Is strategy implemented by projects? Disturbing evidence in the State of NSW

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Abstract

This research has replicated an earlier study examining the effectiveness of project investment frameworks and provided a second case showing that in a normal environment (using private sector managerial techniques) projects contribute little to the realisation of strategic goals. The replication has implications for both the public and private sectors.

A promising new finding is that 'in some environments (with stable strategies and central oversight) projects make some contribution to the realisation of strategic goals'. However the contribution is smaller than expected and more research is required to explore how projects can contribute more to strategy.

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1. Introduction

Projects are increasingly being undertaken to implement business strategy (Jamieson and Morris, 2007; Kwak and Anbari, 2009). However, Young et al. (2012) have found evidence that suggests that projects may not actually be contributing to strategy. Their paper is disturbing because their evidence was from an exemplary case, the State of Victoria.

Victorian project management and investment frameworks were found to be comparable with and sometimes better than 'best practice'. However no evidence was found to suggest that any strategic goals had improved despite very aggressive project investment ($100 B) over a ten year period. The implication is that projects may not be contributing to the realisation of strategic goals more generally.

The basis of the argument by Young et al. (2012) is that if strategic results had been achieved, the results would have been reported. Their argument seems credible but their analysis was limited in both time and scope and further research was recommended to try to replicate the results. This paper addresses the call for further research and studies in detail five Agencies in the State of NSW. If findings are replicated in this second case, the evidence will be much stronger with implications for at least the Australian public sector, possibly for the public sector in the English speaking world and possibly for projects generally.

This research has replicated the methodology of the original study and the nine year period to be studied is from 2001 to 2010. The first part of this period from 2001 to 2006 is directly comparable to Young et al. (2012). However, the second period from 2007 to 2010 was characterised by a new strategic approach known as 'Whole-of-Government' (WG). The literature review which follows will describe the development of WG initiatives and provide the context to compare NSW and Victoria. The literature will also review a major methodological consideration, the selection and reporting of performance measures.

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2. Literature review

2.1. Origins of Whole-of-Government

A common perception amongst laymen is that Government is incapable and inefficient. This view is of course highly speculative; but as Winston Churchill once quipped, "a politician needs the ability to foretell what is going to happen tomorrow, next week, next month, next year and to have the ability afterwards to explain why it didn't happen" (Langworth, 2011). When *foretellings* don't happen, the public understandably gets upset and frequently demands enquiry. And when the scope of the failure is large enough, enquiry can lead to public-sector reform.

It was the failure of public policy in the UK during the 1980s and 90s that prompted the overhaul of the public sector and led to the approach that is now known as New Public Management (NPM) (Mongkol, 2011). The objective of NPM was to address key implementation failures by applying private-sector economic and managerial techniques to the public sector to improve efficiency and target results-driven action (Barrett, 2004; Hood, 2007; O'Donnell et al., 2011).

The merits of NPM were immediately recognised by Governments globally, and NPM spread rapidly across the Anglo Saxon world. Early adoption of NPM occurred in Australia, New Zealand and the UK. Elsewhere, NPM emerged as 'reinvented government' in the U.S. and 'effect-oriented administration' in Switzerland and Austria (Fábián, 2010). Greve and Hodge (2007) identified the State of Victoria as a leader in NPM.

NPM lived up to some of its promise by shifting the focus of public management away from institutions perceived to be inert and too large to manage. In their place grew nimbler, free-market styled public–private partnerships (PPPs) that concentrated on results, efficiency gains and a corporate-like approach to policy implementation (Fábián, 2010; Holmes and Shand, 1995; Mongkol, 2011). However, NPM wasn't always integrated successfully and many critics questioned its feasibility (Mongkol, 2011).

There was evidence that many PPP projects were not good value for money (Cable, 2004; Musson, 2009). The Bates review, an assessment of 650 projects in the UK during the NPM period identified widespread project failure. The review exposed fragmented Project Management, redundancy across Government agencies and poor project performance (Bates, 1997; Miller and Hobbs, 2005).

Elsewhere, criticism of NPM centred on the prominence of financial and economic reporting in Government strategy; resulting in policy implementation focus shifting to low-level budgetary requirements rather than the realisation of benefits. Competition and protectionism increased and siloed mentalities followed. This resulted in a fragmented environment where agencies competed for funding and other economic resources rather than an environment that promoted better public-sector outcomes (Bakvis and Juillet, 2004; Christensen and Lægreid, 2007).

The Bates review in 1997 identified the need for a more centralised role of Government to combat many of these policy implementation failures. The review noted that too many institutional players existed across the public sector that resulted in task duplication and the redundancy of efforts. The review recommended the establishment of a new treasury task force with both a projects and policy arm to coordinate policy implementation between agencies (Bates, 1997; Miller and Hobbs, 2005).

The Blair Government embraced the Bates recommendations seeking to maximize public value from public-sector operations. Priorities were set to improve project efficiency, address public risk and ensure best practice spread throughout Government. Part of this centralization of operations included the introduction of collaborative public reform in 1997 then known as 'joined-up Government' (Christensen and Lægreid, 2007).

Joined-up Government was seen as a rebalancing of NPM; a restructuring aimed at dissolving the siloed agency structures that resulted from NPM policies. This shifting of strategic focus gave greater emphasis to behavioural and social considerations, agency collaboration and shared objectives to facilitate service delivery (Christensen and Lægreid, 2007). The Australian Connecting Government report describes joined-up Government efforts as an 'integrated Government response to particular issues' (MAC, 2004).

Joined up Government later became known as Whole-of-Government (WG) reform in the UK, Australia and New Zealand; and 'Collaborative Management' in the U.S. (Christensen and Lægreid, 2007). Examples of WG efforts include the U.S. Department of Homeland Security and the UK's Social Exclusion Unit which is comprised of representatives from the Departments for Education, the Environment and the Home Office (Christensen and Lægreid, 2007; Pollitt, 2003).

2.2. Separating policy environments

Two years after the first Bates review prompted the UK Government to centralise project coordination and policy oversight, a second Bates review reported that 75% of projects met managerial expectations and were successfully completed on time (Bates and Britain, 1999; Miller and Hobbs, 2005). While these figures have not been directly credited to the implementation of WG policy shifts, the correlation between the initiation of these programmes and improvements in project delivery should not be overlooked.

The Whole of Government approach is an integrated agency response to tackle social issues. It is also an acknowledgment that the issues affecting society are more complex than the boundaries in which single Government agencies operate (VICSTA, 2007). Evidence suggests that tackling crime, for example, yields superior results when strategies are jointly addressed by Social Services, Police, Judicial and Mental Health departments over singular agencies acting alone (Berry et al., 2011).

WG initiatives are characterised by collaboration between public-sector agencies. Collaboration has been cited as a key success factor in project delivery and WG promotes traits that increase the likelihood of project success (Dietrich and Eskerod, 2010; Uzzi, 1997). These traits include the adoption of common communication protocols, trust and commitment between