott, 2001, p. 344).

The SRA/KRA framework only covered the activities of departments with a strategic significance (Pallot, 1998, p. 14; SSC, 1997, p. 4), assuming that *“too many additional goals can obscure the overall vision and inhibit responsiveness to change”* (Pallot, 1998, p. 14). But also, too many goals can be less helpful in giving direction and focus to the government’s policy objectives (Boston & Pallot, 1997, p. 402). This resulted in the criticism that this framework is vague and general (Pallot, 1998, p. 14). Although Schick argues in 1996 (p. 57) that the SRA/KRA framework worked rather well, it was already abolished in 1999, when the National Party lost its majority in parliament to the Labour party. The failure to implement the SRA/KRA framework top-down, placed more emphasis on the need for a bottom-up approach to outcome development. Therefore, *“departments were made accountable for developing an articulating the link between outputs and outcomes”* (Gill, 2008, p. 5).

‘Managing for Outcomes’¹

In the report known as ‘The Review of the Centre’, the public management system of New Zealand in 2001 was examined. It concluded that *“...the public management system as it stands today provides a reasonable platform to work from, but some significant shifts in emphasis are needed to better respond to the needs of the future”* (Advisory Group on the Review of the Centre, 2001, p. 4). The Advisory Group stated that services delivered by multiple agencies needed to be integrated, the fragmentation in the public sector needed to be addressed, and a culture shift was needed. These improvements needed to help to find a better balance between outcomes, outputs and capability (Advisory Group on the Review of the Centre, 2001, pp. 1-11).

The initiative ‘Managing for Outcomes’ started in 2002 and emphasised these new approaches (Gregory & Lonti, 2008, p. 941). The objective was *“to encourage departments to report on their contribution to governmental outcomes”* (Lewis, 2007, p. 27). Key features were: ‘empowering the managers to manage’, ‘tools not rules’ and ‘managing for outcomes’ (Gill, 2008, p. 5-6). ‘Managing for Outcomes’ emphasised strategic management components and *“a perspective that improved articulation of desired outcomes [that] ... provides ... [an] increased strategic engagement, alignment, planning and evaluation”* (Cook, 2004, p. 5). Organisations had to achieve socially desirable outcomes and were expected to work together to do so. They had to show the contributions their outputs made in achieving a broader social outcome. The framework of ‘Managing for Outcomes’ is illustrated in figure 2.3.

¹ Note that this section refers to the *initiative* ‘Managing for Outcomes’, which was initiated in 2002, and is not referring to the *ideology* of managing for outcomes.

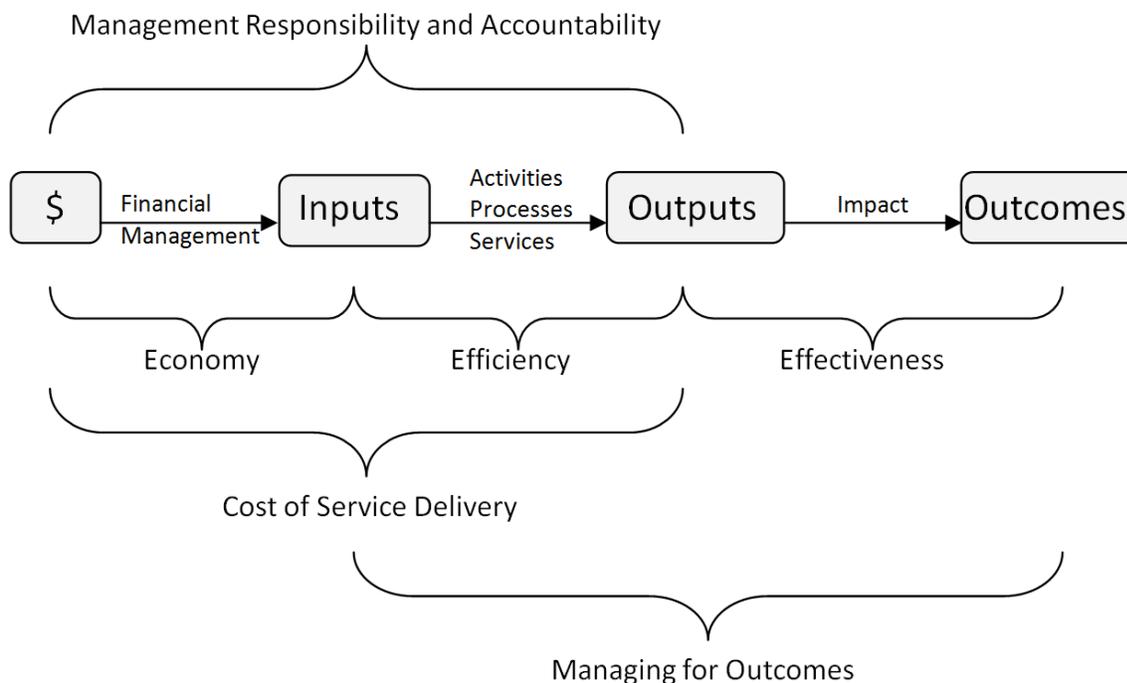


Figure 2.3: ‘Managing for Outcomes’ framework (Source: Institute of Policy Studies [IPS], 2011, p. 172)

Figure 2.3 shows that in the initiative of ‘Managing for Outcomes’ both efficiency and effectiveness were included. The management responsibility and accountability is equal to the cost of service delivery, and excludes outcomes (IPS, 2011, p. 171). In other words, public managers cannot be held accountable for achieving outcomes in the initiative of ‘Managing for Outcomes’. The State Services Commission knew very well that outcomes could not be achieved by just one agency and were influenced by many factors. This resulted in the decision to make chief executives responsible to *manage* for outcomes, and not responsible for *achieving* outcomes (Chapman & Duncan, 2007, p. 13-14; Norman, 2007, p. 543): “...they do everything expected of them in proactively trying to make government policy happen as intended and for the quality of their work in doing so” (Ryan, 2004, p. 7). The ‘Managing for Outcomes’ initiative however, did not indicate who should be held accountable for achieving the outcomes (Lewis, 2007, p. 27). Although managers were only responsible for *managing* for outcomes, Lewis (2007, p. 29) indicates that the initiative is “*transferring the burden ... from the political executive to the departments responsible for delivering outputs*” (Lewis, 2007, p. 29).

The Pathfinder Project, which started in 2001, tried to support the ‘Managing for Outcomes’ initiative. “*The current shift of focus from outputs to outcomes is reflected for the first time in the 2002 annual reports prepared by those departments that are participating in the Pathfinder project*” (Lonti & Gregory, 2007, p. 474). Its mission was: ‘Better Results, Stronger Communities’. The

Pathfinder Project was a collaboration between eight agencies² trying to improve their capability to manage for outcomes. They “develop outcome measures, and management tools and frameworks; and demonstrate operationally viable ways of improving state sector outcomes” (Pathfinder, n.d., p. 1). It was about building an outcome management system that worked for the individual agencies, and sharing best-practices on a time horizon of two to three years. The main principle was to improve the results for New Zealand’s citizens, residents and communities (Pathfinder, 2002, 2003, n.d.^a, n.d.^b). Although supported by the Pathfinder project, the initiative ‘Managing for Outcomes’ did not flourish as it was supposed to (Gill, 2008, p. 6; Hughes & Smart, 2012, p. 6). “While there has been no official ‘death notice’, it is widely regarded by practitioners as ‘missing in action’” (Gill, 2008, p. 6).

The lack of links between output and outcome and the poor state of non-financial performance information did not improve in the following years. In a report about performance reporting, published in June 2008, the Controller and Auditor-General (C&AG)³ stated very bluntly:

Overall, the poor quality of non-financial performance reporting by public entities is disappointing. It needs to improve significantly to allow Parliament and the public to hold public entities accountable for their use of taxes and rates and for the effectiveness of their service delivery. (C&AG, 2008, p. 3)

2.4 2010s

Scholars seem to agree upon the ‘death’ of new public management. The new leading perspective will be ‘new public governance’, although the experts are not clear on what this new perspective is (Gill & Hitchiner, 2011, p. 29). Duncan & Chapman (2010, p. 304, 310) and Boston & Eichbaum (2007, p. 127) argue that the ‘New Zealand Model’ is no longer apparent in New Zealand. Changes made to the original New Zealand Model over time, made it only a revised version of the model. This ‘revised New Zealand Model’ however appeared to be inconsistent, ad hoc, lacked guiding principles (Duncan & Chapman, 2010, p. 310), and was constraining the necessary adaptations (Radio NZ, 2012 March 16).

The Prime Minister of New Zealand, John Key, saw his way clear to a more coherent public sector. On the 15th of March 2012, Key launched the Better Public Services programme, based on the report of the Better Public Services Advisory Group. The main idea is to improve the public service for New Zealanders with three changes. To start with ‘ten challenging and specific results for the public sector’ arranged in five main themes. The other two changes are ‘lowering the cap on employees working in core government administration’ and amalgamating four existing agencies in the Ministry of Business, Innovation and Employment (Department of Prime Minister and Cabinet [DPMC], n.d.).

² Participants are: the Department of Child, Youth and Family Services, the Department of Conservation, the Department of Corrections, the Department of Labour, the Inland Revenue Department, the Land Transport Safety Authority, the Ministry of Health and the New Zealand Customs Service.

³ The Controller and Auditor-General (C&AG) gives the Parliament independent assurance over the performance and accountability of public bodies in New Zealand (Controller and Auditor-General [C&AG], n.d.).

The Better Public Services Advisory Group argues that the high number of departments in New Zealand is not contributing to a better public service, especially due to the overlap and duplication of activities (BPSAG, 2011, p. 27). Ryan however, argues that mergers need to be undertaken in order to achieve a strategic policy overview, not to reduce costs. *“If it is a cover for major cuts, it is going to be a massive failure”* (Radio NZ, 2012 March 16). He even argues that mergers in the past, have not always created significant savings (Radio NZ, 2012 March 16; TV3, 2012 March 15). Networks are becoming more important, when focussing on outcomes. It is not necessary to have large agglomerations of public policy and services, what is necessary are the linkages and connections between the individual organisations (Radio NZ, 2012 March 16).

The Better Public Services Advisory Group also acknowledges that things need to change to focus more on the results that matter most to New Zealanders. Due to the financial crisis more focus on value-for-money is required. *“The goal is a public service and state sector that is achieving value-for-money, is innovative, provides high quality services and manages change effectively”* (BPSAG, 2011, p. 3). To be able to deal better with the complex problems in society and to meet the demand from citizens, the public sector must focus more on outcomes and effectiveness (BPSAG, 2011, p. 6; Hughes & Smart, 2012, p. 3).

Conclusion

In the first four sections of this chapter, the changes in the New Zealand public sector from the 1980s onwards were discussed. Before this chapter continues with a description of the specific public sector organisation in this research, the first two context questions of this research will be answered. These two questions are: (1) Which changes occurred in the New Zealand public sector from 1980 – 2012? and (2) What are the results of these changes?

From the 1980s onwards, the emphasis in public sectors all around the world was on New Public Management and with that a focus on the use of private sector practices, disaggregation of units and efficiency. NPM was a central element to the reforms in the public sector of New Zealand. The model that the Treasury had set up consisted of: clarity of objectives, freedom to manage, performance information, performance assessment and accountability. The New Zealand model can be characterised by a focus on outputs, separating policy advice from implementation, and the use of contracts. This resulted in a public sector dominated by contracts between ministers and chief executives, and chief executives and their staff. Performance measurement flourished and focused on the products delivered by the individual staff members and departments. *“The emphasis on the accountability for outputs occurred at the expense of focus on outcomes”* (Gill, 2008, p. 4).

Concerns about the focus on short term and achieving results beyond departmental boundaries, were an inspiration for some new initiatives in the 1990-2000s. *“Most important was Schick in 1996, who said that you are doing a great job on outputs, but what about outcomes?”* (academic Victoria University 1). The different initiatives like SKA/KRA, the Pathfinder Project and ‘Managing for Outcomes’ all tried to focus more on results than products, on outcomes instead of outputs. These initiatives did make a difference, and can be referred to as ‘the revised New Zealand model’. All the

initiatives struggled without significant support from central government, for instance to change the rigid budget requirements. Public servants saw the need for collaboration, but the public sector system did not help. This changed in the 2010s when, in the second term of a new central government, it was announced that changes were coming in the public sector which should make it possible to focus on results.

The changes that occurred in the New Zealand public sector from 1980 – 2012 started with the realisation in the early 2000s that a focus on outcomes was necessary to actually make a difference in the public sector and achieve results. During the first reforms in the 1980s the focus was supposed to shift from inputs to outputs and outcomes. But, the focus mostly shifted towards outputs, neglecting the outcomes. Among other reasons, this was because the greater detail in the description in the Public Finance Act 1989 of outputs, and the ease of measuring outputs.

Producing outputs is definitely important, but not enough. This mind-shift resulted in multiple initiatives in the public sector to start focussing on outcomes, rather than outputs. *“The ... shift from outputs to outcomes is reflected for the first time in the 2002 annual reports prepared by those departments that are participating in the Pathfinder project”* (Lonti & Gregory, 2007, p. 474). Some were more successful than others. Only from 2012 onwards did the government really support managing for outcomes in the public sector by introducing the ten Better Public Services targets.

2.5 Department of Corrections

Having discussed the changes in the New Zealand public sector from the 1980s onwards, now the focus can shift towards the public sector agency central in this research: the Department of Corrections. In the following section the core characteristics, history and institutional context of the Department of Corrections will be expounded.

The Department of Corrections’ *“core business is to manage offenders on sentences and orders that are imposed by the courts and the New Zealand Parole Board”* (Ryan et al., 2011, p. 263). Next to the core business, the Department has two goals: ensure offenders comply with their sentences and orders, and by rehabilitation and reintegration reducing re-offending of those in the system (Ryan et al., 2011, p. 255). The current (2012) vision and priorities of the Department of Corrections are:

Vision

Improving public safety by ensuring sentence compliance and reducing re-offending, through capable staff and effective partnerships.

Priorities

- Public Safety
- Reducing Re-Offending
- Better Public Value
- Leadership (Department of Corrections [Corrections], 2011a)

The Department of Corrections is a relatively young department; it was established by the break-up of the conglomerate Department of Justice, in 1995. The Department of Justice had failed to adapt to the new reforms in the public sector. The structure of the Department of Corrections has changed over time. Until September 2012 there were three main services: the Public Prisons Service, the Community Probation Services and the Rehabilitation and Reintegration Services (Ryan et al., 2011, p. 256-258). From the first of September, these three services were brought together into a 'One Team structure', containing five groups.

This restructure is to enhance the link between the services, enable the Department to work together and lift the performance of the Department. The three core Services were not working in as joined-up a way as the chief executive wanted. The changes will be in the management structure of the Department, where 130 jobs will be lost. The former Chief Executive Barry Matthews had added a level of assistant regional managers to improve the performance of the Department of Corrections. However, the current Chief Executive, Ray Smith, appointed since 2010, states that the Department is 'a bit overly layered' and would do with the removal of some layers of management (Corrections 2012, May 3, June 21; Radio NZ, 2012, May 3). Smith emphasised that no frontline staff would be affected by the restructuring. The idea is to have joined-up service delivery groups in each region with their own accountability, under a Regional Manager Corrections Services. This should empower the staff and contribute to reducing re-offending (Corrections 2012, May 3, June 21; Radio NZ, 2012, May 3).

Although, it was established to break down a big department, the Department of Corrections is the second largest core Government department and employs around 8,000 staff (Corrections, 2011b, p. 30). The prison population rate (per 100,000 of national population) in New Zealand is quite high, and corrections officers have to deal with a large number of prisoners. Compared to countries such as Australia, the United Kingdom, Canada and the Netherlands, which prison population rates respectively are 133, 153, 117 and 94, the prison population rate in New Zealand is 199 (Walmsley, 2011). As at 30 June 2012, Corrections takes care of about 8,600 prisoners, 500 of them female, in nineteen prisons (Corrections, 2012b). More than 50% of the total prisoner population is off Maori ethnicity (Corrections, 2012b). Quite remarkable when compared to the percentage of the total population of New Zealand the Maori represent, which is about 15% (Ryan et al., 2011, p. 257).

The total number of community sentences being served is 40,650. This, however, does not mean the same number offenders serving a non-custodial sentence, as offenders can serve more than one community sentence at once (Corrections, 2012a). Although the offenders held in prison are roughly seventeen percent of the total number of offenders, 64 percent of the financial resources are spend on custodial services and just 17 percent on community-based sentences (Corrections, 2011b, p. 30).

Institutional context

The Department of Corrections has been a frequent target of criticism by the public, politicians and the media. The media coverage of incidents when offenders on parole murdered people in 2001 and 2007, and a murder of a teenager in the back of a prison van in 2006, highly influenced the public

opinion. Criticism forced the Department to shift the focus from outcomes to 'following the rules'. This made manuals and standards very important in the Public Prison Service, as a Unit Manager describes this as 'our bible, basically' (Dormer & Gill, 2009, p. 10). "*The significance of the adverse media coverage and uninformed but critical public opinion is significant in terms of the approach to management and performance in the department*" (Ryan et al., 2011, p. 261). The management of the Department of Corrections strongly emphasises reducing the risks as far as possible by pursuing "*tight operating procedures and high levels of compliance*" (Ryan et al., 2011, p. 284). Following procedures makes it possible to protect and defend the staff when necessary (Ryan et al., 2011, p. 285).

The performance of the Department has improved, compared to the performance in the years just after its establishment. Despite an increasing number of prisoners, the Department performed well against a number of international benchmarks. However, these facts are not enough to also improve the public image of the Department in New Zealand, mostly influenced by incidents with a lot of media and political attention (Ryan et al., 2011, p. 255, 259; Wyn, 2007, p. 11). The media is also short-sighted when it comes to the complex tasks and outcomes the staff has to deal with. The Public Prisons Service is not just about locking people up; these people will return to society one day (Ryan et al., 2011, p. 255, 259). Staff of the Department of Corrections gets frustrated with the way the media deals with their information: "*...they don't publish what you say; they just make up their own story*" (Dormer, 2010, p. 187).

The setting in which the Department of Corrections is operating can be characterised as a 'political setting'. In this type of setting, organisations are faced with politically salient issues, unstable conditions and wicked problems. Issues get a lot of attention from politicians and are very sensitive because of the amount of money involved. The issues also get a lot of attention in the media. Dealing with wicked problems is risky because experts cannot agree upon what is actually happening and ideological opinions differ (Noordegraaf, 2008, pp. 243-271).

In 2006, the Department of Corrections cancelled some programmes when evaluation of performance information showed they were not effective. There was a lot of criticism about the cancellation, the Department especially was questioned why they did not do something earlier. It suggests that whatever a department or agency will do, they are still being criticised (Gill, 2008, p. 9). A remarkable occurrence was that it was the Department of Corrections itself, who was criticised not the responsible minister (Gill, 2008, p. 9).

From 2000 onwards 'public safety' became a bigger component of the governmental goals, and even a central objective after five years. There were amendments made to the Corrections Act 2004, to improve the protection of the public against those in the criminal justice system. This change led to an increasing number of prisoners and parolees (Ryan et al., 2011, p. 261). The Sentencing Amendment Act 2007 tried to decrease the number of prisoners by introducing sentences which did not require imprisonment: home detention, community detention and intensive supervision. This relieved some of the pressure of the Public Prisons Service, but increased the pressure on the

Community Probation Services. In a briefing for the incoming Minister in 2008 the Department of Corrections addressed the *“possible risks to standards of compliance, offender safety and security”* (Ryan et al., 2011, p. 262) due to the growth in volumes. The three new sentences are more complex to administer, and resulted in more challenging offenders having community sentences rather than being imprisoned (Corrections, 2008, pp. 12-14).

The high profile case of Graeme Burton⁴ led to extra attention for the Department of Corrections in 2007, leading to an investigation by the Auditor-General on the management of offenders on parole. The report of the Auditor-General investigated 100 case files, and found ‘gaps and omissions’ at every stage of the parole management, next to failures in complying with the standard requirements in the parole process. The report had big media coverage, mostly because of the response of the Minister of Corrections, Judith Collins. She did not have any confidence in the current chief executive, Barry Matthews, and announced that *‘heads will roll’*. She wanted the State Services Commissioner to find out who was accountable for this, while already blaming Matthews. Matthews, however, was not dismissed by the State Services Commissioner after an investigation (Ryan et al., 2011, pp. 288-292). *“A chief executive is accountable for the performance of his or her department. However, this does not mean that employment consequences must flow every time a department experiences a performance deficiency”* (Rennie, 2009, p. 10).

Conclusion

In the last section of this chapter, the characteristics, history and institutional context of the Department of Corrections were expounded. This information makes it possible to answer the third context questions: What are the core characteristics, history and institutional context of the Department of Corrections?

The Department of Corrections is a relatively young department, it was established in 1995. Its core business is to manage offenders on sentences and orders that are imposed by the courts and the New Zealand Parole Board. When executing its core business, the department tries to achieve its main goal, to reduce reoffending. But also public safety, better public value and leadership are priorities of Corrections. The imprisonment rate in New Zealand is quite high; there are 199 prisoners per 100,000 of national population. Measured in June 2012, there were 8,600 prisoners and 40,650 community sentences served (one offender can serve more than one sentence at once).

The Department of Corrections is one of the most political salient departments in New Zealand, but also the media and public are keeping a close eye on the department. Due to some incidents in the past, the public image of Corrections is very bad. The most illustrative example is the Graeme Burton case which had an enormous amount of media attention. The Department was really struggling when even the responsible minister lost her confidence in the Chief Executive.

⁴ Graeme Burton was on parole, being a convicted murderer, but missed several meetings with his parole officer. While being on parole he committed a murder and injured three others (Ryan et al., 2011, p. 260-261).

3. DELIVERING BETTER PUBLIC SERVICES

The New Zealand Government wants to deliver better services for New Zealanders. One of the means to achieve this goal is setting challenges and specific results for the public sector of New Zealand. The government no longer believes in New Public Management and seems to have become an adherent of the ideology of Managing for Outcomes. But, before there will be a visible change in the practices of (frontline) staff in public organisations and the services that are delivered are actually better than before, the strategic management of these public organisations need to adjust to this new ideology. But how does the ideology of managing for outcomes influence strategic management of public organisations? In the last section of this chapter, this question will be answered. Before that, both the ideology of managing for outcomes as well as the concept strategic management will be discussed.

3.1 The ideology of managing for outcomes

Gill & Hitchiner (2011) argue that New Zealand is ready for a focus on outcomes. They have three reasons which support a shift towards an outcomes focused management system. First, having a focus on outcomes will stimulate public sector employees. They are working to make a difference in the lives of other New Zealanders. The ideology of managing for outcomes emphasises the professional pride and basic motivation of these employees. Second, New Zealand has to face a sustained fiscal affordability problem. The current way public agencies operate is not sufficient to address this. And the third reason emphasises the possibility to learn from other jurisdictions and experimentation under way (Gill & Hitchiner, 2011, p. 29). Ryan, however, warns about the necessary change of mind-set. Not only does this apply for the public servants, but also the ministers need to change their mind-set (Radio NZ, 2012 March 8). Elected representatives have to deal with the changes that occur due to the focus on outcomes management, they have to change their ways if they really want to focus on outcomes (Ryan, 2004, p. 3, 7). Keeping ministers accountable is hard: *“ministers are reluctant to be held accountable for outcomes in which their own departments may play only a small and indirect role”* (IPS, 2011, p. 74).

When changing the organisation’s relationships, as well as the behaviour of individuals, challenges arise. These challenges occur in each type of administrative reform. Implementing an outcomes-based performance management also has its challenges, however, this should not hinder the efforts that are made (Heinrich, 2002, p. 722). This shows that top down there is a shift from efficiency to effectiveness. In a bottom up perspective one sees *“a passion to make a difference for clients”* (Gill et al., 2007, p. 42), but this is regardless of the formal public management system. In other words, either with a focus on outputs or with the ideology of managing for outcomes, front line staff shows the passion to make a difference (Gill et al., 2007, p. 42). However, this new approach

... will unlock a huge amount of human potential and creativity in the public service that can be applied to problems in New Zealand that have long remained intractable. Progress on these issues will make a huge difference to tens of thousands of New Zealanders, their families and their communities. That makes it worth struggling with. (Hughes & Smart, 2012, p. 8)

The shift towards the ideology of managing for outcomes is a slow process. There are multiple aspects that need to be changed to make it work, and this takes time (Cook, 2004, p. 45). In order to be able to improve effectiveness, agencies need to be open to the possibility of failure (Kibblewhite & Ussher, 2002, pp. 105-106). Another challenge is linking outputs and outcomes. *“The development of capability to implement a managing-for-outcomes system takes time, energy and resources, and political and managerial commitment”* (IPS, 2011, p. 181-182). It is necessary to keep evaluating and monitoring, to be able to identify the link between outputs and outcomes (Radio NZ, 2012 March 16).

Gregory & Lonti (2008, p. 839) describe the distinction between outputs and outcomes: outputs refer to the goods and services a department produces, the work that the department is doing. Outcomes are the effects of the goods and services on communities and the society (Gregory & Lonti, 2008, p. 839). The distinction between outputs and outcomes can also be clarified by discussing the systems in which they both operate. Hughes & Smart (2012) discuss the difference between an outputs focused performance management system (the current system) and an outcomes approach in figure 3.1.

Current system	Outcomes approach
Interested in outputs	Interested in outcomes
Measurement based on reporting	Measurement based on evaluation
Success can be measured by performance in short term (i.e. completion of output)	Success is better measured by performance over medium term (i.e. effectiveness of outcome)
Individual agency accountability for delivery of outputs	Shared accountability for delivery of outcomes

Figure 3.1: Differences between output-based and outcomes-based performance management systems (Source: Hughes & Smart, 2012, p. 7).

Hughes & Smart (2012) argue that in 2012 the majority of the performance management systems in New Zealand is still output-focused. In order to get an outcomes approach, things need to change. One of the most important changes is that outcomes need to be described so that they can be reliably measured. But also evaluation needs to gain more importance; it should be used to inform performance frameworks and measure success. Intermediate outcomes can be used to *“measure in real time across specified periods, complementing ex ante output specification with ex post evaluation”* (Hughes & Smart, 2012, p. 7) and to indicate the progress that a department/agency has made, and with that, show their performance to others (Ryan, 2004, p. 3). The increased importance of performance measurement in the public sector, is the reason for Noordegraaf & Abma to suggest

that “*the world of public management has become ... a world of measurement*” (2003, p. 853). But, outcomes are less amenable to measurement. It is hard to establish the causal relation between cause and effect with outcomes, because outcomes are “*affected by several outputs from various sources and by other external factors, over which government agencies may often have little if any control*” (Lewis, 2007, p. 26).

Authors indicate multiple elements that define the ideology of managing for outcomes. But before elaborating on what the elements of the ideology of managing for outcome are, the concept ‘ideology’ needs to be clear. An ideology is an ambiguous concept, there are a lot of definitions that all (slightly) differ from each other. This research uses the description of Simons & Ingram (1997): “*Ideology is a set of beliefs about how the social world operates, including ideas about what outcomes are desirable and how they can best be achieved*” (Simons & Ingram, in Meyer, Shalin, Ventresca & Walgenbach, 2009, p. 7). An ideology is normative; it includes ‘a set of beliefs’ that differs from other sets of belief. According to Berger & Luckmann (in Meyer et al., 2009, p. 6) there are different sets of beliefs in the society that interpreted the same overall universe in different ways. But an ideology also proposes change; “*actors will pursue the ends their ideology values using means derived from their ideology*” (Simans & Ingram, in Meyer et al., 2009, p. 7).

The different elements that define the ideology of managing for outcome imply that the answer to the first theoretical question – what is managing for outcomes in the public sector? – will be plural. In the section ‘broad and sustaining perspective’ the need to have a comprehensive view is emphasised. And in the section ‘new ways of working’ both the need to collaborate with other (public) organisations and need for the presence of three main roles are underlined. Please note that this description is referring to the *ideology* of managing for outcomes in general, and is not referring to the *initiative* of ‘managing for outcomes’ initiated in 2002 in New Zealand.

Broad and sustaining perspective

Both outputs and outcomes provide useful and important definitions of public value. Focussing too much on one of them can lead to dysfunctional results. Simons (in Norman, 2007, p. 538-539) is also referring to this struggle as ‘a craft of balancing yin and yang elements’. The dark yin symbolizes the controls on outputs and constraints on management, and the light yang represents empowerment and outcomes. Table 3.1 shows the strengths and weaknesses of both outputs and outcomes, clarifying the need to balance the two (Norman, 2007, p. 538-539). To make the focus on outcomes in the public sector a success “*an outcomes approach will require a different kind of performance framework, incorporating the main features of output measurement in an outcomes model*” (Hughes & Smart, 2012, p. 6-7).

	Outputs	Outcomes
Strengths	Clear, measureable statements of results, defined by quality, quantity, and timeliness indicators. They can be clearly linked to the ability of a particular organisation and chief executive to achieve and provide a “no excuses” approach to accountability for results rather than inputs.	Purpose-oriented descriptions of results, which take a broad and long-term perspective. They are potentially inspirational and motivational and sufficiently broad to incorporate contributions from a number of organizations.
Weaknesses	The focus of measurement can shift toward that which can be measured and easily audited. The output can become the goal in the process of goal displacement, at the expense of longer-term and more meaningful achievements.	Outcomes can become so broad that they can mean all things to all people, with achievement being very difficult, if not impossible, to measure. Outcome statements can become window dressing that prevents outsiders from assessing how well an organization is doing.

Table 3.1 : Strengths and weaknesses of outputs and outcomes (source: Norman, 2007, p. 538)

Hughes & Smart (2012, p. 4) emphasise on the difference between ‘bottom line’ and ‘top line’ activities of an organisation. In the ‘bottom line’, it is necessary to deliver the outputs as efficiently as possible, and to be accountable for your actions. On the ‘top line’, the focus is on effectiveness and outcomes. In order to contribute to outcomes on the ‘top line’, it first is necessary to be efficient on the ‘bottom line’ (Hughes & Smart, 2012, p.4), and to be in control of the core business (Hughes, in Norman, 2007, p. 545). *“If benefits are not paid on time, then it becomes harder to alleviate poverty”* (Hughes & Smart, 2012, p. 4). The current focus on outputs does not need to be replaced by a focus on outcomes, but the focus should be equally strong on efficiency as on effectiveness. In order to make this happen, agencies need to work together (Hughes & Smart, 2012, p. 5), cross-agency working methods are essential (Ryan et al., 2008, p. 15). *“Progress on outcomes cannot be made if the public service is attached to vertical accountability, with a single individual in charge of individual agencies. That requires a cultural change, particularly in Wellington”⁵* (Hughes & Smart, 2012, p. 7).

Ryan (2004, p. 1) argues that a focus on outcomes goes beyond just producing outputs, and is also concerned with the changing states of affairs following these products. Both Pollitt & Bouckaert (2004) and Gregory & Lonti (2008), have the same perspective as Ryan: outcomes are the effects of the activities on communities and the society at large of an agency or department. This description is almost the same as the definition of outcomes given in the Public Finance Act 1989: *“the impacts on, or the consequences for, the community of the outputs or activities of the Government”* (Laking, 2001, p. 8). Outcomes are the effects, results or consequences from government action on the society.

Whenever authors are identifying outcomes, in order to clarify their statement, they talk about solving the complex problems of = society. Examples are, alleviating poverty (Hughes & Smart, 2012),

⁵ Wellington is the capital of New Zealand, but more important also the political centre.

reducing unemployment rates (Dormer & Gill, 2009) and reducing the incidence of disease (Kristensen, Groszyk & Bühler, 2002). Only some authors explicitly mention the long term focus that is necessary to achieve outcomes. Cook (2004) argues that when assessing the achievement of outcomes, annual processes are not applicable. Hughes & Smart (2012) include the financial management system in their argument: *“a financial management system that takes outcomes equally seriously [as outputs] needs to recognize the longer-time horizon required to achieve effectiveness”* (p. 6). Although, other authors do not so explicitly mention a long term focus in their examples and definitions, it follows from their statements that they also realize that achieving outcomes requires a long term perspective. The need for intermediate outcomes in order to measure the performance, as discussed above, also indicates the need for a long term perspective.

New ways of working

The ideology of managing for outcomes entails more than a broad and sustaining perspective. Organisations have to adopt new ways of working. First, there is a need to work collaboratively with other (public) organisations. Second, in supporting this process of new ways of working, there are three main roles that need to be fulfilled in organisations: public entrepreneurs, fellow-travellers and guardian angels.

On a continuum of inter-agency working, methods range from co-existence, to communication, co-operation, co-ordination to collaboration (Keast & Brown, in Gill et al., 2007, p. 40; Ryan et al., 2008, p. 15). Whereas one working method is not inherently better than another (Ryan et al., 2008, p. 15), in dealing with wicked problems, a collaborative approach is most likely to be effective (Gill et al., 2007, p. 40-41; Ryan et al., 2008, p. 15). Collaboration uses ‘backwards mapping’, first defining the goals and then describe what the partners need to do to reach these goals. A collaborative approach is more likely to succeed when partners are already functioning in existing networks and there is a growing realisation of ‘we can’t do it on our own’. Trust, conflict management and reducing power imbalances also contribute to a successful collaboration. But it is still hard, and requires energy and commitment (Gill et al., 2007, p. 40-41; Ryan et al., 2008, p. 15).

One needs to keep in mind that it has to be worthwhile to use a collaborative approach. Next to potential benefits that can be gained from this approach, there are also high costs that accompany this approach (DPMC, Te Puni Kōkiri, SSC & Treasury, 2004, pp. 6-7). But also the different settings in different countries or regions are important to consider. Whereas international literature identifies formal agreements as important factors for success, the New Zealand practice shows that it relies heavily on informality (Gill et al., 2007, p. 41).

Hughes & Smart (2012, p. 6) provide a range of options for collaboration as a working method. In a ‘loose collaboration’ there is coordination between agencies, which share information but their work remains separate. In a ‘mandated sectoral grouping’ an individual chief executive leads the sector group, formed by individual agencies. ‘Joint ventures’ are ideal when *“issues are interconnected, investment needs to be shared and the outcomes are shared by different agencies”* (Hughes & Smart, 2012, p. 6). ‘Semi structural integration’ means setting up operational units with some degree of

autonomy in already existing departments. Finally, the fifth option is ‘full structural integration’ which basically refers a structural merger (Hughes & Smart, 2012, p. 6). The Better Public Services Advisory Group indicates the same range of options, with a slightly different choice of words. This continuum is shown in figure 3.2.

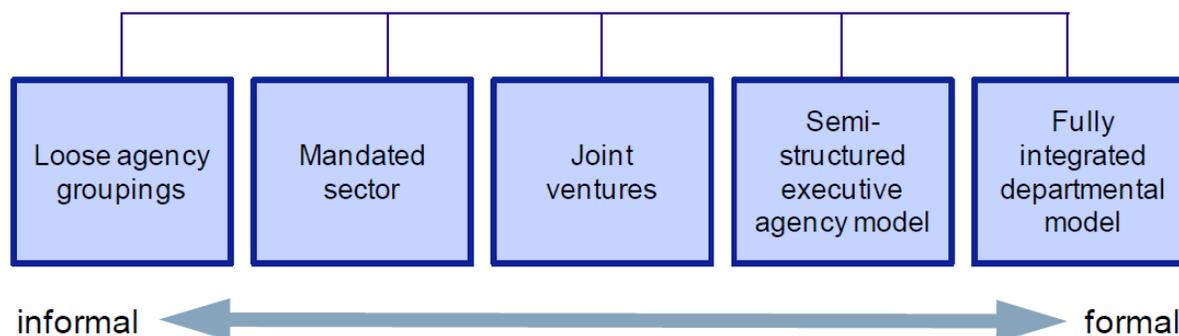


Figure 3.2: Options for structural integration (BPSAG, 2011, p. 26)

To be able to create new ways of thinking and acting Ryan et al. (2008) argue that there are three roles that need to be fulfilled. “...These are roles which individuals can move in and out of, and do not stand as descriptions of particular individuals” (Ryan et al., 2008, p. 16). The first, and most important role, is the ‘public entrepreneur’ who has realised that the current way of working is not sufficient to achieve the desired outcomes for the client. The public entrepreneur can be characterised by an official in the ‘middle’ of a setting, this can be a line manager but also a senior manager⁶. He or she will bend the rules if necessary, and “does not regard ‘rules’ as fixed or as a constraint” (Ryan et al., 2008, p. 16). He is working ‘with’ the client, not ‘for’ him, because an active engagement of the client will help solve complex problems. Public entrepreneurs will ‘learn as they go’. “If there is a possibility of challenge they will usually act first and seek approval later” (Ryan et al., 2008, p. 16).

“Isolated individuals acting on their own will not be enough to achieve systematic change” (Gill et al., 2007, p. 40). Public entrepreneurs need like-minded people to achieve outcomes, ‘fellow-travellers’, who can deliver the needed resources. Fellow-travellers might also be public entrepreneurs in another setting. The third role is a ‘guardian angel’, generally a senior manager, who can manage the authorising environment in order to let the ‘public entrepreneur’ and the ‘fellow-travellers’ keep doing their jobs (Ryan et al., 2008, pp. 16-17). “This is an individual, often a more senior manager in or close to the organisation, who can mentor, protect, advise, advocate for and otherwise generally ‘ride shotgun’ for the network” (Ryan et al., 2008, p. 17). Innovation is important for a guardian angel. They value flexibility and know that new thinking is necessary; the current operational practice is counterproductive for innovative thinking. The guardian angel is able to manage the authorising environment, and knows when there is an opportunity to ‘go public’ (Ryan et al., 2008, p. 17).

⁶ The line manager is in the middle of the senior management and frontline staff, and the senior manager in the middle of the line manager and the chief executive or minister.

Managing for Outcomes... will need a new kind of public servant; very much outcome-oriented, able to use heuristics imaginatively to achieve them; shrewd; good when it comes to practice as well as analytically capable; able to live with uncertainty and to work collaboratively and influentially within networks; entrepreneurial but able to innovate within given strategic parameters; able to hypothesize, act, review and learn; and with strong facilitative and interpersonal skills. (Ryan, 2004, p. 5)

In addition to the three roles necessary to create new ways of thinking and action, there is also an organising framework for collaboration. The framework is shown in figure 3.3 and has got four phases; it begins with the 'before starting' phase in which people are just working in their vertically aligned organisations. This is before an 'a-ha!' moment occurs: *"a moment of crisis, emergency, sudden and unexpected appearance, frustration or realisation experienced by some participant in the group or process already engaged in trying to deal with the issue"* (Ryan et al., 2008, p. 15). To go from an 'a-ha!' moment to actually 'getting together', the passion and energy of the 'public entrepreneur' is necessary to start up this process and find the resources and 'fellow-travellers'. To enable the 'public entrepreneur' to do so, an organisational culture is necessary where bottom-up problem solving is empowered. This will also support the phase of 'working together'. Staff needs to be unconstrained to try this new way of working. Personal or emotional commitment and 'street sense' is necessary to make it work, and it will differ according to what kind of leadership and monitoring is used (Ryan et al., 2008, p. 17-20).

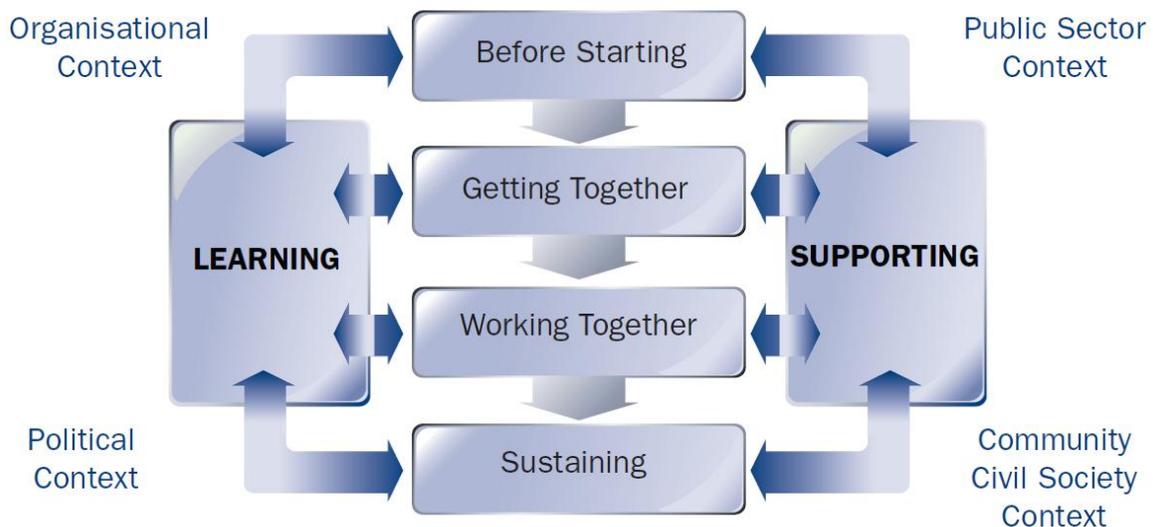


Figure 3.3.: Joined-up Public Services (Source: Ryan et al., 2008, p. 17)

Figure 3.3 shows that, to be able to sustain the new ways of working, learning and support are crucial. Support can be found in a high degree of legitimacy, but also in financial resources and administrative back up. Learning is important to define and redefine the outcomes and plans along the way. How organisations can keep on learning and supporting, is influenced by four contexts: organisation, public sector, political and community/civil society (Ryan et al., 2008, pp. 17-20). *"These wider contexts shape the extent to and manner in which organisations can individually and*

collectively support these new ways of working, learn from them and develop” (Ryan et al., 2008, p. 19).

Whereas learning and support are crucial for the process of new ways of working, there are also factors that restrain the process. First, in a number of organisations the focus is still on procedures and rules. This is especially the case in organisations that are highly political salient, who protect themselves with these rules and procedures against criticism by politicians, but also the media and the public. *“The more that threat and uncertainty bite, the more likely it is that a public sector organisation will default to a reliance on process”* (Ryan et al., 2011, p. 287). But, a focus on complying with procedures is incompatible with a focus on results (Ryan et al., 2011).

A department that is constantly in the public eye and criticised for apparent errors and omissions, even if false, will adopt a cautious and risk-averse approach to its operations and focus on following the rules, defaulting to standard operating procedures, and running a compliance and control framework. (Ryan et al, 2011, pp. 262-263)

Second, the current budget system operates in silos, and existing organisational systems are vertical and hierarchically structured (Ryan et al., 2008, p. 19-21). The current financial system is also perceived as a barrier for achieving the new ways of working, and with that the desired outcomes. A new financial system needs to focus on a multi-year approach to shift the focus to both outputs and outcomes, instead of just outputs with a short-term approach (Hughes & Smart, 2012, p. 6-8).

However, the biggest problems lie in the ‘soft issues’; the hardest things to change are values, routines and organisational cultures (Ryan et al., 2008, p. 19-21). Public servants already know that joined-up working is an effective way of working, and they are already working like this in practice; there are enough public entrepreneurs and fellow-travellers. In order to make more progress possible, the centre in Wellington needs to give a mandate (Hughes & Smart, 2012, p. 6-8) and act like a guardian angel. There seem to be too few guardian angels. The establishment of an innovation fund, which assists the learning process, could help to encourage new ways of acting (Ryan, 2004, pp. 1, 21).

The collective leadership of the New Zealand public sector, particularly agencies such as the State Services Commission, needs not just to ‘give permission’ for these ways of acting, but to actively encourage and enable them –to act, in order words, as the ‘guardian angel of collaboration’. (Ryan et al., 2008, p. 21)

Conclusion

The ideology of managing for outcomes consists of multiple elements. The answer to the first theoretical question – *what is the ideology of managing for outcomes in the public sector?* – therefore, consists of more than one component.

First, it consists of a broad and sustaining perspective, emphasising the importance to achieve results instead of products. But, it is not arguing that products should not be produced anymore, instead it argues that prior to achieving outcomes/results it is essential to be in control of your core business

and be able to efficiently produce the products of the organisation. Public organisations need to balance the focus on outputs and outcomes.

Second, to be able to achieve the results, it is also necessary to collaborate with other (public) organisations. The degree to which an agency or department collaborates differs in each situation. There is an organising framework for collaboration, in which four phases are distinguished: 'before starting', 'getting together', 'working together' and 'sustaining'. This indicates that collaborating with other organisations is not necessarily easy. When the relationship evolves from just getting together, to working together, this relationship also needs to be sustained.

Third, in the process of finding new ways of working, there are three main roles that need to be fulfilled: public entrepreneurs, fellow-travellers and guardian angels. The public entrepreneur is the public servant who realises that the current way of working is insufficient. "[*The ideology of managing for outcomes ... will need a new kind of public servant; very much outcome-oriented*]" (Ryan 2004, p. 5). In achieving his goal, the public entrepreneur needs to define different ways to work. To do this, he needs the help of fellow-travellers, who are like-minded people and have the resources that are needed to work differently. They need a guardian angel to facilitate this process and manage the authorising environment.

3.2 Strategic management

In this section the concept of strategic management in public organisations will be clarified, in order to answer the second theoretical question: what is strategic management of public organisations? To do so, the debate on strategic management and the elements of strategic management are discussed. But first an outline of the context of strategic management and the implementation of strategic management in the public sector is given. This section ends with a conclusion, and an answer to the second theoretical question.

Strategy in the private sector is already a well-known phenomenon (Hughes, 2003). In addressing the definition of strategy, Hughes (2003) uses the one given by Nutt & Backoff:

Strategy addresses 'a crucial concern: positioning the organization to face an increasingly uncertain future'... [and] is used to create focus, consistency, and purpose for an organization by producing plans, ploys, patterns, positions, and perspectives that guide strategic action. (Nutt & Backoff, in Hughes, 2003, pp. 132-133)

Strategic management is focused on producing strategic results, and recognizes that all parts of the organisation are important in producing results. There has to be a culture to support the daily activities, directed by the chief executive (Hughes, 2003, pp. 135-136). Strategic management "... *is ambiguous, complex, organisation wide, fundamental and long term*" (Scott, 2001, p. 319), and it gives organisations a framework with possibilities to anticipate and cope with changing environments (Montanari & Bracker, 1986, p. 252).

The difference between strategic management and operational management lies in the scope of the management objectives (Boston & Pallot, 1997, p. 400). Strategic management is concerned with the overall management of the organisation and with a longer term, whereas operational management is only concerned with individual functions on a short term, routines, and specific day-to-day activities (Boston & Pallot, 1997, p. 383; Scott, 2001, p. 319). The Local Futures Project (2006) in New Zealand argues that it is not possible to identify *a priori*, if a decision is strategic or operational. Different observers would make different decisions, in different categories. Therefore, one needs to indicate *ex post*, if a decision is strategic or operational (Local Futures Project, 2006, p. 2).

The public sector, just like the private sector, can benefit from a strategic approach. But during the traditional model of public administration (until the 1980s), there was no room for strategy. Public servants followed political instructions. If strategy of any kind was to emerge, it would be considered as something political. However, politicians are not always able to focus on long-term issues, due to the political reward system. This system focuses on the short-term, and fails to encourage political commitment for the long-term (Koppenjan & Klijn, 2004, p. 92). Nowadays, politicians demand from public managers that they determine an overall strategy and objectives (Hughes, 2003, pp. 132-133).

Strategic management models of the private sector need to be adapted, before implementing them in the public sector. Unmodified strategic management practices from the private sector cannot simply be transferred to the public sector (IPS, 2011, p. 61). In the public sector, one needs to realise that there are jurisdictional boundaries, scarce resources and no such things as clear goals or unlimited authority to act (Hughes, 2003, p. 142). Another problem arises with political accountability, when strategy is developed by public servants but is also part of the political process. During the process it is important to include political constraints as part of the model, not just as a component of the external environment. This does not make it impossible to implement strategic planning and management in the public sector, but it does, however, sets out the need to implement it carefully (Hughes, 2003, pp. 144-147).

“Strategic planning and strategic management simply give some direction and purpose to public organizations, something that is required in moving from public administration to public management” (Hughes, 2003, p. 148). Though, one needs to remember that genuine strategic planning is costly. A strategic plan is not just a longer-term version of an annual business plan, but has to concentrate on objectives and what is needed (to change in the department) to achieve them. The objectives are not just the preference of the chief executive, but the minister also needs to take part in formulating them. Not only the preparation is important, but also the implementation and evaluation. It still happens that plans are ignored after their publication (Schick, 1996, p. 58), *“the failure and outright abandonment of policies is surprisingly common”* (Goldfinch & Wallis, 2010, p. 1102). Schick (1996, p. 58-59) argues that when the plans are reviewed by the centre they are more likely to actually guide day-to-day activities.

The process of strategic management

Montanari & Bracker (1986, p. 252) argue that strategic management has three consecutive phases: strategy formulation, strategy implementation and strategy evaluation. But, before starting the process of strategic management, a 'context analysis' is necessary. After completing the context analysis, the organisation can start making plans to survive in this context (Montanari & Bracker, 1986, p. 259). Poister & Streib (1999) see strategic management differently and argue that it is not a linear process of planning, implementation and evaluation, as Montanari & Bracker (1986) imply. But, they do identify the same phases in strategic management: besides implementing strategies and measuring performance, monitoring trends and emerging issues is necessary to respond with strategic actions (Poister & Streib, 1999, pp. 308-312).

The debate between Montanari & Bracker and Poister & Streib represents a bigger debate between Mintzberg and his followers versus Andrews, Ansoff and their followers. Both schools of thought will be described, together with the critique they have of each other. However, recent research has showed that these both schools seem to be reconciled (Grant, 2003).

In 1990, Henry Mintzberg published an article in the *Strategic Management Journal* in which he critiqued the 'design school' of strategic management, or deliberate strategy. He was not trying to dismiss the design school, rather he was trying to dismiss the assumption that it was universal and presented the 'one best way' to make strategy (p.190). He identified multiple schools of thought about strategic management, but distinguished the design school as the most entrenched and with the most influence on how strategic management was conceived. He has identified the premises that underlie this model:

- *the process should be one of consciously controlled thought, specifically by the chief executive;*
 - *the model must be kept simple and informal;*
 - *the strategies produced should be unique, explicit, and simple;*
 - *and these strategies should appear fully formulated before they are implemented.*
- (Mintzberg, 1990, p. 171)

The design model puts great emphasis on examining the external and internal contexts. The goal is to reveal threats and opportunities in the external context, and identify strengths and weaknesses of the organisation in the internal context. Furthermore, understanding both the values of the management and social responsibility are seen as very important. This then leads to the creation of multiple possible strategies, of which one is chosen and implemented (pp. 173-174). This model, the deliberate approach, originates from a prescriptive approach (Canales & Vilà, 2005, p. 96) and highlights the role of explicit knowledge (Salmador & Bueno, 2005, p. 271).

Kenneth Andrews published one of the clearest and most outspoken statements of the design school. Therefore, Mintzberg more or less directed his critique to Andrews. His most general remark was that the design school has denied itself the chance to adapt. He mentioned the failure to take

research results into consideration as putting parts of the model under suspicion. The clear distinction between developing the strategy and implementing the strategy implied that the organisation *“must separate the work of thinkers from that of doers”* (Mintzberg, 1990, p. 181). Mintzberg argues that this is something that does not happen in organisations, and that is certainly is something that should not happen. *“Thinking and action must proceed in tandem, closely associated”* (Mintzberg, 1990, p. 186). Because of the uncertainty in which organisations operate, it is impossible to identify a certain competence as a strength or weakness in advance. Mintzberg emphasises the need to view strategy formation as a learning process (Mintzberg, 1990, pp. 172-184).

Mintzberg also introduced his own model, the concept of an emergent strategy. Different from the deliberate approach, this model is constructed from an empirical point of view (Canales & Vilà, 2005, p. 96) and stresses the importance of tacit knowledge (Salmador & Bueno, 2005, p. 271). *“The emergent strategy itself implies learning what works – taking one action at a time in search for that viable pattern or consistency”* (Mintzberg & Waters, 1985, p. 271). It is not chaos, but unintended order, management is open, flexible and responsive, willing to learn. Especially in very complex environments, this approach enables management to take action even before everything is fully understood. Emergent strategies are more open to collective action and convergent behavior, whereas the deliberate strategy emphasizes central direction and hierarchy (Mintzberg & Waters, 1985, p. 271). *“In Mintzberg’s view, strategies must be kept open to allow adaptation through emergent strategies”* (Canales & Vilà, 2005, p. 99).

Ansoff (1991) does not agree with Mintzberg’s critique. If he is to accept the arguments of Mintzberg, he says that he has spent *“40 years of contributing [to] solutions which are not useful in the practice of strategic management”* (Ansoff, 1991, p. 450). In his response to the article of Mintzberg, he starts to criticize the methodology that Mintzberg used for his critique. Ansoff also refers to his own research, in which he has shown that the planned approach to change produces better financial results, rather than the trial and error approach Mintzberg advocates (p. 456). And although Mintzberg identified four conditions in which the design school could be implemented; Ansoff argues that he fails to identify the context in which his own model is valid (Ansoff, 1991, pp. 456-458).

In the deliberate perspective, the formulation of the strategy is followed by the implementation. In the emergent perspective events are in a lesser extent in succession, strategy is allowed to rise up (Canales & Vilà, 2005, p. 95). Despite their differences, both perspectives agree that the strategy process is a sequence of activities. In the deliberate perspective the definition of the mission, is followed by the context analysis, leading to the formulation of and translated into the implementation of the strategy. In the emergence perspective, decisions shape the sequence of activities (Canales & Vilà, 2005, p. 96).

Research by Grant (2003) shows, these two perspectives can be reconciled. Grant calls it ‘planned emergence’. He argues that the emergent and deliberate perspective have merged in one semi-structured process. This semi-structured process has clear guidelines together with decentralised

strategy-making (Canales & Vilà, 2005, pp. 95-96). Grant argues that a large part of the debate between the deliberate perspective and emergent perspective, is based upon a misconception of how strategic formation works in the real world (Grant, 2003, p. 515). Canales & Vilà support the combination of both perspectives. They argue that the combination of thinking ahead and an action orientation should drive the sequence of strategic activities. Too much thinking can be paralysing, while a pure action orientation with no purpose is by definition aimless (Canales & Vilà, 2005, p. 98).

The increased complexity in society underlies the misfit between the two perspectives and the reality. *“Strategic planning processes have become more decentralized, less staff driven, and more informal, while strategic plans themselves have become shorter term, more goal focused, and less specific with regard to actions and resource allocations”* (Grant, 2003, p. 515). This new insight in strategic management will be used in this research. The process of strategic management will be seen as both a top-down and bottom-up process. Both the vision and mission statements of the top management are influencing strategy making, together with managers who have substantial autonomy and flexibility (Grant, 2003, p. 513), a combination of both explicit and tacit knowledge.

Elements of strategic management

Strategic management in the public sector does include some of the elements of the private sector practices: an environmental scan and strategic plans for opportunities and threats (Hughes, 2003). But there is more to it; strategic management in the public sector has five elements according to Bozeman and Straussman:

- (1) concern with the long term,
- (2) integration of goals and objectives into a coherent hierarchy,
- (3) recognition that strategic management and planning are not self-implementing, ...
- (4) an external perspective emphasizing not adapting to the environment but anticipating and shaping of environmental change
- (5) ... strategic thinking must be cognisant of the exercise of political authority. (Bozeman & Straussman, in Hughes, 2003, p. 142).

A shared commitment to the values, mission and vision by the external stakeholders and within the public agency, is necessary for strategic management to be successful. Poister & Streib (1999) argue that strategic management integrates all the other management processes, is concerned with the long term and effectiveness, emphasises the common goals and objectives of the different organisational levels, combines the internal processes with the desired outcomes in the external environment, and ties day-to-day activities with long term strategic objectives (Poister & Streib, 1999, pp. 308-312).

The overall purpose of strategic management is to develop a continuing commitment to the mission and vision of the organization (both internally and in the authorizing environment), nurture a culture that identifies with and supports the mission and vision, and maintain a clear focus on the organization’s strategic agenda throughout all its decision processes and activities. (Poister & Streib, 1999, p. 311-312)

Scott (2001) supports the view of Poister & Streib (1999). The central management is responsible for setting a strategy, direction and purpose, which the operational management needs to execute. *Strategic alignment* implies that all the activities and practices in the organisation – at all levels – support the central strategy; they are all aligned. The most difficult part is to keep a balance between central control of the operational management to stay aligned with the organisation-wide strategy, and the freedom of the operational managers to deal with the wider public context based on their information (Scott, 2001, p. 321). Liedtka (in Local Futures Project, 2006) disagrees with Scott over the statement that operational management only has to execute the strategy set by the central management. Liedtka argues that “*the reality is that individuals at all levels make decisions on a daily basis that can have long-term consequences*” (Liedtka, in Local Futures Project, 2006, p. 4).

Although, different descriptions are used, all the above mentioned authors emphasise the same elements of strategic management. To make optimal use of the different perspectives in this research, a combination of the above will be used. This results in the following four main elements of strategic management:

- Long term focus
- Internal integration
- External perspective
- Political authority

The first element is the same in all the perspectives; they all argue that in strategic management the focus is on the long term. Internal integration is an element that includes multiple aspects: the integration of goals and objectives into a coherent hierarchy; recognition that strategic management is not self-implementing; and implies shared values, mission and vision within the public agency. An external perspective implies shared values, mission and vision of the stakeholders, and anticipating and shaping environmental change rather than adapting to the change. The element of political authority refers to the alignment that needs to be present between the strategic thinking of the public agency and the exercise of political authority.

Conclusion

In this section an answer to the second theoretical question is given. *What is strategic management of public organisations?* The elements of strategic management are compiled from the views of multiple authors. The authors do not really disagree, but use different expressions for similar ideas. “*The overall purpose of strategic management is to develop a continuing commitment to the mission and vision of the organization*” (Poister & Streib, 1999, p. 311). An adjustment had to be made to the traditional idea of strategic management in the private sector, because of the difference with the public sector. Therefore, the elements that define strategic management of public organisations are:

- *Long term focus*
In strategic management the focus is on the long term, desired goals are set in the future and the current activities take place in order to contribute in achieving these goals;

- *Internal integration*
Internal integration is an element that includes multiple aspects: the integration of goals and objectives into a coherent hierarchy; recognition that strategic management is not self-implementing; and implies shared values, mission and vision at all levels within the public agency;
- *External perspective*
An external perspective implies shared values, mission and vision of the stakeholders, and anticipating and shaping environmental change rather than adapting to the change;
- *Political authority*
The element political authority refers to the alignment that needs to be present between the strategic thinking of the public agency and the exercise of political authority.

The process of strategic management can be called 'planned emergence', it is a combination of the deliberate perspective and emergent perspective on the process of strategic management. 'Planned emergence' describes the process of strategic management as a combination of both bottom-up as top-down. It is a semi-structured process with clear guidelines and decentralised strategy-making, and a combination of explicit and tacit knowledge.

3.3 The ideology of managing for outcomes and strategic management

In this section, the third theoretical question will be answered: How does the ideology of managing for outcomes influences strategic management in public organisations? Different academics already have an opinion about that: a focus on strategic management should support achieving important outcomes (Scott, 2001, p. 347). The focus on outcomes enables organisations to focus more on evaluating policies in terms of their effectiveness and efficiency (IPS, 2011, p. 81). Poister & Streib (1999, p. 323) even argue that you cannot manage for results if you do not have the capacity for strategic management.

In this research the process and elements of strategic management will be used to indicate how the ideology of managing for outcomes influences strategic management. The ideology of managing for outcomes will have a different impact on the different elements of strategic management, and therefore each element will separately be discussed. Before elaborating on the different elements of strategic management, the influence of the ideology of managing for outcomes on the process of strategic management will be described.

Process of strategic management

The process of strategic management can be called 'planned emergence'. It is a semi-structured process with clear guidelines (top-down) and decentralised strategy-making (bottom-up). When an organisation is focused on the ideas of managing for outputs, this will have different consequences for the process of strategic management compared to a focus on the ideology of managing for outcomes.

In a focus on outputs, managers will be held responsible for the (number of) products they produce or service they provide. The guidelines from the top will include quota and performance indicators. The decentralised strategy-making will be focused on how to achieve these quotas and perform the best on the indicators. When an organisation is an adherent of the ideology of managing for outcomes, the guidelines and decentralised strategy-making will involve other aspects. Guidelines from the top will involve long term goals and objectives, in terms of results that the organisation wants to achieve. The decentralised strategy-making will therefore, be focused on achieving the goals and the activities necessary to achieve the goals. The ideology of managing for outcomes, in both the top and the bottom of the organisation, stimulates managers to involve other (public) organisations in the process of strategic management.

The three roles that Ryan et al. (2008) introduce also have an influence on the process of strategic management. When an organisation is an adherent of the ideology of managing for outcomes, the public entrepreneurs, fellow travellers and guardian angels can be identified in the organisation. The public entrepreneurs will enhance the decentralised strategy-making and identify possible points for improvement. These issues need to be dealt with in a new way of working, which can lead to new strategies. These points are identified faster because the ideology of managing for outcomes empowers the public servants to deal with emerging issues. Therefore, these issues can more easily find their way to the strategy of the organisation. This is again enhanced when fellow-travellers are also concerned with these issues. Both the public entrepreneur and the fellow-traveller strengthen the decentralised strategy-making part of the process of strategic management. The need that public entrepreneurs and fellow-travellers have for a guardian angel could imply that this evens the balance again, towards the central guidelines. However, the task of the guardian angel is only to facilitate the work done by the public entrepreneur and the fellow-travellers. The guardian angel helps to strengthen the decentralised strategy-making. But, one has to realise that being a guardian angel, you are at the top of the organisation, and when the top management is aware of the issues, the central guidelines will also be influenced.

Elements of strategic management

The elements of strategic management will each be differently influenced by the ideology of managing for outcomes and are therefore separately discussed. The first element 'long term focus' is inherently connected to the ideology of managing for outcomes. The ideology of managing for outcomes stipulates that every aspect of the organisation is focused on outcomes; it enhances the contribution that the day-to-day activities make to the achievement of the desired goals in the future. In organisations with a focus on outputs, the contribution of the day-to-day activities to the goals is not clear. However, the relation of the day-to-day activities to the performance measures is clear. Unfortunately, the contribution to performance measures does not always contribute to the desired goals. The ideology of managing for outcomes makes the connection of the day-to-day activities with the future goals clear and enhances the long term focus in the entire organisation.

The 'internal integration' of an organisation will improve with the ideology of managing for outcomes. When public organisations adhere to the ideology of managing for outcomes, the

attention will be on achieving the goals and objectives of the organisation. These goals and objectives are set by the strategic management into a coherent hierarchy. As stated above, outputs are not always contributing to the goals of the organisations, they are focused on contributing to the performance measures, and may not be contributing to an coherent hierarchy. This is what is stated by the ideology of managing for outcomes, an output focus does not see this flaw. The ideology of managing for outcomes emphasises the presence of three different roles in the organisation, staff is considered to be the key to a successful implementation of strategic management. It also implies that there are shared values, mission and vision at all the levels of the public agency, because of the presence of fellow-travellers that join the public entrepreneurs. The ideology of managing for outcomes therefore, has a positive influence on the element of internal integration. The ideology enhances the coherent hierarchy, involvement of staff and shared values; it links the strategic goals with the activities that are done on a day-to-day basis.

An 'external perspective' emphasises that public organisations need to be aware of other (public) organisations. In an output focus the ability to anticipate and shape the environmental change, is the reason for public organisations to have an external perspective. The ideology of managing for outcomes implies a different dimension of the external perspective, it emphasises that working with other (public) organisations is necessary in order to be able to share values, mission and vision with stakeholders. In an organisation with a focus on outputs, other (public) organisations can be seen as threats and are monitored to anticipate possible changes. When an organisation is an adherent of the ideology of managing for outcomes, other (public) organisations are seen as possible partners, and can contribute to achieve the results.

The awareness of the exercise of political authority is the last element of strategic management in the public sector. Politics always have a big influence in public organisations, and a focus on outputs or the ideology of managing for outcomes, does not change this. Public organisations will, in either situation, be influenced by the goals that are set by the government.

Conclusion

The following section provides an answer to the third theoretical research question, *how does the ideology of managing for outcomes influences strategic management of public organisations?* Regarding the process of strategic management, there are three factors that provide for a comparison between the ideology of managing for outcomes and an output focus. Likewise, the four elements of strategic management will be used to offer a comparison of the influence of the ideology of managing for outcomes and an output focus.

The comparison between the ideology of managing for outcomes and an output focus for the process of strategic management is made by analysing three factors. First, the actors that are involved in the process of strategic management are discussed. Second, the central guidelines that resemble the top-down structure and third, the decentralised strategy-making which resembles the bottom-up structure are discussed.

In a situation with a focus on outputs, both top management and second or third tier managers are involved in the process of developing strategic management, whereas in the ideology of managing for outcomes, as well as the top managers, second or third tier managers, managers from other (public) organisations are involved. Guidelines in an output focused organisation will involve quota and performance indicators, whereas the guidelines in an organisation adherent of the ideology of managing for outcomes will involve long term goals and objectives. Second or third tier managers will be occupied with the performance indicators, when focussing on outputs. In an organisation that is an adherent of the ideology of managing for outcomes, the second or third tier managers will be occupied with producing the right products, or delivering the right services, to be able to achieve the results. This can be illustrated in the following table:

	Output focus	The ideology of managing for outcomes
Actors involved	Top management Second or third tier management	Top management Second or third tier management Management of other (public) organisations
Guidelines	Quota Performance indicators	Long term goals and objectives
Decentralised strategy-making	Achieve quotas Perform on indicators	Achieving the goals Focus on necessary activities to achieve goals

Table 3.2: Influence of an outputs focus and the ideology of managing for outcomes on the process of strategic management

The influences of the three roles identified by Ryan et al. (2008) are not illustrated in table 3.2. But one can conclude that these roles will enhance the strength of decentralised strategy-making because of the empowerment of the public entrepreneur, accompanied by the fellow-travellers and supported by the guardian angel.

As well as influencing the process of strategic management, the ideology of managing for outcomes will also influence the elements of strategic management, in particular the following three elements: a long term focus, internal integration and the external perspective. The ideology of managing for outcomes can be seen as more similar and integrated with strategic management. The ideology of managing for outcomes strengthens the focus on a long term. Both the day-to-day activities and the strategic management are focused on and related to the desired goals in the future. In an organisation with an output focus, the day-to-day activities will be focused on the performance measures and will not contribute to a coherent hierarchy. The ideology of managing for outcomes also emphasises the importance of staff in the element of the three main roles (public entrepreneur, fellow-travellers and guardian angels) to establish an internal integration.

The external perspective in the ideology of managing for outcomes will be focused on other (public) organisations and how they can contribute to achieve the goals of the organisation. In an output focus other (public) organisation are monitored to be able to react to changes. The element of political authority remains the same in an output focus and in an organisation that is an adherent of the ideology of managing for outcomes. The different situations in an output and outcome focus are shown in table 3.3.

	Output focus	The ideology of managing for outcomes
Long term focus	Day-to-day activities related to performance measures	Day-to-day activities related to desired goals
Internal integration	Activities done do achieve performance indicators	Activities done do achieve results Importance of staff
An external perspective	Other (public) organisations can cause contextual change	Other (public) organisations can help to achieve goals
Dealing with political authority	Political authority is very influential	Political authority is very influential

Table 3.3: Influence of an output focus and the ideology of managing for outcomes on elements of strategic management

In this chapter insights into the theoretical aspects of the ideology of managing for outcomes and strategic management are given, and on the influence the ideology of managing for outcomes has on strategic management. Before proceeding to the empirical part of the research, a description of the methods will follow that are used in this research. This information will include the research design as well as the data collection and will receive ample treatment in chapter 4.

4. METHODOLOGY

In this fourth chapter the methodology used in this research will be described. First the research design will be elucidated, followed by the method of sampling. Then, the unit of analysis will be described together with the methods that will be used to collect and analyse the data. At the end of this chapter the operationalisation of the concepts used in this research is given.

4.1 Research design

The research objective is to analyse how strategic management has been influenced by the ideology of managing for outcomes in the public sector of New Zealand. To pursue this objective the strategy of a case study will be used, because of the in depth analysis that is possible in a unique situation, and the contribution that can be made to the future management of public organisations (Van Thiel, 2010, pp. 99-100).

Before elaborating on the choice of the specific case in this research, first the choice of the New Zealand public sector will be justified. In the broader context of public management and more specific public management reforms, New Zealand was considered to be a frontrunner in implementing the practices of New Public Management (Boston et al., 1996; Pollitt & Bouckaert, 2004). But these reforms were from the 1980s onwards, already thirty years ago. With all sorts of new developments in the following years, the public sector is again rethinking its practices. For New Zealand this process started about ten years ago with initiatives like 'Managing for Outcomes'. Now ten years later, the central government has also decided that things need to change and the public sector in New Zealand is again facing major changes. These changes are so big because of the far reaching distinction between outputs and outcomes.

When people are identifying countries with far reaching changes according to the NPM movement, Australia is always one of them. According to Pollitt & Bouckaert (2004, p. 98) Australia, together with New Zealand and Great Britain, belongs to the 'core NPM group'. But Australia's reform of the public sector did not reconsider the fundamental role of the government, in the way that New Zealand and Great Britain did. The emphasis of the reform in Australia was to improve the public services. Also in contrast to New Zealand and Great Britain, Australia did not create a large number of public organisations by the separation of policy advice and service delivery. Instead, Australia created "super departments" (Mascarenhas, 1993, p. 324). One could argue that Australia was from the beginning more focused on outcomes, than New Zealand (where outputs took the upper hand). New Zealand therefore, cannot be seen as the frontrunner regarding the emphasis on outcomes. However, New Zealand can be seen as coming in second place.

To reduce threats in this research, 'mixed methods' are used (Van Thiel, 2010, p. 106-107). As well as a case study, also an analysis of documents will be executed. Literature about New Public

Management, the reforms in New Zealand also known as ‘The New Zealand model’ but also the ideology of managing for outcomes in the public sector will be examined. Besides academic literature, published documents of the Department of Corrections will be used. These are statutory reports and strategic documents, like annual reports. By using both interviews and documents to analyse the issue we can increase the validity and reliability of this research (Van Thiel, 2010, p. 61).

4.2 Case study

This research will focus on the strategic management of the Department of Corrections. In its early years the Department was (internationally) known as an innovator and participated in the “Pathfinder Project” (Ryan et al., 2011). In the Pathfinder Project, the Department of Corrections tried – together with seven other departments – to define management systems that would better articulate outcomes and integrate outcome-based performance information into the public sector (Pathfinder, 2003).

However, the first ministry in New Zealand that adopted an outcomes focus was the Ministry of Social Development (MSD). The goal of MSD was not only to pay benefits (output) but also to contribute to social development in New Zealand (outcome). The MSD stated that many social problems were inter-connected, and departments/ministries needed to work together to solve them. *“Sustainable employment is assisting somebody into a job and working with them to help them stay in that job and succeed so that they can get on with their lives and not come back on a benefit”* (Schwass, Norman & Tyson, 2007, p. 6).

Nevertheless, despite not being the first department in New Zealand to adopt the ideology of managing for outcomes, an analysis of the Department of Corrections is of great interest. Apart from the MSD as the first outcomes oriented organisation in New Zealand, the Department of Corrections can be seen as a most advanced practice and therefore is instructive for other organisations.

The Department of Corrections is both politically salient, and of high interest to the public. Departments that are highly influenced by politics and the public, and criticised about each mistake, *“will adopt a cautious and risk averse approach to its operations and focus on following the rules, defaulting to standard operating procedures, and running a compliance and control framework”* (Ryan et al., 2011, pp. 262-263). This reaction, however, is in conflict with managing for outcomes and adds an intriguing factor to the analysis.

Knowledge about the Department of Corrections, retrieved via experts, together with the amount of information already accessible about the Department, and professional relations with important actors, are supporting reasons for selecting the Department of Corrections as a case. This knowledge and available information, help to make a comprehensive analysis possible. This process of sampling is known as ‘Nonprobability sampling’, which can be characterised as making a selection based upon knowledge about the population and the research objective. The choice of the Department of

Corrections is also based upon characteristics of the unit of analysis and the accessibility of the unit of observation: purposive and convenience sampling (Babbie, 2007; Van Thiel, 2010).

4.3 Data collection

The empirical data for this research is collected by three types of interviews and a document analysis. The three types of interviews are characterised according to the distinction of sources made by Verschuren & Doorewaard (2007). They identify informants, experts and respondents. The respondents and informants are sources of empirical data, and the experts are sources of knowledge. A list with the three types of interviewees can be found in the section 'interviews' at the back of this research.

At the beginning of this research seven people were interviewed. These interviewees can be characterised as experts, they are suppliers of knowledge (Verschuren & Doorewaard, 2007, p. 217). These informants were interviewed to provide the interviewer with knowledge about the situation in New Zealand, discuss areas that could be of interest to include in this research and identify people that could be of interest to this research. By means of these interviews the puzzle of this research was formulated. The supervisor in New Zealand, Mrs Janet Tyson of ANZSOG, indicated these informants to be of interest. One of the interviewees is the New Zealand Ambassador to the Netherlands, and the other six of these interviewees are working at the School of Government, Victoria University of Wellington. The information gathered from these interviews is mostly used for the researcher's perspective on New Zealand, but some information is also used in the context chapter of this research (chapter 2).

The second group of interviews was done with so-called 'informants', these interviewees provided information about the situation in New Zealand as they perceived it (Verschuren & Doorewaard, 2007, p. 217) and added an academic perspective to the research. Specifically they provided information to this research about the Department of Corrections and the ideology of managing for outcomes in New Zealand. The first interview was done with one of the academics of the School of Government, Victoria University of Wellington, who was already interviewed as an expert in an earlier stage of the research. This academic indicated three other academics (all connected to the Victoria University of Wellington) that could provide more and other information about both the Department of Corrections and the ideology of managing for outcomes. The information gathered from these interviews is used in the findings chapter of this research (chapter 5) to support the information that was gathered from the third group of interviewees, the respondents. The informants and respondents together provide the empirical data of this research.

The third group of interviewees are the respondents; these are the only interviewees that provided information about themselves and the organisation they work in (Verschuren & Doorewaard, 2007, p. 217). These interviewees are six senior managers from the Department of Corrections who are both currently working at the Department or have worked in the Department. Other than the informants and experts, there were a number of senior managers identified as respondents who did

not want to participate in this research. The selection of all the respondents (including the ones that did not cooperate) was done via information found on the website of the Department of Corrections and via the informants. Eleven senior managers were invited for an interview and six of them cooperated, three former senior managers and three current senior managers. These senior managers were both representing positions as the general manager of one of the former (core) services⁷ of the Department, and (deputy) chief executive. The information gathered from these interviews provides the basis of the findings chapter of this research.

The figure below illustrates the different time periods the different senior managers are/were working at the Department of Corrections. The blue lines are the current senior managers, and the green lines the former senior managers. As one can see in the figure below, there are only two green lines, whereas three former senior managers are interviewed. One of the senior managers, however, was working in the former Department of Justice, as a corrections manager, before the Department of Corrections was established. This former senior manager is not included in the figure below, but is included in this research because of his knowledge of the Department. Since he left the Department in the early 1990s, he stayed closely associated with Corrections and therefore is an important source of knowledge for this research.



Figure 4.1: Time periods of senior managers working at the Department of Corrections.

All of the interviews were semi-structured with some topics and questions prepared. On average the interviews took approximately 55 minutes, with the longest interview taking one hour and a half, with one of the experts, and the shortest interview of 35 minutes, with one of the current senior managers. The interviews were recorded and mostly held in the offices or workplace of the respondent. Afterwards, each interview was transcribed and to prevent mistakes or misinterpretations, the respondents were given the opportunity to check a copy of the transcript. Both the informants as well as the respondents remain anonymous in the analysis.

The senior managers that are interviewed were mostly involved in the Department of Corrections from 2005 to 2010. There is only one senior manager who provided information from 1995 to 1999. Initially there were more senior managers invited for interviews that could give information from 1995 onwards. However, these senior managers declined to cooperate.

⁷ The former core services of the Department of Corrections were: Prison Services, Community Probation Services and Rehabilitation and Reintegration

The fourth method of collecting data for this research was done by a document analysis. The document analysis contains two parts, the first containing academic literature and the second part is about empirical documents.

To be able to collect the necessary academic literature, different search methods were used. First, the library of books and articles written by academics of the School of Government, Victoria University were examined. The references in those articles lead to a second group of articles which kept on expanding. In addition, literature from the courses of 'Public Management' 2011-2012 at the Utrecht University was added. Further data bases of Google Scholar, jstor.org and the library of the Victoria University were also extensively used.

As well as the academic literature, empirical documents about the Department of Corrections were collected. These documents were retrieved from the website of the Department of Corrections: www.corrections.govt.nz. There are four types of publications on this website: media releases, information for the media, magazines and newsletters & statutory reports and strategic documents. There were more documents available than used, the website contains Chief Executive's expense disclosure reports, Statements of Intents, Annual Reports, business plans, business improvement initiatives, regulatory impact statements and the briefing for the incoming minister. The documents and reports that were of most use to this research were the Statements of Intents, Annual Reports and briefing for the incoming Minister.

4.4 Data analysis

For the analysis of the data gathered from the interviews the programme Atlas.ti was used. The operationalisation of the concepts in this research was used, in order to code the interviews. The indicators that are mentioned in the next section, represented the codes that were used. Atlas.ti supported the software to cluster the different quotes in groups of the different indicators, and give a clear overview of these quotes. The interpretation of the interview, and assigning the different indicators to quotes, was done manually.

To keep the informants and respondents anonymous but also have a clear view of which answers or comments belong together, the different respondents were numbered and divided in three categories. The first category is 'former senior managers', the second 'current senior managers' and the third category is 'academic Victoria University'.

The other part of the data analysis concerns the data gathered from the documents from the website of the Department of Corrections. The briefing for the incoming minister of 2008 and the briefing of 2011 were used in this research. The briefings are intended to provide the incoming minister a clear view about the state of the Department, but are also very convenient for other people to get to know the Department. Information about the two briefings is used in the context chapter to describe the Department of Corrections.

Annual reports from 2002 onwards were used in this document analysis. The part of most interest in the annual reports was called part A, indicated as 'strategic context' (from 2002-2006), 'strategic direction (2006-2007), or 'contribution to outcomes' (2007-2011). The other parts (B and C) contained information about the statement of service performance and the annual financial statements. The analysis of the annual reports, and in particular the difference between the descriptions of the (relation between) outputs and outcomes, was done manually. For each year, the description and notes about both the outputs and outcomes were compared to each other.

The third statutory documents used were the Statements of Intent. The Statement of Intent provides insight in how the department will contribute by producing outputs to key government goals (outcomes). In analysing these documents, just the content page already provided a lot of insight into the perspective of the Department on outputs and outcomes. As with the annual reports, these analyses were done manually with a description for each year.

4.5 Operationalisation

To be able to indicate how the ideology of managing for outcomes influences strategic management, an operationalisation of both the ideology of managing for outcomes, and strategic management, is necessary. In this section these two concepts will be defined and indicators of the concepts are given. These indicators will be used during the interviews, as topics to discuss. The interview questions can be found in appendix 1.

The first concept is the ideology of managing for outcomes. In the theoretical framework it has become clear that this concept consists of multiple components. Indicators of the ideology of managing for outcomes are:

A broad and sustaining perspective

- Producing products is seen as necessary but not as a purpose
- Results are formulated in goals and objectives
- Results transcend the departmental boundaries
- Policy results should be achieved in five to ten years time

Collaborating with other (public) organisations

- The public organisation is participating in multiple networks
- There are agreements with other (public) organisations about contributing to (joined) goals and objectives
- Results transcend the departmental boundaries

Presence of public entrepreneurs, fellow-travellers and guardian angels

These three roles can be identified by analysing if there are people working in the organisation that are:

- Taking the initiative to establish new ways of working (public entrepreneurs)
- Following others in trying to work differently (fellow-travellers)
- Facilitating the process of new ways of working and manage the authorising environment (guardian angels)

Strategic management is defined by four elements. In order to indicate the change that the ideology of managing for outcomes can cause in the strategic management of a public organisation, these four elements need indicators. These indicators are used during the interviews with the senior managers to ensure that interviewer and interviewee have a similar interpretation of the elements.

Long term focus

A change in the long term focus is indicated with two elements:

- Focus is on the future goals to be achieved, not on current activities
- The desired situation in the future is set, current actions contribute to achieve this situation

Internal integration

When discussing the change in the internal integration of the organisation, there are three aspects which need to be taken into account. These three aspects each have two indicators, with which a change can be indicated:

- The integration of goals and objectives into a coherent hierarchy
 - Activities to reach one goal, contribute to the achievement of other goals
 - The day-to-day activities are tied to the long term strategic objectives
- Strategic management is not self-implementing
 - Strategic objectives are consulted/communicated with each level in the organisation
 - Staff consider strategic goals in their day-to-day activities
- Shared values, mission and vision within the public agency at all levels
 - Staff in all levels contribute to the strategic objectives with their day-to-activities
 - Staff is supporting the set, desired strategic goals

External perspective

A change in the external perspective of the organisation is indicated by two elements. These two elements each have two indicators to determine the change:

- Shared values, mission and vision of the stakeholders
 - Stakeholders of the department are consulted in the process of developing the strategic goals

- The department is consulted when stakeholders are in the process of developing the strategic goals
- Anticipating and shaping environmental change rather than adapting to the change
 - There are relationships with other (public) organisations

Political authority

In order to determine the change in the political authority of the organisation, one has to take the following into account:

- Alignment between the strategic goals of the public agency and the exercise of political authority (current political ideal)

5. OUTCOMES AT CORRECTIONS

The ideology of managing for outcomes has not just emerged in the past couple of years. A decade ago there were initiatives in New Zealand that can be identified as forerunners of the ideology of managing for outcomes. One of these forerunners even has the same name, the initiative of 'Managing for Outcomes'. But only in 2012 did the central government become an adherent of the ideology of managing for outcomes, requiring the departments in the public sector to face up to it as well. The department of interest in this research is the Department of Corrections, and therefore the developments in this department regarding its acceptance or implementation of the ideology of managing for outcomes will be described.

5.1 Shift from outputs to outcomes management

The Department of Corrections took part in the 2002 Pathfinder project and was considered to be one of the leaders in implementing the initiative 'Managing for Outcomes'. *"The department was recognised internationally as a major innovator and regularly invited to address conferences of practitioners on 'the New Zealand experience' of providing a 'world class prison service'"* (Ryan et al., 2011, p. 258). One of the current senior managers confirmed this: *"this department used to be the textbook department for managing for outcomes in the 1990s"* (current senior manager 2). However, a former senior manager put this in perspective by saying: *"I do not think we talked about outcomes in the way that people may talk about outcomes today"* (former senior manager 2). When elaborating more, the former senior manager said: *"outcomes tended to be towards operational results, around things like escapes, suicides"* (former senior manager 2). In the late 1990s and 2000s, performance reviews of general managers consisted of things like escape rates and drug use rates. Another former senior manager explains that a focus on outcomes was not always sitting at the front of everybody's head, but it was always in the back of everybody's head (former senior manager 1).

From 2007 onwards the Department of Corrections had identified five outcomes to contribute to the overall justice sector in its Statement of Intent 2007/08. But in this document, the connection from the outcomes to the actual outputs and activities is missing; it jumps from its operational activities straight to the outcomes. Outcomes were presented as activities, so that when activities were completed the outcome was achieved. But there was no causal connection between the outcomes and the actions which were supposed to contribute to the outcomes. This seems to imply that the Department of Corrections was more focused on outputs, rather than outcomes (Ryan et al., 2011, p. 263-267).

A former senior manager also described the focus in the department, in the period from 2005 to 2010, to be mostly on outputs. The Department needed to report on the outputs achieved each year, *"the focus was on making sure that people did not escape and did not commit suicide ... rather than putting the dominant emphasise on rehabilitation"* (former senior manager 1). This was one of the

reasons for splitting up the three core services in the department. The Public Prison Service and Community Probation Service could focus on custody, control and public safety, while the Rehabilitation and Reintegration Service focussed on reducing reoffending. The same former senior manager argues that during that period of time, there were strategic goals, but the different services had outputs agreements in how to achieve this (former senior manager 1).

On the other hand, the Department of Corrections was working together with other actors in the justice sector to achieve the desired outcomes. Already in 2007 there were regular meetings with the New Zealand Police, New Zealand Parole Board and the Ministry of Justice. But the Department also worked together with the New Zealand Immigration Service to “ensure compliance with revocation and deportation orders” (Corrections, 2007, p. 25), the New Zealand Fire Department and Ministry of Health on conditions in the prisons, and the Ministry of Social Development for reintegration and rehabilitation (Corrections, 2007, pp. 24-31).

Interviews done by Ryan et al. (2011) in 2008, supported the idea of a persistent output focus in the Department of Corrections. There were quantitative top-down targets set like ‘unlock hours for prisoners’ but also ‘finding two illegal cell phones every month’. A big reporting load was faced by the employees: “[it is] all just about reporting and giving the right information to the right people” (Ryan et al., 2011, p. 269). There were regular audits which made the staff focus even more on ‘reporting things right’, instead of ‘doing the right things’. This resulted in frustration for staff members who saw the process-oriented performance measurement resulting in shortcomings in outcome monitoring. They saw their job as more than just ‘turnkeys’. Being a staff member in the Public Prisons Services did not mean that you were not thinking about the rehabilitation and reintegration of the prisoners (Ryan et al., 2011, p. 270, 273).

However, within the Department of Corrections there were differences in the level of compliance with this output focus. The Public Prison Service was mostly internally focused, with much of the activities “literally, [undertaken] behind closed doors” (Dormer & Gill, 2009, p. 16). Staff on the national level acknowledged that moving towards an outcomes focus was hard to do: “given all the short term reactive stuff that staff have to deal with” (Dormer, 2010, p. 192). The Community Probations Services saw the importance of working together with other agencies and communities (Dormer & Gill, 2009, p. 13) and tried to gain contact and the support of local communities. However, they did not always succeed, mostly because of incidents in the past (Dormer, 2010, p. 230).

The Statement of Intent 2012-2015 shows that the Department of Corrections has made progress in addressing outcomes instead of outputs. It has re-identified its priorities and outcomes in ‘reducing re-offending’ as the ultimate goal (Corrections, 2012c, pp. 11-24). The current reoffending rate is 27 percent which the Department wants to reduce to 20 percent (Radio NZ, 2012 May 22). But also ‘public safety’, ‘better public value’ and ‘leadership’ are outcomes to be achieved. Whereas in 2007/08 indicators for outcomes were identified as ‘escapes from custody’, in the Statement of Intent 2012-2015 outcomes are identified by impacts such as ‘offenders have the skills and support to lead law-abiding lives’. These impacts are also described and supported by different departmental

output classes. The Department wants to be ready to face the Government's challenges by becoming increasingly results-focused (Corrections, 2012c, pp. 11-24).

The Better Public Services Advisory Group states that the three big agencies in the Justice sector (Ministry of Justice, Department of Corrections and New Zealand Police) were enthusiastic about combining their decision-making processes. As mentioned before, they were already working together in 'the Justice sector'. The Better Public Services Advisory Group argues that the current linkages between the agencies and plans for the future are promising to achieve improved outcomes (BPSAG, 2011, p. 32).

In order to analyse the ideology of managing for outcomes in the Department of Corrections, it is necessary to know that the Department (like all New Zealand's departments), was forced into a strong output orientation. This is because of the nature of the (financial) system in the public sector of New Zealand. Departments in New Zealand are financed by output indicators (academic Victoria University 4). A possible explanation for this is that most of the people who 'run' the civil service have economic backgrounds, who attach more value to quantitative measures than qualitative measures. The same academic is also arguing that this is actually a really strange system, because it is not consistent with the culture of the New Zealand society, which is really oriented in helping people and might even break the law if necessary (academic Victoria University 4).

Academics acknowledge that the Department of Corrections has tried to struggle against the output based system *"to try and operate in a genuine outcomes orientation"* (academic Victoria University 1). But, still the prisons are run by the book in 2012. *"They have a big rule book, and compliance with those rules is extremely important to them"* (academic Victoria University 3). The probation service seems to be more client oriented, but also *"retreats into rules when under threat"* (academic Victoria University 3).

Despite the argument of several academics that the Department of Corrections is more or less still an output focused organisation, the Department pays a lot of attention to managing for outcomes. In the annual reports from 2002 onwards, reducing reoffending was considered of paramount importance. Actually measuring and approaching it as an outcome, has evolved over time. As mentioned, the Statement of Intent 2012-2015 shows the progress that the Department has made over time. Therefore, the description given in this Statement of Intent will be used to define how the Department of Corrections describes how they are managing for outcomes.

The Department of Corrections indicates multiple elements in managing for outcomes. Working together with other organisations is frequently mentioned. The biggest focus in this collaboration process lies with the other organisations in the justice sector, but also the Work and Income business of MSD, and the wider community are pointed out. Especially, the Iwi and Maori community are addressed; the over-representation of Maori in prison underlines the need to be successful with Maori offenders. Also within the organisation, frontline staff has to work together to achieve change in the lives of offenders. Staff is empowered to find local solutions to local problems. Corrections

indicates that two of the most important elements contributing to successful reintegration are first, providing drug and alcohol treatment and second, finding a job for offenders. However, due to the economical constraints this is quite a challenge. But, the Department also sees this as an opportunity for innovative thinking and new local solutions. Solutions can be found in using technological advantages, to be able to free up time that officers can spend with offenders (Corrections, 2012⁶).

Conclusion

The Department of Corrections was seen as a frontrunner in managing for outcomes because of its participation in the Pathfinder Project. However, senior managers indicate that the focus of the Department from 2005 to 2010 remained on outputs. This is mainly due to the nature of the financial system in New Zealand, which is still strongly focused on outputs. The Statement of Intent of 2012-2015 shows that the Department genuinely is trying to manage for outcomes. It shows some real progress when this is compared to the Statement of Intent of 2007-2008. The close collaboration with other (public) organisations, especially in the justice sector, also indicates this progress.

5.2 The ideology of managing for outcomes in the Department of Corrections

The ideology of managing for outcomes is a set of beliefs about how the social world operates, it is normative because it is different from other sets of belief and it proposes change (Berger & Luckman; Simons & Ingram, in Meyer et al., 2009). The presence of the ideology of managing for outcomes in the Department of Corrections can be identified when looking at three elements. First, the presence of a broad and sustaining perspective, then whether the organisation is collaborating with other (public) organisations, and third to what extent public entrepreneurs, fellow-travellers and guardian angels can be identified. These three elements will be discussed according to the findings of the interviews with both senior managers of the Department of Corrections and academics of the Victoria University of Wellington.

Broad and sustaining perspective

The first sign of the presence of the ideology of managing for outcomes in the Department of Corrections is comments from senior managers about the importance of results, although outputs remain important. *“You never lose that; you still have to lock the door of the prison cell”* (current senior manager 2). But as the same current senior manager also indicates: *“In Corrections you cannot really have a short term focus”*. You only know if you have reduced reoffending if the people are not coming back, and this has to be a lag measurement for at least one or two years, and preferably even five years or more.

It is important that you are producing the right outputs, in order to achieve the desired outcomes. One of the former senior managers also indicates that it actually is quite important to first make sure that you are delivering your services/products: *“keep them in custody, take proper care of them and feed them”*, before you should think about achieving the outcomes: *“and then you try to bring some skills and rehabilitate people”* (former senior manager 1). Or to put it more metaphorical: *“It is a bit*

like the analogy of draining in the swamp. You cannot drain the swamp if you have crocodiles biting you; you have to deal with the crocodiles biting you” (former senior manager 1).

The academics also agree with this point of view, they argue that it is important to *“not just worry about what you produce, but whether what you produce has actually any value in society”* (academic Victoria University 1). When focussing on outcomes, outputs remain important. And, as long as the current way of (output) financing the public sector in New Zealand remains the same, departments and ministries have to keep a focus on outputs as well (academic Victoria University 4). Although outputs remain important, the focus primarily needs to be at outcomes. The current senior managers emphasise this particular balance, and indicate that this was not so much the case in the past. This is illustrated by one of the former senior managers who mentioned the emphasis of politicians on things like the number of positive drug tests and the access of prisoners to drugs. *“It was something we had to focus on, we had to improve our performance in it, as we did with our escapes and stuff”* (former senior manager 3).

As one of the academics stated: *“My understanding of outcomes is very simple: the whole public management or governing system exists for one purpose alone. That is to achieve the policy goals and objectives of the government of the day”* (academic Victoria University 1). This implies that the goal(s) of the Department of Corrections also evolve around the objectives of the government of the day. The senior managers confirm this. The Prime Minister of New Zealand, John Key, introduced ten Better Public Services goals. The one relevant for the Department of Corrections is reducing reoffending. When talking to the senior managers of the Department of Corrections, they all indicate that they are doing all their activities in order to reduce reoffending. *“The government has just announced that the Department of Corrections is going to reduce reoffending with 25% in the next 5 years. Absolutely I have responsibilities as part of the [executive] team, as how we are going to do that”* (current senior manager 1).

One of the academics indicated that the Ministry of Social Development in New Zealand applies a so-called ‘wrap around service’. It was looking at the specific needs of the client and how to meet those needs, even when they were concerning housing or education (academic Victoria University 4). The Department of Corrections is going to take the same approach, because it knows it is not able to reduce reoffending by 25% on its own. *“What we need to be very clear about is, if we do not all work together as partners, then we will not achieve our outcomes”* (current senior manager 1). The senior managers working at the Department know that they need help from other agencies and departments. The managers also indicate that the chief executive had and has several meetings with other senior managers of the justice sector, to discuss how to achieve their outcomes.

Because of the short (3-year) political cycle in New Zealand, it is hard to get long term objectives and priorities from politicians. Defining outcomes has been difficult because *“there is always been this worry that they bounce around a lot”* (academic Victoria University 2). Despite this, the current government did set out goals and objectives to be achieved in five years’ time. The readiness of the Department of Corrections to adopt one of those goals (reducing reoffending) indicates that the

Department also has a focus on five years' time (or even more). Senior managers indicate that everything the Department does is aligned with this goal. *"Our key strategy is our Better Public Services target, which is to reduce reoffending by 25% by 2017. Everything lines up behind that"* (current senior manager 3). But, also before the government indicated this Better Public Services target, the Department of Corrections was occupied with reducing reoffending, *"we were looking at everything how is this going to help the reducing of reoffending"* (former senior manager 3).

Collaborating with other (public) organisations

The respondents all indicated that the Department of Corrections attaches great importance to working with other organisations. The collaboration with chief executives from the Justice sector – the Commissioner of Police, the Head of the Serious Fraud Office, and the Chief Executive of the Ministry of Justice – is especially important. In meetings the long term vision that is desirable for the government can be discussed, next to the shared outcomes within the sector (former senior manager 1). But also collaboration with a group of senior officials that looks at all of the ten Better Public Services targets is valuable to *"think about how do these work together, how to get the synergy for each other's target"* (current senior manager 2).

In order to provide the 'wrap around service', the Department of Corrections needs to work with other departments in networks, these departments are for instance the Ministry of Health, Ministry of Social Development and the Ministry of Education (academic Victoria University 4). But, also potential deliverers of services should be consulted regularly, to check if they could deliver what Corrections wants (former senior manager 1). An academic indicates that the Department of Corrections will only be successful in achieving its outcomes, if it has agreements with other (public) organisations about contributing to its goals and objectives: *"The Chief Executive, Ray Smith, will be responsible for [reducing reoffending]. But Ray cannot do that on his own. He is only going to be successful in his attempt if he gets contributions from other organisations"* (academic Victoria University 2).

The senior managers working at the Department of Corrections acknowledge that they need others to help: *"We do a great job, but we cannot do it on our own. We need the community and other government agencies to help us"* (current senior manager 3). *"We are dealing with people's communities and their jobs and things; we are not the experts on that, so we have to work in partnerships with people who are"* (current senior manager 2). One of the academics also stated that managing for outcomes does not necessarily need to be tied to departmental results (academic Victoria University 4). This is definitely a big change in the mind-set of the people working at Corrections, *"in the past, Corrections have believed that they are the only group in the world that can do corrections, and they are the only one being capable of having the knowledge to transform offenders"* (former senior manager 2).

The Department needs other departments like the Ministry of Social Development, Ministry of Housing and Ministry of Education to help. *"Because unless we send our prisoners out to suitable housing, jobs and decent health care, they are going to come back"* (current senior manager 1).

Corrections will always be affected by other organisations and they will have a significant impact *“on how they are able to manage and deliver against even some intermediate, contribution towards an outcome”* (academic Victoria University 2). One of the examples of a shared outcome is the initiative of the Department of Corrections to be smoke-free in all of their prisons. *“And that is a great outcome, it is a shared outcome, because actually we are going to save millions of dollars in the health system by getting our offenders smoke free”* (current senior manager 1).

The Department focusses very much on what happens when the prisoners are inside the prison, but when they are released, Corrections tend to say *“Bye, hope it goes well”* (current senior manager 3). The senior managers now realize that this is not the right approach to make sure that prisoners are not going to reoffend again, and they need the community and other agencies to help achieve that.

Public entrepreneurs, fellow-travellers and guardian angels

Most of the senior managers interviewed indicated that they attach great importance to their role as a so-called ‘guardian angel’. Some see it as ‘encouraging innovation’, others as leadership, one of the senior managers answered: *“yes, that is my job really”* (current senior manager 2). All the senior managers are convinced that, in order to achieve their goals, they need to get out of their comfort zone now and do things differently. It is important to encourage staff members to be innovative and to let them do the right thing (current senior manager 1).

“Any organisation has to allow, within restraints, a degree of innovation to occur” (former senior manager 1). The senior managers do realise that not all ideas can be good. Sometimes things do not work out as they should, but there is one simple solution for that: *“then you cancel them, but it is worth a go”* (former senior manager 1).

Conclusion

The ideology of managing for outcomes in the Department of Corrections in New Zealand is focussed on achieving its set target of reducing reoffending by 25% in 2017. The current senior managers indicate that everything they do in the Department revolves around reducing reoffending. They are really committed to achieving this goal, as well as to find a different way of achieving this goal. *“I think Ray Smith pretty much laid his job on the line by saying: ‘by 2017 we will have achieved this”* (current senior manager 3).

Corrections deals with quite a lot of the indicators used in the theoretical framework to define the ideology of managing for outcomes. One thing that is clearly stated is the notion that although they want to focus on outcomes, they should not forget the outputs. *“We can deliver, and we do deliver a whole lot of things, outputs. About 150 prisoners got a qualification in bricklaying this year.”* (current senior manager 3). They know they need the outputs, but they are not seen as a result. The result is reducing reoffending, and this is clearly formulated as a goal, to be achieved in five years. *“The outcome is when they get out, they get a job and do not reoffend”* (current senior manager 3).

The senior managers know that for Corrections it is really important to work with other agencies, in order to achieve their goal. Hence the participation of the Department of Corrections in multiple

networks, of which the Justice Sector network is most important. The senior managers indicate that they attach great value to acting as a so-called guardian angel, to stimulate innovation.

5.3 Strategic management in the Department of Corrections

One of the current senior managers is really passionate about an outcomes focus, and argues that being strategic and focussing on outcomes is the same thing. *“To me, being strategic is having a line of sight to the outcomes, being committed to it and having that broader picture of the outcomes. I think you can have a very narrow view of the outcomes, or you can have a bigger picture and see how things connect, I guess my definition of being strategic is that you can see that”* (current senior manager 2). To illustrate the findings regarding the strategic management of the Department of Corrections, the four elements of strategic management will be discussed separately.

Long term focus

All three of the current senior managers argue that it is really easy to just run issues the whole time. On the short term, you have to keep things steady. But, *“what I think an outcomes focus does, is whilst you are running issues, you are not losing sight of [the long term]”* (current senior manager 3). Another senior manager argues that because the emphasis is more on a particular and concrete goal *“it is less seen as a sort of ‘nice to have’ and more as a core element of the department”* (current senior manager 2). Previously, the Department had a focus on public safety and reducing reoffending, *“but it was a bit of a low-level goal and it was about an output focus”* (current senior manager 3). This is illustrated by another senior manager who has been working in the Department for twelve years, *“when I was a prison manager, I had no rehabilitative or re-integrative outputs, mine were all security”* (current senior manager 1).

One of the academics argues that the current Chief Executive, Ray Smith, always has got an eye on the future. The same academic also argues that in New Zealand you need to have a ‘intervention logic’, *“if you are trying to achieve a particular goal, you have to go and sit down and figure out what the causal model is that caused the problem, and then try and act on the causes”* (academic Victoria University 1). This intervention logic was not discussed in depth during the interviews, but the senior managers did indicate that they really were looking at the main triggers for offending and programmes are being adjusted to that. *“You need to know what your subject matter is and a big one for us is drugs and alcohol”* (current senior manager 1).

Internal integration

In order to get an internal integration, goals and objectives need to be structured in a coherent hierarchy. One of the current senior managers argues that this definitely now is the case, but was not in previous years (current senior manager 1). Although, one of the former senior managers did argue that during his time at the department *“we were very integrated, there was consistent thinking across”* (former senior manager 3).

An example of how important the management thinks it is that everything actually contributes to the strategic goal of reducing reoffending was given by one of the current senior managers. One of the current operating prisons will be closed. This particular prison is quite expensive to maintain, and has some seismic issues. But, the main reason for closing this prison is because it is not contributing to reducing reoffending. This prison was built in 1861, when people did not think about rehabilitation; this prison was built for punishment. Therefore, there are no training rooms, and no rooms where prisoners can sit with tutors or an instructor to learn new skills. All in all, this prison is not contributing to the strategic goal, and therefore, no longer of use for the Department of Corrections (current senior manager 3).

One of the current senior managers of Corrections indicates that they want to include corrections officers into almost every piece of policy they do. By doing so they can get expertise from the floor up and connect the officer to the job they are doing (current senior manager 1). As an academic is arguing: *"I think it is kind of a leadership role to try and distil for the workers in an organisation why they are valuable, why they are useful, the good that they are doing"* (academic Victoria University 3). Giving the correction officers more importance in the organisation, and enhancing the feeling that they do make a difference in the organisation, helps in implementing the strategic goals. When corrections officers are convinced that their day-to-day activities actually contribute to the achievement of the strategic goal of the department, they are more likely to consider these strategic goals in their day-to-day activities. Managers also indicate that when having a conversation with officers about how to reduce reoffending with 25%, they actually have a couple of really nice ideas how to achieve this (current senior manager 1).

Almost all of the senior managers mention the same thing: the staff is not working in Corrections to lock people up, or to ensure compliance. They are working in Corrections because they want to make a difference in peoples' lives and be role models. This statement is also supported by two of the academics, who both argue that it is not the personal self-interest that is the dominant driver of behaviour, public servants want to contribute to society without self-interest. *"When [public servants are] asked why they work in the public service, they simply do something like shrug their shoulders: and say: 'because I want to make a difference' and you get that time, and time, and time, and time again"* (academic Victoria University 1).

To enhance collaboration within Corrections, things needed to change according to the current senior managers. Therefore, the Department was restructured to combine the three services and make them work together, and together reach the departmental goals. In the former situation the three services were working very much in their own silos. With the restructuring, the department is trying to abolish the walls that were growing between the services and overcome that (current senior manager 2). *"If you have got your own silo, you just do what is good for you and do not care about anybody else. We are making them want to care"* (current senior manager 3). But also, because of the existence of the third core service 'Rehabilitation and Reintegration', correction officers in the other two services did not see rehabilitation as something they were measured against (current senior manager 2). Therefore, this shift will help to make all the correction officers see that their day-

to-day activities help to achieve the strategic goals and are tied to reducing reoffending. Remarkably, the former chief executive deliberately shifted rehabilitation away from the prison and probation services in order to let these two services focus on (custodial) control (former senior manager 1).

External perspective

Looking outside the organisation is not the regular thing in a department like Corrections. Where other departments serve the public, the 'clients' of Corrections are serving sentences. The tendency of the department is inward looking, *"if you are in prison, there is a great big wall between you and the public"* (current senior manager 2). One of the current senior managers characterised the Department of Corrections as a very inwards focused organisation, a year and a half ago. *"There are reasons for that, when you are running prisons, you have to make walls around them. They are institutions, so they tend to look inwards, they do not tend to look outwards for friends"* (current senior manager 3).

Corrections is highly media and politically salient. When the media brought up an issue that Corrections was alleged to have done wrong, or had done wrong, the minister wanted to know everything about it (former senior manager 1). The public perceives Corrections to be non-complex, and therefore is being more likely to be criticised when doing something wrong (academic Victoria University 2). However, the new goals that had been set for the Department to achieve are hard to argue with, to great joy of one of the current senior managers: *"It is so beautifully simple, no one can argue that you should not reduce reoffending. It is incredibly difficult to argue with"* (current senior manager 3).

In the early years of the Department, the activities of Corrections were mostly driven by research and there was hardly any room to ask anybody else what they thought. The focus of the Department was on evidence-based theories and what the theory stated to do. One of the former senior managers also argues that *"there was not the ability [for other organisations] to contribute to the discussion at that time"* (former senior manager 3). It was only after a decade, in the 2000s, that the Department started listening to what others were saying. To the great joy of the potential partners, who responded *"Hallelujah, it is about time, we have been telling you this for years. Finally you caught up with us"* (current senior manager 3). However, before this happened, there already were regular meetings with the Justice sector chief executives to identify areas that needed to be addressed in a common way (former senior manager 3).

Currently, the Department is very much influenced by other actors, within the Justice sector, but also by service deliverers and even representatives of minority groups in New Zealand. The link with the stakeholders in the Justice sector is of most influence. The key strategic governmental plans that influence the strategic goals of the Justice Sector will effectively cascade down into the strategic plan of the Department of Corrections (former senior manager 1).

The Department of Corrections is no expert in dealing with communities, and needs to work in partnerships with people who are (current senior manager 2). The same senior manager argues that

this implies a shift at the practical frontline level. But actually, this also means a shift at the strategic level. As one of the former senior managers argues, the Department needs to acknowledge that it does not have all of the necessary knowledge to transform offenders (former senior manager 2). In order to have all access to that knowledge, stakeholders need to be addressed and included in developing strategic goals. A senior manager emphasises that not only does the Department of Corrections need other organisations to achieve its goals, but these other organisations also need the Department of Corrections to achieve their goals. *“If you look at the justice sector, and the criminal offending pipeline, that is so interconnected now and we are all so reliant on each other, to be able to meet our strategic goals that we absolutely do set our plans together”* (current senior manager 1).

Political authority

The strategic goals of the Department of Corrections are very much aligned with the political authority. The government has set Better Public Services goals, and the Department mentions its Better Public Services goal – reducing reoffending – in every policy document. But before the government had set up these goals, one of the former senior managers stated: *“the aim of the department is really to deliver and meet the government objectives”* (former senior manager 1). But *“in the meantime you got to deliver the outputs because that is what the government has paid for in the current year”* (former senior manager 1).

The fact that the government has set up the Better Public Services goals is ground-breaking in the New Zealand context. A focus on outcomes was quite hard to realise in the years before the government made this statement and identified clear goals. Having these goals is quite risky. *“Why would you be clear about what your government is trying to achieve, if you therefore run the risk of being held accountable for it?”* (academic Victoria University 2). The same academic is also arguing that the outcomes that you are trying to achieve *“needed to be defined in terms of the government overarching strategy”* (academic Victoria University 2). One of the current senior managers, however, argues that the actual risk of setting a target at reducing reoffending by 25% in five years, lies with the chief executive of the Department of Corrections. *“I think Ray Smith pretty much put his job on the line”* (current senior manager 3). One of the former senior managers confirms that this might be a real threat for Smith, *“reducing reoffending by 25%, that is a bit crazy if you think you can do that”* (former senior manager 2).

Conclusion

The strategic management of the Department of Corrections consists of multiple elements. The most apparent and important goal of the Department is to reduce reoffending by 25%. This goal was set by the government to be achieved in five years, and is part of the Better Public Services programme. This goal is influencing all the other activities and management. In order to be able to achieve this goal, the chief executive decided to restructure the Department to achieve an internal integration. *“If you have an overarching proposition, people are got to get out of their silos and they have got to work together. Now we have restructured and pushed all our services together”* (current senior manager 3). There is a coherent structure for achieving the goal of reducing reoffending, but the

Department has more than just one priority and seems to subordinate other priorities to reducing reoffending.

The senior managers know they need all of their staff to achieve their goals, and that they need to involve them in deciding how to do this. *“It would be foolish to think as a chief executive, just because you have this vision, that this vision is actually going to be encapsulated by everybody in the organisation”* (former senior manager 1). Besides their own staff, they also need other organisations, stakeholders, to help and achieve their goal. Not only do they need them to achieve the goals of Corrections, but also to help other organisations in achieving their goals. Especially, in the Justice sector the organisations and their goals are for a large extent intertwined. Another influence is the political authority, reducing reoffending is a government goal and adopted by Corrections. *“In terms of political environment, this government has got ten Better Public Services targets, and our target fits beautifully. So we get all the political support that we need”* (current senior manager 3).

5.4 The ideology of managing for outcomes and strategic management in the Department of Corrections

The importance of the Better Public Services goal in the Department of Corrections is clear, it forces the Department to think more about a desired situation in the future, and makes it think about how to achieve this with the current actions. It is very clearly stated that reducing reoffending is the goal until 2017, and probably will be after 2017 as well. This is different from previous years, and illustrated by one of the current senior managers, who has worked in the department for twelve years: *“when I was a prison manager, I had no rehabilitative or re-integrative outputs, mine were all security”* (current senior manager 1). During the interviews it became clear that the senior managers are really occupied with the goal of reducing reoffending. The senior managers argue that in order to reach your outcomes, Corrections has to keep producing products/services. These products are not seen as a purpose, but as a mean. In the early years of the Department, people also argued that they were outcomes focused, but in reality seemed to be quite output oriented. Reducing reoffending always has been something the Department wanted to achieve, but it has only recently become the main goal of the Department, and cascaded down in every activity of the Department.

Reducing reoffending is one of the four priorities of the Department. Other priorities are ‘public safety’, ‘better public value’ and ‘leadership’. The senior managers argue that *“everything we do ties back to reducing reoffending”* (current senior manager 3), and with that they imply that the goals of the Department are aligned and the day-to-day activities are tied to the long term objectives. One needs to keep in mind, that they are tied to *one* of the long term objectives. The other three priorities of the Department are hardly mentioned in the interviews. This does, however, does indicate that in contrast to what was happening before, Corrections is working on aligning the day-to-day activities with (one of) the strategic goals. The example of closing down a prison that is expensive to maintain and does not have any training rooms, shows that some activities contribute to more than one of the organisational goals.

The access of all the staff of the organisation to the strategic goals of the organisation is increased because of the ideology of managing for outcomes and the emphasis it puts on the long term issues. This results in a greater opportunity for staff to actually consider these goals in their day-to-day activities. If the staff actually considers the strategic goals in their day-to-day activities, is not clear from the interviews. However, the senior managers did have the idea that they are concerned with the idea of reducing reoffending. Quotes like *“they actually have some really good ideas around that”* (current senior manager 1) and *“because I want to make a difference”* (academic Victoria University 1, about frontline staff in the New Zealand public sector), express these ideas. The Department also does inform and consult staff when discussing the strategic goals, both when developing the policy and the practical interpretation of these goals. *“That is probably going to be the key in prisons, to achieving our outcomes, is engaging our staff”* (current senior manager 1).

The ideology of managing for outcomes increases the emphasis of the Department on its strategic goals, and therefore does imply that the staff, to a larger extent, considers the strategic goals in their day-to-day activities. The presence of public entrepreneurs, and the guardian angels that empower them, is enhancing the possibility for bottom-up decision making. The senior managers indicate that they embrace innovation, but when one reads between the lines, one sees that senior managers have very clearly identified a framework in which they allow innovation. The most important criteria for innovation is that it has to contribute to reducing reoffending.

All the current senior managers realise that Corrections needs others to help and achieve their goal, *“it is a whole of government approach”* (current senior manager 1). The Department of Corrections only recently has opened up for other stakeholders to help achieve their goal. Corrections thinks of itself as quite inward looking. It has the idea that people do not like prisoners and do not want to work either with prisoners or with Corrections. However, the Department is trying to collaborate through joint goals and objectives. Stakeholders, especially in the Justice Sector are willing to collaborate, probably because the goals they need to achieve are highly intertwined with the goal(s) of the Department of Corrections. As one of the current senior managers argues, the Justice sector is *“all so reliant on each other, to be able to meet our strategic goals, ... we absolutely do set our plans together”* (current senior manager 1).

Having a better working relationship with stakeholders improves the opportunity for the Department to anticipate changes in the environment, rather than adapting to change made by others. Organisations are more likely to inform each other about change, and maybe even consult them in making these choices. The ideology of managing for outcomes enables organisations to pay more attention to an external perspective. But it also enhances the internal integration. Because of the importance of working together with other organisations, as well as within the organisation between the different services, people need to collaborate. With the restructuring of September 2012, the executive team is trying to get the Department to work in a more joined-up way. The staff was working too much in silos within the three core services. The objective of the restructure is to get them to work as one team. This also increases the contribution of one activity to several goals, transcending the internal departmental boundaries.

The strategic goals of the Department of Corrections are very much aligned with the political authority. The goals that the government has set for the public sector in general, and for Corrections in particular, have been completely adopted by the Department. Therefore, one can conclude that the strategic goals of the Department of Corrections are not conflicting with current political ideas. In the past, the government has not stated their goals as clearly as they have in 2012. The clear statement of the Better Public Services goals enables Corrections to manage for outcomes, outcomes that are determined by the government. Although the government enables the Department to manage for outcomes by setting these targets, this also restricts the Department. The more control the government takes of the outcomes, the less room there is for the Department to manoeuvre.

Conclusion

The processes and elements of strategic management in the Department of Corrections are influenced by the ideology of managing for outcomes. Chapter 3.3 discussed the influence that is expected of the ideology of managing for outcomes *on public organisations in theory*. The description in this section will focus on the influence that is provided by the *empirical findings*, and discusses the influence of the ideology of managing for outcomes *on the Department of Corrections*. First the influence on the process of strategic management will be discussed, followed by the influence of the ideology of managing for outcomes on the elements of strategic management.

To indicate the influence on the process of strategic management there are three factors that provide for a comparison between an output focus, the ideology of managing for outcomes (in theory), and the ideology of managing for outcomes in the Department of Corrections. These are the same that are used in chapter three of this research: actors involved, central guidelines and decentralised strategy-making.

The senior managers of the Department of Corrections imply that in the process of making the strategy of the department, other actors besides the top management are involved. The actors of the Justice Sector network have strong intertwined goals and they *“absolutely do set [their] plans together”* (current senior manager 1). Also the second and third tier managers are involved in designing the strategy of the Department.

The goal that cascades down in the Department is the Better Public Services goal set by the government. It is a long term goal, to be achieved in five years, by 2017. The senior managers of the Department of Corrections are very much occupied with the goal to reduce reoffending. They argue that everything they do in the Department is aligned with this goal. One could therefore argue that the central guidelines, of both the political authority and the top management are described in long term goals and objectives.

Because the interviews were with senior managers, it is hard to identify decentralised strategy-making. The senior managers however do argue that the frontline staff is very much occupied with contributing to the strategy of the department. Corrections officers are empowered to participate in the policy made by the department *“they can give the expertise from the floor up, but we also have*

very experienced managers as well. That is well integrated now; I think Corrections is quite well known for that” (current senior manager 1). Without the ability to confirm the perspective of the senior managers, one has to assume that decentralised strategy-making does indeed take place.

These conclusions can be illustrated in the same sort of table as used in section 3.3. Added to this table is the column with the ideology of managing for outcomes in the Department of Corrections. This column is added to indicate the difference between the theoretical expectations and empirical findings. Because of the lack of confirmation from correction officers and other front line staff of the Department of Corrections, one cannot be sure if the focus on decentralised strategy-making without a doubt is on achieving the goals and necessary activities to achieve the goals. As senior managers suggest that this is the case, these two factors are printed in italics in the table.

	Output focus	The ideology of managing for outcomes	The ideology of managing for outcomes in the Department of Corrections
Actors involved	Top management Second or third tier management	Top management Second or third tier management Management of other (public) organisations	Management executive team Prison managers, Regional managers, Probation managers, etc. CE ministry of Justice, Commissioner of Police, CE Ministry of Social Development, etc.
Guidelines	Quota Performance indicators	Long term goals and objectives	Reduce reoffending by 25% in five years
Decentralised strategy-making	Achieve quotas Perform on indicators	Achieving the goals Focus on necessary activities to achieve goals	<i>Achieving reducing reoffending</i> <i>Focus on necessary activities to reducing reoffending</i>

Table 5.1: Influence of an outputs focus, the ideology of managing for outcomes and the ideology of managing for outcomes in the Department of Corrections on the process of strategic management

Within the framework of reducing reoffending the senior managers of the Department of Corrections allow the public entrepreneurs and fellow-travellers to be innovative. One could argue that the decentralised strategy-making is strengthened, but there are rules and the central guidelines are strict.

The influence of the ideology of managing for outcomes on the elements of strategic management in the Department of Corrections will be similarly discussed as the influence on the process. The theoretical influence is already discussed and in this section the influence on the basis of the empirical data will be discussed.

Reducing reoffending is the most important task of the Department and the managers are really trying to root this in the entire organisation. They know they need to focus on achieving the goals of the organisation, rather than producing the products. In order to achieve the result of reducing

reoffending, senior managers have identified that both the day-to-day activities and the strategic objectives of the Department need to be on a long term focus.

They believe that their staff is also aware of this and wants to be focussing on results. *“I want to make a difference”* (academic Victoria University 1), a quote that both academics and the senior managers hear very often. What the managers need to do is achieve the opportunity to actually work like this. The senior managers wanted the organisation to operate less in silos. Therefore, they enhanced the internal integration of the Department with restructuring the organisation into a ‘One Team structure’. This was intended to help reinforce the strategic management of the Department, because of the increased focus of the entire organisation on achieving the strategic objectives. But the senior managers also realised that they do not only need their staff in achieving the strategic goals, they also need other (public) organisations. Especially the organisations in the Justice Sector network are important for the Department of Corrections because of their closely related goals.

It is argued in the literature that public organisations always will be influenced by their political authority, irrespective of a focus on outputs or outcomes. The empirical findings of this research imply otherwise. The intervention of the government in setting the Better Public Services goals is contributing to the ability of the Department to implement the ideology of managing for outcomes, but it is also restricting the latitude of the Department. The ideology of managing for outcomes is accompanied with an increased impact of political authority.

These conclusions can be illustrated by the following table:

	Output focus	The ideology of managing for outcomes	The ideology of managing for outcomes in the Department of Corrections
Long term focus	Day-to-day activities related to performance measures	Day-to-day activities related to desired goals	Day-to-day activities related to reducing reoffending
Internal integration	Activities done do achieve performance indicators	Activities done do achieve results Importance of staff	Activities aligned with reducing reoffending
An external perspective	Other (public) organisations can cause contextual change	Other (public) organisations can help to achieve goals	Working together in the Justice Sector, and trying to convince other (public) organisations to work together, to reduce reoffending
Dealing with political authority	Political authority is very influential	Political authority is very influential	Political authority is very influential and restricting the latitude of the executive team

Table 5.2: Influence of an outputs focus, the ideology of managing for outcomes and the ideology of managing for outcomes in the Department of Corrections on the elements of strategic management

In the discussion about new ways of working in chapter three, restraints were also discussed. One of the restraints was the tendency of politically salient organisations to focus on procedures and rules. An emphasis on procedures and rules interferes with a focus on results, and the ideology of managing for outcomes. As discussed in chapter two, the Department of Corrections can be identified as a highly politically salient organisation. Logically, this should result in the situation in which the Department of Corrections is not an adherent of the ideology of managing for outcomes and is focussing on rules and procedures. But the empirical findings of this research seem to show that the Department of Corrections is an adherent of the ideology of managing for outcomes.

This is quite the opposite from what was expected according to the theory. The senior managers indicated that the procedures remain an important part of the jobs of corrections officers: *“you still have to lock the door of the prison cell”* (current senior manager 2). But what the Department is doing, or is trying to do, is to take their activities to the next level. Keep locking the doors, but also think about reducing reoffending. In the past, with every incident or mistake, more rules were introduced, *“we had so many rules that nobody could actually remember them”* (current senior manager 2). The Department has now changed so that there are only about twelve rules applying to every sentence, and 100 percent compliance with these rules is absolutely mandatory. Everything that is not in those rules, can be done on the basis of guided decision making (current senior manager 2). This makes it possible for correction officers to adjust situations to the needs of the offenders, being able to keep them from reoffending. What seems to be the case in Corrections is that they did emphasise rules and procedures, but added the room for guided decision making, letting the officers decide and offering room for judgement.

6. CONCLUSION, DISCUSSION AND RECOMMENDATIONS

The New Zealand public sector is one that is constantly changing. Because of the specific setting of the New Zealand public sector, New Public Management gained great importance in the 1980s. Together with decentralisation and segregation, this resulted in a public sector that was focused on efficiently producing products and delivering services. In reforms following the New Zealand model, the results or outcomes gained importance. Now, in 2012, outcomes are a top priority of the government and these cascade down into the priorities of public sector organisations.

From the 1990s onwards, strategic management also gained importance in the public sector of New Zealand. Does the shift from a focus on outputs to the ideology of managing for outcomes have any influence on strategic management? The main objective of this research is to clarify the obscurity of what implementing the ideology of managing for outcomes means for the strategic management of public organisations. Specifically, to clarify the influence of the ideology of managing for outcomes on the strategic management of the Department of Corrections in New Zealand. In this section an answer to the main research question is provided, followed by the discussion and recommendations.

6.1 Main research questions

In answering the main research questions it becomes possible to clarify some of the obscurity around the influence of the ideology of managing for outcomes on strategic management. First the obscure situation in general can be clarified, second the specific influence of the ideology of managing for outcomes on the strategic management of the Department of Corrections can be clarified.

The general main research question is:

How does the ideology of managing for outcomes influences strategic management of public organisations?

When identifying the influence of the ideology of managing for outcomes on the strategic management of public organisations, two factors of strategic management are analysed. These factors are the process of strategic management and the elements of strategic management. In identifying the influence of the ideology of managing for outcomes, this influence will be compared to a situation in which a focus on outputs dominates.

In the process of strategic management, there are three factors that are discussed: the actors that are involved, the central guidelines that resemble the top-down structure, and the decentralised strategy-making which resembles the bottom-up structure.

The ideology of managing for outcomes will result in additional actors that are involved in the process. These actors are managers from other (public) organisations, next to the top management and second or third tier managers of their own organisation. The strategic guidelines from the centre

will focus on long term goals and objectives in an organisation that is an adherent of the ideology of managing for outcomes. With a focus on outputs, the guidelines will contain quota and performance indicators. These guidelines will also imply that with a focus on outputs, the decentralised strategy-making is also focused on achieving those quotas and making sure to perform well on the indicators used to measure the performance. In the ideology of managing for outcomes, the decentralised strategy-making will focus on achieving the goals of the organisation and performing those activities that make it possible to achieve those goals.

This can be illustrated in the following table:

	Output focus	The ideology of managing for outcomes
Actors involved	Top management Second or third tier management	Top management Second or third tier management Management of other (public) organisations
Guidelines	Quota Performance indicators	Long term goals and objectives
Decentralised strategy-making	Achieve quotas Perform on indicators	Achieving the goals Focus on necessary activities to achieve goals

Table 6.1: Influence of an outputs focus and the ideology of managing for outcomes on the process of strategic management

The presence of public entrepreneurs, fellow-travellers and guardian angels in the organisation strengthens decentralised strategy-making relative to central guidelines. Public entrepreneurs and their fellow-travellers are empowered by the top management, acting as a guardian angel, to be innovative. This is at the expense of the importance of central guidelines.

The ideology of managing for outcomes also influences the four elements of strategic management: long term focus, internal integration, external perspective and political authority. With managing for outcomes there is less friction between the strategic management and operational management. In an output focused organisation, the day-to-day activities are designed to produce the products that are related to performance measures. Whereas, in an organisation that is an adherent of the ideology of managing for outcomes, the day-to-day activities are aligned with the strategic objectives and not so much focused on producing products, but on achieving results. Both an output focussed organisation and the ideology of managing for outcomes have an external perspective. However, an output focussed organisation keeps track of other organisations to anticipate contextual change, whereas, in the ideology of managing for outcomes, organisations are searching for other organisations to work with. Public organisations always will be influenced by their political authority,

irrespective of a focus on outputs or outcomes; therefore the element of political authority remains unaffected by the ideology of managing for outcomes. This is illustrated in table 6.2.

	Output focus	The ideology of managing for outcomes
Long term focus	Day-to-day activities related to performance measures	Day-to-day activities related to desired goals
Internal integration	Activities done do achieve performance indicators	Activities done do achieve results Importance of staff
An external perspective	Other (public) organisations can cause contextual change	Other (public) organisations can help to achieve goals
Dealing with political authority	Political authority is very influential	Political authority is very influential

Table 6.2: Influence of an outputs focus and the ideology of managing for outcomes on the elements of strategic management

The specific main research question is:

How does the ideology of managing for outcomes influences the strategic management of the Department of Corrections in New Zealand from 1995-2012?

In the Department of Corrections, reducing reoffending is seen as the most important task. In order to achieve this goal, they do whatever it takes. This includes stimulating interaction with other (public) organisations and the senior managers do not rule out that this might result in including these actors in setting up the strategy of the Department. But also internally the Department seeks for more involvement; the department has been restructured into a ‘One Team Structure’ to enhance the collaboration and a long term vision inside the organisation. The central guidelines are primarily focused on achieving the goal of reducing reoffending and in the meanwhile the Department tries to encourage corrections officers and other staff members to be innovative and contribute to reducing reoffending, in other words, they are increasing the decentralised strategy-making. It cannot be concluded from this research whether the staff really sees itself as being empowered, because the interviewees were only senior managers. However, the senior managers were strongly convinced that they were empowering the staff to do so, that their staff was also aware of this and wants to be focussing on results. Therefore the influence on the decentralised strategy-making is printed in italics in table 6.3.

The influence that the ideology of managing for outcomes has on the three factors of the process of strategic management can be illustrated in the following table.

	Output focus	The ideology of managing for outcomes	The ideology of managing for outcomes in the Department of Corrections
Actors involved	Top management Second or third tier management	Top management Second or third tier management Management of other (public) organisations	Management executive team Prison managers, Regional managers, Probation managers, etc. CE ministry of Justice, Commissioner of Police, CE Ministry of Social Development, etc.
Guidelines	Quota Performance indicators	Long term goals and objectives	Reduce reoffending by 25% in five years
Decentralised strategy-making	Achieve quotas Perform on indicators	Achieving the goals Focus on necessary activities to achieve goals	<i>Achieving reducing reoffending</i> <i>Focus on necessary activities to reducing reoffending</i>

Table 6.3: Influence of an outputs focus, the ideology of managing for outcomes and the ideology of managing for outcomes in the Department of Corrections on the process of strategic management

In theory the ideology of managing for outcomes enhances the strength of decentralised strategy-making compared to the central guidelines. In practice in the Department of Corrections, the senior managers indicate that they enhance decentralised strategy-making. However, the senior managers emphasise even more on the goal of reducing reoffending. They allow public entrepreneur and fellow-travellers to be innovative, as long as it is contributing to reducing reoffending.

The senior managers of the Department of Corrections know they need to focus on achieving the goals of the organisation, rather than producing the products. Achieving the goal of reducing reoffending by 25% is a goal that is time-consuming; the goal is set for 2017. But after 2017, the focus of the Department will remain on reducing reoffending. The restructuring into a 'One Team structure' shows the willingness and passion of the senior managers to achieve this goal. The restructure should contribute to the reinforcement of strategic management in the Department, by the increased focus of the entire organisation on achieving the strategic objectives/results. The Department is convinced that it is necessary to involve all of their staff to identify possible activities or strategies to achieve their goal. Services should be delivered to reduce reoffending, not because it is in the performance agreement.

In the process of strategic management, with the ideology of managing for outcomes another group of actors are identified to be involved in making the strategy. The senior managers of Department of Corrections are convinced that the Department should be working in networks, such as the Justice Sector, and they seek possibilities to collaborate with other (public) organisations.

Although, it is argued in the theoretical framework that the element of political authority will remain unaffected by the ideology of managing for outcomes, the empirical evidence suggests otherwise. With the ideology of managing for outcomes, the government will set goals, and when these goals

are becoming of more importance, the political authority has more influence on the Department. Previously, the government did not set goals, but used output indicators to control the public service. As long as the departments produced these outputs, the politicians were satisfied. Now, the tide is turning, politicians are focused on achieving the Better Public Services goals, and on departments achieving these goals. The more the government is controlling the public sector with the focus on the Better Public Services targets, the less room the senior managers and chief executive of the Department of Corrections have to manoeuvre.

Also these conclusions can be presented in a similar table as used before:

	Output focus	The ideology of managing for outcomes	The ideology of managing for outcomes in the Department of Corrections
Long term focus	Day-to-day activities related to performance measures	Day-to-day activities related to desired goals	Day-to-day activities related to reducing reoffending
Internal integration	Activities done do achieve performance indicators	Activities done do achieve results Importance of staff	Activities aligned with reducing reoffending
An external perspective	Other (public) organisations can cause contextual change	Other (public) organisations can help to achieve goals	Working together in the Justice Sector, and trying to convince other (public) organisations to work together, to reduce reoffending
Dealing with political authority	Political authority is very influential	Political authority is very influential	Political authority is very influential and restricting the latitude of the executive team

Table 6.4: Influence of an outputs focus, the ideology of managing for outcomes and the ideology of managing for outcomes in the Department of Corrections on the elements of strategic management

6.2 Discussion

Social and scientific relevance

As was outlined in the first chapter of this research, the experience of the Department of Corrections with the ideology of managing for outcomes can be helpful for other organisations to also adopt this ideology. But this research will also extend the scientific knowledge about the influence of the ideology of managing for outcomes and strategic management.

Strategic management is definitely influenced by the ideology of managing for outcomes, both in its processes and in its elements. The most remarkable change the ideology has caused is the emphasis the ideology gives to achieving goals, rather than producing products, and the awareness that the ideology calls for the introduction of the management of other (public) organisations in developing

the strategies. In both the process and elements of strategic management these changes are noticeable in the Department of Corrections. The senior managers indicated that they attach great value to collaboration with other departments, especially in the Justice sector to achieve the goal of reducing reoffending. But also, something that was not expected in theory, the political authority has changed. The government attaches great value to the achievement of reduced reoffending and restricts the Department's room to manoeuvre with setting the goal of reducing reoffending by 25% in 2017.

The experience of the Department of Corrections is helpful for other organisations to be aware of and to deal with these changes in time. Organisations that choose to adopt the ideology of managing for outcomes can already start to invest in their relations with other (public) organisations and think about how they want to collaborate with other organisations. Although it was not a part of this research to include how the ideology of managing for outcomes influences the daily activities, the senior managers did make some comments about it. Regarding the collaboration with other organisations, they acknowledged that this sometimes was quite hard. Other organisations are not always very willing to collaborate with the Department of Corrections. Knowing this, one can recommend organisations to invest in relationships with other (public) organisations and be prepared to persuade other organisations to help each other by working together.

Organisations also can start by reflecting on their organisational goals and the products or services they deliver. Do the products and services really contribute to the goal the organisation wants to achieve? And what is that goal exactly? These things are time consuming and being aware that these questions have to be asked, and investments have to be made, makes it easier for the organisation to adjust to the ideology of managing for outcomes.

The social relevance of this research can be found in the early awareness that is created for organisations that are and want to be adherents of the ideology of managing for outcomes. The scientific relevance is created with the added information about the changes in the political authority. In the theory it was expected that there would be no difference with the ideology of managing for outcomes in the political authority of public organisations. However, the empirical data showed that the extra influence of the government, with setting the goals for the Department of Corrections, restricted the room for the Department to manoeuvre.

A public management for all seasons?

There are a lot of debates in academia about the designs of public management. Hood (1991) recognises three different families of values in this debate: the Sigma, Theta and Lambda family. He argues that the Sigma family is largely connected to NPM. The Sigma family considers inefficiency as a failure, and savings as a success, and these are measured in terms of money and time. The family emphasises on the need to have *"fixed and checkable goals"* (Hood, 1991). The Theta family is focused on honesty and fairness. Righteousness is considered as a success and mismanagement that causes unfairness as a failure. Trust is very important. In the Lambda family making adaptations to new situations is regarded as a success, being able to survive. Not being able to learn, causing

catastrophes or breakdowns is considered to be a failure. The importance of learning is emphasised by the statement that the degree of slack in this family is rather high, because of the need to learn (Hood, 1991).

In this research we discussed three types of public management: first, only very briefly, the bureaucratic model of Max Weber, second NPM and third the ideology of managing for outcomes. Hood already identified that NPM can be considered as a part of the Sigma family. This leaves the Theta and Lambda family open for a personal interpretation. Because of the focus of the Theta family on honesty and fairness, this family seems to be mostly connected to the bureaucratic model. This leaves the Lambda family to be the most connected to the ideology of managing for outcomes. However, this is not the case on all the characteristics of the family and ideology, but the two have some points in common. The similarities can be found in the emphasis on learning. The ideology of managing for outcomes puts great emphasis on letting public entrepreneurs come up with new ways of working to be introduced in the organisation, as well as the existence of multi-objectives, rather than single-objectives. The biggest difference lies in the control emphasis. According to Hood (1991) in the Lambda-type families this is on input/process, whereas with the ideology of managing for outcomes, clearly stated, the control emphasis is on outcomes.

Strategic management in New Zealand

In this research the assumption has been made that the Department of Corrections practices strategic management. This is supported by the senior managers that have been interviewed. They all argue that the Department has a strategy and is strategic. However, academics are rather sceptical about strategic management in the New Zealand public sector. Regarding the different phases of strategic management they argue that especially the phases of implementation and evaluation are easily forgotten. One of the academics compares the situation in New Zealand with the Netherlands: *“When I compare the situation in New Zealand with other countries, I almost start laughing when somebody in New Zealand starts talking about strategic management. They do not have it. When they develop a strategy it is more like an operational plan”* (academic Victoria University 4).

Difference between the ideology of managing for outcomes and strategic management

One could argue that the ideology of managing for outcomes and strategic management have a lot of similarities. Both have a long term focus and a focus on the external environment. But, I would like to argue that there is a difference between the two. First, strategic management is something which every organisation has to do. To which degree an organisation is completely true to the theories of strategic management is not relevant for this discussion. The ideology of managing for outcomes is something that is now perceived as something an organisation must have. This was not the case thirty years ago, at the start of the New Public Management reforms, or even before that. People would have probably opposed the enhanced focus on outcomes. But in this current state of the public sector, when the efficiency is very much improved, the focus on outcomes seems the right thing to do. I would not be surprised if in a couple of decades the perspective on public management

has changed. If the pressure on public expenditure keeps rising, it could happen that governments are forced back into a situation in which efficiency dominates over effectiveness.

The most important difference between the ideology of managing for outcomes and strategic management is the foundation of the two concepts, one (always) being part of the management of organisations, the other being the current ideology of what the public organisation should focus on. That is why the ideology of managing for outcomes is the independent variable and strategic management the dependent variable. The strategic management of public organisations always will be influenced by the dominant ideology of a period of time.

Denying that these two concepts have similarities would be lying. Yes, they both have a long term and sustaining focus, and both focus on the external environment. This would probably contribute to the positive influence the ideology of managing for outcomes has on strategic management. But whereas the ideology of managing for outcomes emphasises that organisations need to work with other (public) organisations, the concept of strategic management just argues that the organisation should be aware of their stakeholders and external environment. The concept of strategic management is not arguing *how* an organisation must do this. The ideology of managing for outcomes is arguing *how* and that is also a big difference between the two.

Is the ideology of managing for outcomes desirable?

If you asked this question of any of the interviewees of this research (experts, informants or respondents), they would all argue that the ideology of managing for outcomes is definitely something the public sector should desire. Their arguments are focused on the need to actually make a difference. They want the public sector to focus on making a difference in peoples' live and provide a good (better) service to the people living in New Zealand. They argue that in order to do this, they need to focus on results; on what is it that they want to change. In the case of the Department of Corrections, this means reducing reoffending.

I think it is hard to argue with this. I agree that when you want to achieve a change in the public sector, it is not going to work if you are just focussing on products or services. You have to have a clear view about what you want to achieve, and from that point start to think about which products and services you have to deliver to accomplish that, your intervention logic. Within the scope of accountability I think the ideology of managing for outcomes falls short. The reason why, during the implementation of the New Zealand model, outputs gained importance over outcomes remains an issue. How do you measure if a public organisation is achieving their outcomes, and how do you know if it is their effort, and the outcome is not (by accident) accomplished by another organisation? This is really hard and a point of discussion. Adding the element of collaboration with other (public) organisations partially seems to cope with this point. However, measuring outcomes remains a hard thing to do. But, this should not discourage efforts to implement the ideology of managing for outcomes in public organisations.

Another point of discussion will arise when, for instance, a prisoner escapes. It is to be expected that the public, media and politicians will question if the ideology of managing for outcomes is suitable for an organisation as the Department of Corrections. It is understandable that people respond to a breakout or something similar that causes a threat to the society. But it is questionable if this is inextricably bound up with the current ideology. Still, the public will demand the government to act. I think, in a situation in which the government is also an adherent of the ideology of managing for outcomes, the government should not choose to restrict the Department again with rules and procedures. What has to be done is analyse what went wrong and how the Department is able to fix this, and try not to do that wrong again. But with keeping the focus on results important in the Department. I would argue that the ideology of managing for outcomes will probably help to reduce reoffending, and with that decrease the risk of escapes and such. The ideology enables the Department of Corrections and the prison officers, to deliver a service to prisoners that is adjusted to the needs of prisoners. When prisoners are helped in such a way that is specific to their needs, I believe that they are less likely to reoffend. And I also think that in an organisation with a task like the Department of Corrections, it is hard to totally exclude the possibility of escapes.

The ability of the Department of Corrections to adjust to the ideology of managing for outcomes indicates that the tension between a focus on rules and procedures versus results is minimal. Although procedures and rules remain important in the Department of Corrections, they are also occupied with achieving results and adjusting the organisation to do so. The organisation sets a clear framework and within that framework is room for guided decision making. The Department of Corrections seems to deal with both a focus on results and a focus on rules and procedures by making a compromise. But if this compromise works, remains to be seen.

6.3 Recommendations

Having a clear goal in the public sector is not always self-evident (Hughes, 2003) and makes strategic thinking a difficult thing to do. The ideology of managing for outcomes can help in getting clarity in the goals of the organisation. The government, which sets key goals to achieve, especially assists public sector organisations in defining those goals. A pitfall can be the political cycle, when after three years another government comes to power and has totally different ideas from the previous government, the public sector organisations have to adjust to this. This is also a problem with an output focus. However, with the ideology of managing for outcomes, the goals of the government are far penetrate much further into the core of the organisation.

With implementing the ideology of managing for outcomes in a public sector organisation, one has to keep in mind that this kind of change process is slow, and takes energy and resources. Not only is a total commitment by management to the new ways of working necessary, but also the patience to implement this. Tensions will definitely arise because the existing financial system which, grants funding to organisations on the basis of their outputs. But also, it is not necessary to completely

abolish producing outputs; you need to find a balance between outputs and outcomes. A greater focus on either one of them is undesirable.

On the basis of this research, one can recommend that if an organisation wants to be an adherent of the ideology of managing for outcomes, how the implementation of this ideology will influence the strategic management.

For the Department of Corrections: The political saliency of the Department of Corrections restricts the department to implement new innovative ideas. Together with the media and the public, politicians keep a close eye on the Department, to be able to correct them quickly if something goes wrong. Previous incidents have contributed to the lack of trust in the Department. Citizens of New Zealand are really focused on punishment, as one of the academics illustrates “*locking people up for god’s sake, that is all you need to do*” (academic Victoria University 2). Corrections knows that this is not how to reduce reoffending, and what they need to do is share this insight with the rest of New Zealand and show and convince them that the Department of Corrections is going to reduce reoffending within the framework of the ideology of managing for outcomes. This is because both the government and the Department seem to have accepted the ideology.

For public sector organisations in New Zealand: Regarding the departments and ministries in the public sector of New Zealand, one can expect that the ideology of managing for outcomes will become more important in every organisation due to the Better Public Services programme. The central government is emphasizing the importance of the ideology of managing for outcomes and wants public sector organisations to do the same. What the public sector organisations in New Zealand should be doing, it already making the necessary investments to implement this ideology. Public sector organisations can start with finding the relation between the set goal by the government (in the Better Public Services programme) and the current production of products and services. But they should also be occupied with establishing relations with other public sector organisations to be able to effectively work together.

For the public sector of the Netherlands: Besides the differences between New Zealand and the Netherlands, the Dutch public sector can learn from the experiences of the public sector of New Zealand. As stated in the previous section, there are things that are helpful to know beforehand in order to successfully implement the ideology of managing for outcomes. The thing that is not certain from this research, is whether it is desirable to implement the ideology of managing for outcomes. Although the senior managers, experts and informants all were enthusiastic about it, this research cannot state if the ideology of managing for outcomes is effective or if it lives up to the expectations. Therefore one cannot recommend the public sector of the Netherlands to implement the ideology of managing for outcomes. The thing that can be recommended is that if public sector of the Netherlands decides to implement the ideology of managing for outcomes, should put more emphasis on the collaboration between public organisations and invest in setting clear goals.

For further research: In this research we only analysed the influence of managing for outcomes on the strategic management of the Department of Corrections, according to the senior managers of the department. It would be valuable in further research to also focus on the corrections officers and other front line staff members, because the process of strategic management is both a process from the top down, as from the bottom up. Other further research could be done in comparative studies. One could compare the Department of Corrections with other public organisations in New Zealand, but also with similar type of agencies in other countries, like for instance the Custodial Institutions Agency in the Netherlands.

REFERENCES

Ansoff, H.I. (1991) Critique of Henry Mintzberg's The Design School: reconsidering the basis premises of strategic management. *Strategic Management Journal*, vol. 12, no. 6, pp. 449-461

Ayto, J. (2001). *Better Public Service Issues Paper: The core elements of New Zealand's public sector management model as originally formulated*. The Treasury.

Better Public Services Advisory Group [BPSAG]. (2011). Better Public Services Advisory Group Report. New Zealand Government. Retrieved March 19, 2012 from <http://www.dpmc.govt.nz/better-public-services/index>

Boston, J. (2000). The challenge of evaluating systemic change: the case of public management reform. *International Public Management Journal*, vol. 3, 23-46

Boston, J. & Eichbaum, C. (2007). State Sector Reform and Renewal in New Zealand: Lessons for Governance. In Caiden, G.A. & Su, T-T. (eds.) *The Repositioning of Public Governance: Global Experience and Challenges*. (pp. 127-179). Taipei: Best-Wise Publishing Co., LTD.

Boston, J., Martin, J., Pallot, J. & Walsh, P. (1996). *Public Management. The New Zealand Model*. New York: Oxford University Press.

Canales, J.I. & Vilà, J. (2005). Sequence of thinking and acting in strategy-making. In Szulanski, G., Porac, J. & Doz, Y. (Eds). *Strategy process. Advances in strategic management, volume 22*. Amsterdam: Elsevier

Chapman, J. & Duncan, G. (2007): Is there now a new 'New Zealand model'?, *Public Management Review*, 9:1, 1-25

Controller and Auditor-General [C&AG]. (n.d.). *About us*. Retrieved May 14, 2012, from <http://www.oag.govt.nz/about-us>

Controller and Auditor-General [C&AG]. (2008). *The Auditor-General's observations on the quality of performance reporting*. Wellington.

Cook, A.L. (2004). *"Managing for Outcomes" in the New Zealand Public Management System*. New Zealand Treasury Working Paper 04/15. Wellington: New Zealand Treasury

Department of Corrections [Corrections]. (n.d.). *Website of Department of Corrections*. Retrieved May 28, 2012 from <http://www.corrections.govt.nz>

Department of Corrections [Corrections]. (2007). *Statement of Intent. 1 July 2007 – 30 June 2008*.

- Department of Corrections [Corrections]. (2008). *Briefing for the incoming Minister 2008*.
- Department of Corrections [Corrections]. (2011a). *Annual Report. 1 July 2010 – 30 June 2011*.
- Department of Corrections [Corrections]. (2011b). *Briefing for the incoming minister 2011*.
- Department of Corrections [Corrections]. (2012, May 3) *Corrections unifies structure*. Retrieved June 28, 2012 from http://www.corrections.govt.nz/news-and-publications/media-releases/2012/corrections_unifies_structure.html
- Department of Corrections [Corrections]. (2012, June 21) *Corrections confirms new unified structure*. Retrieved June 28, 2012 from http://www.corrections.govt.nz/news-and-publications/media-releases/2012/corrections_confirms_new_unified_structure.html
- Department of Corrections [Corrections]. (2012a). Community sentences and orders facts and statistics – June 2012. Retrieved December 4, 2012 from http://www.corrections.govt.nz/about-us/facts_and_statistics/facts_and_statistics_-_community_sentences_and_orders/cps-July-2012.html
- Department of Corrections [Corrections]. (2012b). Prison facts and statistics – June 2012. Retrieved December 4, 2012 from http://www.corrections.govt.nz/about-us/facts_and_statistics/prisons/ps-July-2012.html
- Department of Corrections [Corrections]. (2012c). *Statement of Intent. 1 July 2012 – 30 June 2015*.
- Department of the Prime Minister and Cabinet [DPMC]. (n.d.). Better Public Services. Retrieved March 19, 2012 from <http://www.dPMC.govt.nz/better-public-services/index>
- Department of the Prime Minister and Cabinet [DPMC], Te Puni Kōkiri, State Services Commission [SSC] and the Treasury. (2004). *Getting Better at Managing for Shared Outcomes. A Resource for Agency leaders*. Prepared by the Managing for Shared Outcomes Development Group for the Managing for Outcomes Programme Office.
- Dormer, R. (2010). *Missing Links*. A thesis submitted to the Victoria University of Wellington in fulfilment of the requirements for the degree of Doctor of Philosophy in Accounting. Wellington: Victoria University of Wellington
- Dormer, R. & Gill, D. (2009). Managing for Performance in New Zealand's Public Service – A Loosely Coupled Framework? Paper presented at the Performance Management Association Conference, Performance Measurement: Theory and Practice, Dunedin, April 2009
- Gill, D. (2008). Managing for Performance in New Zealand – the search for the Holy Grail? In *Holy Grail or Achievable Quest – International perspectives on Public sector management*. Canada: KPMG.

Gill, D., Eppel, E., Lips, M. & Ryan, B. (2007). Managing for Joint Outcomes – the breakthrough from the front line. *Policy Quarterly*, vol. 3, no 4, 39-43

Gill, D. & Hitchiner, S. (2011). Achieving a Step Change, the Holy Grail of Outcomes-based Management. *Policy Quarterly*, vol. 7, no 3, 28-35

Goldfinch, S. & Wallis, J. (2010). Two myths of convergence in public management reform. *Public Administration*, vol. 88, no. 4, pp. 1099-1115

Grant, R. M. (2003) Strategic planning in a turbulent environment: evidence from the oil majors. *Strategic Management Journal*, vol. 24, no. 6, pp. 491-517

Gregory, R. & Lonti, S. (2008). Chasing shadows? Performance measurement of policy advice in New Zealand government departments. *Public Administration*. Vol. 86, no. 3, 837-856

Heinrich, C.J. (2002). Outcomes-Based Performance Management in the Public Sector: Implications for Government Accountability and Effectiveness. *Public Administration Review*, vol. 62, no 6, 712-725

Hood, C. (1990). De-Sir Humphreyfying the Westminster Model of Bureaucracy: A New Style of Governance? *Governance: An International journal of Policy and Administration*. Vol. 3, No 2, 205-214

Hood, C. (1991). A Public Management for All Seasons? *Public Administration*, 69, 3-19.

Hughes, O.E. (2003). *Public Management and Administration. An introduction*. New York: Palgrave MacMilan

Hughes, P. & Smart, J. (2012). You Say You Want a Revolution... The Next Stage of Public Sector Reform in New Zealand. *Policy Quarterly*, vol 8, no 1, 3-8

Institute of Policy Studies [IPS]. (2011). *Local Government Strategic Planning, in theory and practice*. Wellington: Institute of Policy Studies

Key, J. (2012). Better Public Services - Speech to the Auckland Chamber of Commerce. Retrieved March 19, 2012 from <http://www.beehive.govt.nz/speech/better-public-services-speech-auckland-chamber-commerce>

Kibblewhite, A. & Ussher, C. (2002). Outcome-focused Management in New Zealand. *OECD Journal on Budgeting*.

Koppenjan, J. & Klijn, E.H. (2004). *Managing Uncertainties in Networks. A Network Approach to Problem Solving and Decision Making*. London/New York: Routledge.

Kristensen, J.K., Groszyk, W.S. & Bühler, B. (2002). Outcome-focused Management and Budgeting. *OECD Journal on Budgeting*.

Laking, R. (1999). *Current themes in New Zealand public sector reform*. Paper for conference on Experiences of Economic Reform with APEC, 12-14 July 1999

Lewis, K. (2007). The Paradox of Managing for Outcomes. *Policy Quarterly*, vol. 3, no. 3, pp. 25-32

Local Futures Project. (2006). *Strategic Decision-Making: Theories, Models and Implications for New Zealand Local Governments*. Local Futures Working Paper. Wellington: School of Government, Victoria University of Wellington

Local Government Act (2002). Retrieved July 12, 2012 from <http://www.legislation.govt.nz/act/public/2002/0084/latest/DLM170873.html>

Lonti, Z. & Gregory, R. (2007). Accountability or Countability? Performance Measurement in the New Zealand Public Service, 1992–2002. *The Australian Journal of Public Administration*, vol. 66, no. 4, pp. 468–484

Mascarenhas, R.C. (1993). Building an Enterprise Culture in the Public Sector: Reform of the Public Sector in Australia, Britain, and New Zealand. *Public Administration Review*, vol. 53, no. 4, pp. 319-328

Mendez Martinez, J.L. (2003) Public sector management in New Zealand: lessons and challenges – Graham Scott. *International Public Management Journal*, vol 6, no 1, pp.91-93

Meyer, R.E., Sahlin, K, Ventresca, M.J. & Walgenbach, P. (2009). Ideology and institutions: introduction. In Meyer, R.E., Sahlin, K, Ventresca, M.J. & Walgenbach, P. (Eds.) *Institutions and Ideology. Research in the sociology of organizations*, volume 27. Bingley: Emerald Group

Mintrom, M. (1998). Book Reviews: comparative politics. *American Political Science Review*.

Mintzberg, H. (1990). The Design School: reconsidering the basis premises of strategic management. *Strategic Management Journal*, vol. 11, no. 3, pp. 171-195

Mintzberg, H. & Waters, J.A. (1985). Of strategies, Deliberate and Emergent. *Strategic Management Journal*, vol. 6, no. 3, pp. 257-272

Montanari, J.R. & Bracker, J.S. (1986). The Strategic Management Process at the Public Planning Unit Level. *Strategic Management Journal*, vol. 7, no 3, 251-265

Noordegraaf, M. (2008). *Management in het publieke domein*. Bussum: Coutinho

Noordegraaf, M. & Abma, T. (2003). Management by measurement? Public management practices amidst ambiguity. *Public Administration*, vol. 81, no. 4, pp. 853-871

Norman, R. (2001). Letting and making managers manage: the effect of control systems on management action in New Zealand's central government. *International Public Management Journal*, 4, 65-89

- Norman, R. (2006). New Governance, New Dilemmas: Post-Reform Issues in New Zealand's Public Sector. *Policy Quarterly*, vol. 2, no. 3, 24-31
- Norman, R. (2007). Managing outcomes while accounting for outputs. Redefining "Public Value" in New Zealand's Performance Management System. *Public Performance & Management Review*, vol. 30, no 4, 536-549
- Norman, R. & Gregory, R. (2003). Paradoxes and Pendulum Swings: Performance Management in New Zealand's Public Sector. *Australian Journal of Public Administration*. 62(4), 35-49
- Pallot, J. (1998). New Public Management Reform in New Zealand: The Collective Strategy Phase. *International Public Management Journal*, vol 1, no 1, 1-18
- Pathfinder. (2002). *The Pathfinder Project: objectives, progress to date and production schedule* Retrieved May 18, 2012 from <http://io.ssc.govt.nz/pathfinder/>
- Pathfinder. (2003). *Guidance on Outcome Focused Management. Overview of the Pathfinder Documents*. Version 2.1, July 2003. Retrieved February 21, 2012 from <http://io.ssc.govt.nz/pathfinder/>
- Pathfinder. (n.d.^a). *Building Blocks for an Outcome-focussed Organisation*. Retrieved May 18, 2012 from <http://io.ssc.govt.nz/pathfinder/>
- Pathfinder. (n.d.^b). *Results Driven Government: Investing for Outcomes. Terms for Reference for the Pathfinder Project*. Retrieved May 18, 2012 from <http://io.ssc.govt.nz/pathfinder/>
- Poister, T.H. & Streib, G.D. (1999). Strategic Management in the Public Sector: Concepts, Models, and Processes. *Public Productivity & Management Review*, vol. 22, no. 3, 308-325
- Pollitt, C. & Bouckaert, G. (2004). *Public Management Reform. A Comparative Analysis*. New York: Oxford University Press Inc.
- Public Finance Act. (1989). Retrieved May 14, 2012 from http://www.legislation.govt.nz/act/public/1989/0044/latest/whole.html?search=sw_096be8ed80857144_output_25&p=1
- Radio NZ (2012, March 8). *Nine to noon – early*. Victoria University School of Government associate professor Bill Ryan is the co-editor of *Future state: directions for public management in New Zealand*. He talks about the Treasury report on cuts to administrative and support services
- Radio NZ (2012, March 16). *Nine to noon – early*. Associate Professor Bill Ryan of Victoria University's School of Government talks about Prime Minister John Key's announcement of a new Ministry of Business, Innovation and Employment and his goals for the public sector.
- Radio NZ (2012, May 22). *Corrections plans are do-able says dept boss*. Morning report.

Rennie, I. (2009). Report to the Hon Judith Collins, Minister of Corrections, On accountability for the findings in the Auditor-General's report, Department of Corrections: Managing Offenders on Parole, and what should be done to restore public confidence. Wellington: State Services Commission

Ryan, B. (2004). *Learning MFO. Developments in Managing for Outcomes: A Queensland Case Study*. Brisbane: Institute of Public Administration Australia.

Ryan, B. & Gill, D. (2011). Past, Present and the Promise: Rekindling the Spirit of Reform. In Ryan, B. & Gill, D. (Eds.) *Future State. Directions for public management in New Zealand*. (pp. 306-318). Wellington: Victoria University Press

Ryan, B., Gill, D. & Dormer, R. (2011). Department of Corrections: How the department defines and assesses performance and how its operational arms regard performance information. In Gill, D. (ed.) *The Iron Cage Recreated. The performance management of state organizations in New Zealand*. (pp. 255-294). Wellington: Institute of Policy Studies

Ryan, B., Gill, D., Eppel, E. & Lips, M. (2008). Managing for joint outcomes: connecting up the horizontal and the vertical. *Policy Quarterly*, vol. 4, no 3, 14-21

Salamador, M.P. & Bueno, E. (2005) Strategy-making as a complex, double-loop process of knowledge creation: four cases of established banks reinventing the industry by means of the internet. In Szulanski, G., Porac, J. & Doz, Y. (Eds). *Strategy process. Advances in strategic management, volume 22*. Amsterdam: Elsevier

Schick, A. (1996). *The Spirit of Reform: Managing the New Zealand State Sector in a Time of Change*. A Report prepared for the State Services Commission and the Treasury, New Zealand.

Schick, A. (1998). Why Most Developing Countries Should Not Try New Zealand's Reforms. *The World Bank Research Observer*, vol. 13, no 1, 123-31

Schwass, M, Norman, R. & Tyson, J. (2007). *From transactions to outcomes: the Ministry of Social Development, Case Study 2007-72.1*. Melbourne: Australia and New Zealand School of Government.

Scoop media (2012, March 14). *New puppy placement in men's prison*. Retrieved November 8, 2012 from <http://www.scoop.co.nz/stories/CU1203/S00213/new-puppy-placement-in-mens-prison.htm>

Scott, G. (2001). *Public Management in New Zealand. Lessons and challenges*. Wellington: New Zealand Business Roundtable

State Services Commission. [SSC] (1997). *Strategic management in government: extending the reform model in New Zealand*. Wellington: State Services Commission

State Services Commission [SCC]. (1998). Strategic management in the state sector. In *New Zealand's State Sector Reform: A Decade of Change*. Wellington.

State Services Commission [SCC]. (1999a). *Crown Entities: Review of Statements of Intent*. Occasional Paper No. 20. Wellington: State Services Commission

State Services Commission [SCC]. (1999b). *Improving Accountability: Setting the Scene*. Occasional paper 10. Wellington: State Services Commission.

Thiel, S. van. (2010). *Bestuurskundig onderzoek. Een methodologische inleiding*. Bussum: Coutinho

Turner, D. & Washington, S. (2002). Evaluation in the New Zealand Public Management System. In Furubo, J-E., Rist, R.C. & Sandahl, R. (eds) *International Atlas of Evaluation*. (pp. 357-374) New Brunswick: Transaction Publishers

TV3. (2012, March 15). *Firstline*. Questions regarding proposed mergers, staff ceilings and morale in the public sector, answered by Bill Ryan.

Verschuren, P. & Doorewaard, H. (2007). *Het ontwerpen van een onderzoek*. Den Haag: Uitgeverij LEMMA

Walmsley, R. (2011). *World Prison Population List. Ninth Edition*. London: International Centre for Prison Studies.

Wyn, H. (2007). *Organisational culture change: The centrality of bureaucratic-ministerial relationships*. Unpublished Master of Public Management, Victoria University of Wellington, Wellington

INTERVIEWS

Respondents

Former senior manager 1, 23-07-2012, 50 minutes

Former senior manager 2, 31-07-2012, 60 minutes

Former senior manager 3, 01-08-2012, 55 minutes

Current senior manager 1, 26-07-2012, 40 minutes

Current senior manager 2, 09-08-2012, 35 minutes

Current senior manager 3, 21-08-2012, 50 minutes

Informants

Academic Victoria University 1, 18-07-2012, 60 minutes

Academic Victoria University 2, 19-07-2012, 90 minutes

Academic Victoria University 3, 06-08-2012, 55 minutes

Academic Victoria University 4, 08-08-2012, 55 minutes

Experts

Eppel, E., Researcher, School of Government, 29-03-2012

Gregory, B., Adjunct Professor, School of Government, 27-03-2012

Hughes, P., Head of School, School of Government, 03-04-2012

Lips, M., Professor of e-Government, School of Government, 30-03-2012

Ryan, B., Associate Professor, School of Government, 03-04-2012

Scott, C., Professor of Public Policy, School of Government, 29-03-2012

Troup, G., New Zealand Ambassador to the Netherlands, 06-03-2012

APPENDIX 1 INTERVIEW QUESTIONS

General information

You are the in the Department of Corrections? Can you describe some of your daily activities and responsibilities?

How long are you in this position? How long have you been working at the Department of Corrections?

Can you describe how you are involved with the following aspects of policy making in the Department of Corrections?

- Long term focus
- Internal integration of the set policy goals
- An external perspective
- Dealing with political authority

Outcome focus

1. What does an outcomes focus mean to you? What comes to mind and how would you describe it? Which characteristics would you name to identify this kind of focus?
2. Can you describe the current focus of the Department of Corrections? Would you consider it to be outputs or outcomes focus, and why?

If answers outcomes focus:

3. Since when did you notice the shift from an outputs focus to an outcomes focus? What caused this shift? Is it truly different from the outputs focus? How? And Why?
4. How does this outcome focus works in the Department of Corrections? Who are involved?
5. Do you consider the shift towards an outcomes focus contributes to a better achievement of the goals and objectives of the Department of Corrections?

If answers outputs focus:

4. How does this output focus works in the Department of Corrections?
5. Do you consider the shift towards an outcomes focus would contribute to a better achievement of the goals and objectives of the Department of Corrections?

Strategic management

In the next four questions I will be asking you about the elements of strategic management. I would like to ask you if you could briefly describe how you see this element in the Department of Corrections and then how this element is (could be) influenced by the outcomes focus. Each element has its own description and I will elaborate on that before each question.

The first element is 'long term focus'.

When a department has a long term focus the future goals are in the centre of attention. Current day-to-day activities are done because of, and in such a manner to contribute to the achievement of these goals in the future.

6. Knowing this as being the description of a long term focus, how would you describe the situation in the Department of Corrections? Is this currently present, and if so, how? How is this influenced by the focus on outcomes?

The second element is called 'internal integration of the set policy goals'.

When there is an internal integration of the set policy goals, goals are not conflicted but logically connected. Besides this, it is also recognised that staff is an important factor when implementing these goals and objectives. The management of the organisation at least informs the staff about the goals and objectives. Staff then makes sure that they relate to them in the day-to-day activities.

7. Knowing this as being the description of internal integration of the set policy goals, how would you describe the situation in the Department of Corrections? Is this currently present, and if so, how? How is this influenced by the focus on outcomes?

The third element is called 'an external perspective'.

When a department has an external perspective, relationships are maintained with important stakeholders who are involved in constructing the goals and objectives.

8. Knowing this as being the description of an external perspective, how would you describe the situation in the Department of Corrections? Is this currently present, and if so, how? How is this influenced by the focus on outcomes?

The fourth element is called 'dealing with political authority'.

In dealing with political authority, a department has to make sure that their goals and objectives of the future are aligned with the (current) political authority (being the Minister and Government).

9. Knowing this as being the description of dealing with political authority, how would you describe the situation in the Department of Corrections? Is this currently present, and if so, how? How is this influenced by the focus on outcomes?
10. Did you ever act like a so-called 'guardian angel' for one of your staff members who was trying to do things differently (like working more closely with other organisations and trying to achieve results)?