



THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

Research Commons

<http://researchcommons.waikato.ac.nz/>

Research Commons at the University of Waikato

Copyright Statement:

The digital copy of this thesis is protected by the Copyright Act 1994 (New Zealand).

The thesis may be consulted by you, provided you comply with the provisions of the Act and the following conditions of use:

- Any use you make of these documents or images must be for research or private study purposes only, and you may not make them available to any other person.
- Authors control the copyright of their thesis. You will recognise the author's right to be identified as the author of the thesis, and due acknowledgement will be made to the author where appropriate.
- You will obtain the author's permission before publishing any material from the thesis.

A Normative Model for Strategic Planning

A Normative Model for Strategic Planning

Wendy Eileen Gillespie

University of Waikato

August 2010

Abstract

The thesis proposes a normative model for strategic planning using stakeholder theory as the primary theoretical framework. Development of the normative model is achieved by analysis of the literature and corroborative engagement with local government practitioners.

Strategic planning processes in public sector agencies involve many challenges; the processes are directed by government but influenced by many stakeholders who have an interest in the outcomes.

Effective management of the strategic planning process suggests it is important for organisations to identify how stakeholders use their status and position to influence the process and final decision. Organisations can then apply the appropriate processes to manage stakeholders' interests and expectations to improve the quality of information used to inform decision making and to improve accountability and transparency of decision making.

A review of stakeholder theory identifies the fundamental requirements for effective stakeholder management. A further comprehensive review and analysis of the literature from sustainable development and strategic management allows a normative model for decision making to be developed based on those perspectives¹.

The model is then used to specify criteria for a targeted assessment of New Zealand government documentation and local authorities' statements and processes.

¹ A model can be viewed as a likeness of something ((Frankfort-Nachmias & Nachmias, 1997). Frankfort-Nachmias and Nachmias go on to say that models are used to gain insight into phenomena that the scientist cannot observe directly. Hardina (2002) describes models as constructs used to understand or visualize patterns of relationships among concepts, individual, groups and organisations. In this case the final normative model is made up of literature and practitioner perspectives of reality.

A Normative Model for Strategic Planning

The scope and boundaries of the thesis are established through an initial analysis of four studies (international and New Zealand), an audit report, 28 local authorities' documents and New Zealand government legislation. The analysis highlights issues of understanding devolution, accountability, responsibility and participation in decision making.

Selected local authority interviewees rate the characteristics and processes of the original normative model to provide feedback on the relative importance to local authorities' strategic planning processes. Furthermore, the interviewees share their views on the additional requirements to further improve the model. The final analysis distinguishes the differences between the original normative model (what may occur), how local authorities currently complete strategic planning (what does occur) and the modified normative model (what should occur). The thesis concludes with a modified normative model which if adopted by local authorities (or in fact other public sector agencies) has the potential to improve strategic planning through more effective stakeholder management.

Acknowledgments

In undertaking this research I wanted to understand why and how government makes decisions that impact on the quality of services the public receive and what is being delivered. I soon discover that public sector decision making is conducted within a complex stakeholder environment and for government agencies to achieve optimal performance robust, cohesive and logical mechanisms are required. Therefore a strategic planning process is the focus.

There are many people who have contributed their intellect, experience, knowledge and heartfelt support to this PhD. I am truly grateful for the expertise and knowledge from the areas of management, planning, sustainability and conceptual frameworks and my panel of supervisors Frank Scrimgeour and Eva Collins from the School of Management and Mairi Jay from the Faculty of Arts and Social Sciences at the University of Waikato. It is these different perspectives that have allowed the levels of complexity to come together to create a thesis that has clarity, transferability and is personally satisfying.

I especially want to thank Eva for giving up her family time for me. For her patience, clarity of thought and tutoring that helped break the blocks. Without Eva this thesis would not have been completed. Also great thanks to Pamela Tait for her perseverance with editing this thesis.

I am grateful for the support from my family, my children - Angela and Jonathan, my mum and dad - Lyn and Alex, brothers and sister who all eventually got tired of asking, "When are you going to finish?" I am appreciative of my resilient friends who have waited in the wings while I ignored social gatherings, special occasions and quality times. Finally, I am thankful for the strength and determination that my angels and life experiences have installed in me to allow me to continue through the winters and summers, challenges and learnings.

Personal Background

I come from a “grass roots” background. I have worked in and for the community and have experienced the frustrations of interacting with government departments². Over the last 20 years I have worked in a number of government positions in local government and public service agencies including government.

My career and education has led me to develop expertise and knowledge in developing strategic planning and performance management models, systems and frameworks. These are never developed or implemented in isolation of a broader contextual environment including a wide range of stakeholder interests. It is these wide range of experiences and people from all walks of my life that have brought me to this part of my journey, of wanting to conquer the age old problem of improving government agencies’ decision making through effective interaction with stakeholders and the use of appropriate systems and processes.

I believe that through the shared use of people’s knowledge, expertise and perspectives and the tools available, better understanding of the strategic opportunities and pitfalls of decisions can be achieved. Finally, I would like to see mine and others’ grandchildren and great grandchildren reach their potential through the benefits of sound decision making made by the current generation of decision makers.

“Achieving sustainable development is no easy task. Significant changes will be needed – in decision making at the highest levels and in day-to-day behavior by producers and consumers - if we are to reach our goal of development that meets the needs of today without sacrificing the ability of future generations to meet their needs”

Kofi Annan, Secretary-General of the United Nations October 2002³.

² The term agency and departments are used interchangeably to represent the broad range of public sector Ministries, departments, agencies, and Crown Entities.

³ Johannesburg Summit (2002)World Summit on Sustainable Development.
www.johannesburgsummit.org.

TABLE OF CONTENTS

Abstract	i
Acknowledgements	ii
Personal background	iii
List of appendices	iv
List of tables	v
List of figures	vi
List of acronyms	vii
Chapter 1. Introduction	14
1. 1 Strategic Planning Within the Complex Environment of Sustainable Development	15
1.2.1 Formal Research.....	18
1.3 Stakeholder Theory	20
1.4 Who are Primary Stakeholders?	21
1.5 Stakeholder Interests	22
1.6 Stakeholder Power and Influence.....	23
1.7 Stakeholder Engagement Process.....	25
1.7.1 Stakeholder Management - The New Zealand Challenges	27
1.8 Research Question.....	30
1.8.1 Normative Perspectives on and Decision Making and Strategic Planning.....	32
1.9 Scope of the Study.....	36
1.10 Organisation of Thesis.....	37
1.10.1 Part 1: Literature Review	37
1.10.2 Part 2: The Empirical Search	37
1.10.3 Part 3: The Findings	37
1.11 Conclusion.....	38
Chapter 2. The Research Context	40
2.1 Historical Influences on Decision Making and Strategic Planning within the New Zealand Context.....	40
2.2 International Influences on Decision Making and Strategic Planning on the New Zealand Public Service	43
2.3 Stakeholder Management and Sustainable Development Strategic Planning in New Zealand Local Authorities	44
2.3.1 The Local Government Act 2002 (LGA).....	47
2.3.2 Long Term Council Community Plan (LTCCP).....	50
2.3.3 Sustainable Development Programme of Action 2003 (SDPoA).....	52
2.3.4 Knowhow Guidelines (KHGs, 2004).....	53
2.3.5 Knowhow Guideline to Decision Making (KHGD 2004)	53
2.3.6 The State of New Zealand Local Authority Strategic Planning.....	55
2.4 Conclusion.....	56

Chapter 3. Strategic Planning Through Effective Stakeholder Management	59
3.1 Who are Primary Stakeholders when Developing a Vision, Mission and Strategies?	59
3.1.1 Sustainable Development.....	60
3.1.2 Strategic Management.....	60
3.1.3 Stakeholder Theory	62
3.2 What are Stakeholders' Interests in a Vision, Mission and Strategies?	63
3.2.1 Sustainable Development.....	63
3.2.2 Strategic Management.....	65
3.3 What Power and Influence can Stakeholders have forming the Vision, Mission and Strategies?.....	66
3.3.1 Sustainable Development.....	66
3.3.2 Strategic Management.....	67
3.4 How can an Organisation Effectively Engage with Stakeholders when Developing a Vision, Mission and Strategies?.....	68
3.4.1 Sustainable Development.....	69
3.4.2 Strategic Management.....	70
3.5 Conclusion.....	74
Chapter 4. A Normative Model for Strategic Planning	76
4.1 Developing a Vision.....	76
4.1.1 Engages Primary Stakeholders.....	77
4.1.2 Gives Meaning to the Future	79
4.1.3 Needs and Priorities	81
4.1.4 Is Inspirational.....	84
4.1.5 Summary	85
4.2 Developing a Mission.....	86
4.2.1 Principles and Values.....	88
4.2.2 Links the Vision and Strategies.....	89
4.2.3 Goals and Aspirations	91
4.2.4 Organisation's Role and Main Activities.....	92
4.2.5 Summary	94
4.3 Identifying Strategic Options	94
4.3.1 Adds Value to the Vision and Mission	96
4.3.2 Contextual Environment	98
4.3.3 Stakeholders' Perspectives.....	100
4.3.4 Partnerships and Collaborations.....	101
4.3.5 Summary	103
4.4 Assessing and Prioritising the Strategic Options	104
4.4.1 Assessing the Links between Vision, Mission and Strategic Options.....	107
4.4.2 Assessing Costs and Benefits of the Strategic Options.....	108
4.4.3 Assessing Risks	112

A Normative Model for Strategic Planning

4.5 Conclusion.....	117
4.5.1 Who are Stakeholders?.....	117
4.5.2 What are Stakeholders Interests?	118
4.5.3 What are Stakeholders' Levels of Power and Influence?	118
4.5.4 How does an Organisation Engage with Stakeholders?.....	119
Chapter 5. Research Design and Methods	125
5.1 Research Questions and Design	125
5.2 Four Relevant Studies	126
5.3 Qualitative Methods	130
5.3.1 New Zealand Government Documents	130
5.3.2 Initial Investigation of 28 New Zealand Local Authorities	131
5.3.3 Six Local Authorities In-depth.....	133
5.3.4 Individual Interviewees	135
5.4 Data Analysis and Management.....	137
5.4.1 Content Analysis	138
5.5 Limitations.....	140
5.5.1 Selection of Case Studies	140
5.5.2 Relevance of Information from the Literature Search	141
5.5.3 Local Authority and Government Information	142
5.5.4 Reliability and Appropriateness of Interviewees' Responses.....	143
5.6 Conclusion.....	144
Chapter 6. Findings - The New Zealand Context	147
6.1 Vision	148
6.1.1 Gives Meaning to the Future.....	148
6.1.2 Need and Priority	152
6.1.3 Is Inspirational.....	158
6.2 Mission	161
6.2.1 Creates the Links between vision and strategy	162
6.2.2 Goals and Aspirations	164
6.2.3 Principles and Values.....	166
6.2.4 Role and Main Activities	169
6.3 Identifying Strategic Options	172
6.3.1 Adds Value to the Vision and Mission	172
6.3.2 Consider the Contextual Environment.....	175
6.3.3 Stakeholders' Perspectives.....	177
6.3.4 Partnerships and Collaborations.....	180
6.4 Assessing and Prioritising Strategic Options	182
6.4.1 Assess the Links between Vision and Mission	183
6.4.2 Costs and Benefits.....	185
6.4.3 Risks.....	187

A Normative Model for Strategic Planning

6.5 Conclusion.....	190
6.5.1 Who are Primary Stakeholders?.....	191
6.5.2 What are Stakeholders' Interests?.....	191
6.5.3 What are Primary Stakeholders' Levels of Power and Influence? .	192
6.5.4 How does a Local Authority engage Primary Stakeholders?.....	193
Chapter 7. The Modified Normative Model	208
7.1 Vision	209
7.1.1 Engage Primary Stakeholders	209
7.1.2 Gives Meaning to the Future	211
7.1.3 Needs and Priorities	214
7.1.4 Is Inspirational.....	215
7.2 Mission	217
7.2.1 Principles and Values.....	217
7.2.2 Creates the Links.....	219
7.2.3 Goals and Aspirations	221
7.2.4 Role and Main Activities	223
7.2.5 New Quality – Reflecting on Previous Decisions and Activities ...	226
7.3 Identifying the Strategic Options	228
7.3.1 Adds Value (to the Vision and Mission).....	228
7.3.2 Contextual Environment (tensions).....	230
7.3.3 Stakeholders' Perspectives.....	232
7.3.4 Partnerships and Collaborations.....	234
7.3.5 New Characteristic - Considers Past Lessons from Previous Decisions	237
7.4. Assessing and Prioritising Strategic Options	240
7.4.1 Assess the Links	240
7.4.2 Assess the Costs and Benefits	242
7.4.3 Assess Risks	246
7.5 Conclusion.....	251
7.5.1 Who are Primary Stakeholders?.....	253
7.5.2 What are Primary Stakeholders' Interests?.....	255
7.5.3 What are Their Levels of Power and Influence?.....	255
7.5.4 How do Local Authorities Engage with Primary Stakeholders?	256
Chapter 8. Conclusion	262
8.1 The Research Proposal	262
8.2 Contributions	263
8.2.1 Stakeholder Theory	263
8.2.2 Who are Primary Stakeholders?.....	264
8.2.3 What are Primary Stakeholders' interests?	265
8.2.4 What are the Levels of Power and Influence?	265

A Normative Model for Strategic Planning

8.2.5 How does an Organisation Engage Effectively?.....	266
8.2.6 Literature Models (Sustainable Development and Strategic Management).....	267
8.2.7 Capability and Capacity	271
8.2.8 Research Limitations.....	272
8.2.9 The New Zealand Context	273
8.3 Further Research.....	273
8.4 Concluding Remarks	274

APPENDICES

1. List of strategic options documents analysed
2. Analysis of 28 local authorities information
3. List of interviews questions
4. Rationale for including characteristics and processes in the modified normative model
5. Performance improvement framework – universal model for public service agencies

TABLES

- 2.1 Differences between sustainable development and sustainable management
- 3.1 Drivers of strange alliances
- 3.2 Seven partnership elements
- 3.3 Intention of stakeholder management and engagement
- 4.1 Initial normative model
- 5.1 Attributes of case study local authorities
- 5.2 Local authority data sources
- 5.3 Interviewee Attributes
- 5.4 Overall data management and processing
- 6.1 Linking areas of priorities to vision
- 6.2 Assumptions, risks and uncertainty
- 6.3 Overview of government documents with the conceptual framework
- 7.1 Overview of Step 1: Vision
- 7.2 Overview of Step 2: Mission
- 7.3 Overview of Step 3: Identifying strategic options
- 7.4 Overview of Step 4: Assessing and prioritising the strategic options
- 7.5 Interviewees suggestions to create a modified normative model
- 7.6 Normative model for strategic planning (summary of reviewed definitions)

FIGURES

- 1.1 Range of coercive and non coercive tools in New Zealand
- 1.2 Conceptual overview
- 1.3 The early stages of strategic planning
- 1.4 Structure of the thesis
- 2.1 RMA main purpose and local authorities' responsibilities
- 2.2 LGA main purpose and local authorities' responsibilities
- 2.3 Local Government Act 2002 Planning Framework
- 2.4 LTCCP main purpose and local authorities' responsibilities
- 2.5 SDPoA main purpose and local authorities' responsibilities
- 2.6 Local Government Act 2002 Strategic Planning Process
- 2.7 KHGs main purpose and local authorities' responsibilities
- 3.1 Stakeholder positions
- 4.1 Risk assessment matrix
- 4.2 Overview of strategic options and levels of risk for market sector profitability
- 5.1 Flow chart of research design
- 5.2 Data triangulation
- 6.1 New Zealand information sets
- 6.2 Example of four well-beings
- 6.3 Example of positive and forward thinking vision
- 6.4 Example of guiding principles
- 6.5 Example of a strategy map
- 6.6 Example of the link between vision, mission and strategies
- 7.1 Cost benefit rating
- 7.2 Process to assess potential risk and value
- 8.1 Stages of strategic planning for sustainable development
- 8.2 Complex dynamic of long-medium and short-term needs and priorities

LIST OF ACRONYMS

CEC Commission of the European Community
CG Central Government
CSR Corporate Social Responsibility
EC European Commission
EIA Environmental Impact Assessment
FMEA Failure Mode Effects Analysis
IC Inter-organizational Committee formed by the US Department of Commerce, National Oceanic and Atmospheric Administration, and National Marine Fisheries Service.
IPS Institute for Policy Studies Victoria University New Zealand
ISM Interpretive Structural Modeling
IUCN The World Conservation Union
KHGs Knowhow Guidelines 2003
KHGD Knowhow Guideline for Decision making 2003
KHGG Knowhow Guideline to Governance 2003
LAs Local Authorities
LGA Local Government Act 2002
LTCCP Long-Term Council Community Plan
OAG Official office of the Auditor General
OECD Organisation for Economic Co-operation and Development
PUCM Planning Under Co-operative Mandate
RMA Resource Management Act 1991
SCAT Social Capital Assessment Tool
SDPoA Sustainable Development Programme of Action 2003
SIA Social Impact Assessment
SWOT Strengths Weaknesses Opportunities Threats
TOWS Threats Opportunities Weaknesses Strengths
UK United Kingdom
US United States of America
UN United Nations
UNCED United Nations Conference on Environment and Development
WCED World Commission for Economic Development

Chapter 1. Introduction

The setting of strategy for any organisation⁴ is fraught with challenges especially those associated with carrying out effective stakeholder management and engagement (Drage, 2002; Du, Bhattacharya, & Sen, 2010; Freeman, 1984; Freeman, Wicks, & Parmar, 2004; Friedman & Miles, 2006; Golembiewski, 2000; Harrison & C. St John, 1991). Stakeholder management is characterised as managerial behaviour that is pragmatic and pluralistic (Freeman et al., 2004). Stakeholder management requires an organisation to facilitate an understanding of complex environments to reach an agreed decision (Du et al., 2010; Freeman et al., 2004; Wolfe & Putler, 2002).

Stakeholder engagement is a management technique with an ethical requirement and necessitates forum to facilitate mutual social learning (Mathur, Price, & Ali, 2008). According to Freeman, Wicks and Parmar (2004) stakeholder engagement should include core stakeholders who have a shared sense of value. Much of stakeholder theory supports increasing dialogue and engagement of stakeholders in the decision making process to ensure the likelihood of successful results (Freeman et al., 2004; Mathur et al., 2008; Walker, Bourne, & Shelley, 2008).

This thesis examines the literature from sustainable development and strategic management (private and public sector perspectives) to identify how the challenges of developing direction and strategy through stakeholder management and engagement can be better achieved (Abaza & Baranzini, 2002; Daly, 1996; Deetz, Deetz, Tracy, & Simpson, 2000; Elkington, 1998; B. Evans, Percy, & Theobald, 2003; Hussey, 1998; Johnson & Scholes, 1999; Joyce, 1999; Kaplan & Norton, 2006; Kenny & Meadowcroft, 1999).

⁴ The term organisation refers to the main organisation (public sector organisation or private business) who; seek a decision, are responsible for applying the principles of stakeholder management and are responsible for managing the process to reach an agreed decision. Wolfe & Putler (2002) call this role the “focal organisation”. Freeman (1994) refers to this lead role as ‘the firm’ as opposed to others being stakeholders.

1. 1 Strategic Planning Within the Complex Environment of Sustainable Development

The concept of sustainability is based generally on four well-beings: environmental, economic, social and (more recently) cultural (Abaza & Baranzini, 2002; Basiago, 1995; Beckerman, 1999; Bird, 2000; Daly, 1996; IUCN, 1980; Lafferty & Langhelle, 1998; OECD, 2001a; Pearce, 1989; Rao, 2000; WCED, 1987). Meadowcroft (2000) describes sustainable development as a focus of human endeavour in the 21st century intended to bring primacy and value through a process of improvement. Hopwood et al. (2004) suggests that in broad terms the concept of sustainable development is an attempt to solve the growing concerns about a range of environmental and socio-economic issues, and raises interesting challenges for decision makers about balancing the relationships between people and the natural environment.

Rao (2000) outlines four outcomes of sustainability: 1) to maximise economic welfare; 2) to ensure a non-declining level of welfare, or of utility, in each successive period; 3) to maintain resilience of the ecological, social and economic systems; and 4) to maintain critical thresholds of ecological capital by each major component. The World Commission for Economic Development (WCED) in *Our Common Future* (1987) does not consider “development” as being continued economic growth but calls for a fundamental change in the existing economic paradigms to place the environment and economic decision making on an equal footing.

Stiglitz (1994) reflects a social development flavor suggesting “successful development relies on the pillars of education and health, only with these can a country develop, attract and build modern industries and adopt new growing technologies rapidly in the rural sector and enable its people to learn”. The WCED (1987) defines sustainable development as:

Development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

The principles of sustainable development include both short and long-term development which takes into account the four well-beings of environment, economic, social and cultural. The emphasis is on maximising the potential of limited resources by way of building the capability of individuals and society.

Corporate Social Responsibility (CSR) promotes the idea that businesses and organisations will balance their economic interests with those of the interests of the wider society (Cohen, Manion, & Morrisson, 2000; Parker, 1992; Sims, 2003). Foot and Ross (2004) describe CSR as a way to embrace wider benefits including those of the community and focuses on standards of behaviour. Du, Bhattacharya and Sen (2010) describe the role of CSR communication as a process that seeks and disseminates information to the range of stakeholder groups. CSR is seen as a normative belief structure influenced by social and political stakeholders rather than the singular pursuit of economic growth.

While sustainability, sustainable development and CSR have different meanings across time dimensions and stakeholder perspectives, they share the underlying concerns, values and practices. This thesis holds to the principles of open behavior which seek to address common concerns and values through effective management processes i.e. stakeholder management and engagement, leading to transparent and robust decision making.

1.2 Sustainable Development and Strategic Planning in New Zealand

The New Zealand Parliament is the formal structure for proposing and passing laws e.g. the Resource Management Act 1991 (RMA) and Local Government Act 2002 (LGA). Once a law is passed, a government department, through the responsibility of a Minister, is required to develop policy which will describe the enactment of the law through the public service (Boston, Martin, Pallot, & Walsh, 1996; Mulgan, 1997). New Zealand government legislation and policy relevant to sustainable development includes: the RMA, the LGA and the Sustainable Development Programme of Action 2003 (SDPOA). These critical pieces of legislation draw from the WCED (1987) definition of sustainable development as well as other key multinational policies (i.e. Agenda 21; UNCED,

1992; Kyoto Protocol). The RMA is the New Zealand government's attempt at devolving strategic planning and decision making to more appropriate local responses to achieve sustainable development (Ericksen, Berke, Crawford, & Dixon, 2003; IPS, 2006). The RMA and LGA are both significant pieces of legislation in New Zealand (Ericksen et al., 2003; IPS, 2002). Policy tools in New Zealand are either coercive or non-coercive (Birkland, 2001).

The Sustainable Development Programme of Action 2003⁵ (SDPoA, 2003) states “the government recognises that its decisions should ensure the well-being of current and future generations . . .” The SDPoA 2003 emphasises the importance for decision makers to consider the long-term implications of their decisions, engage with stakeholders and make the best use of information. The aim of the SDPoA is to infuse these principles of strategic planning (and decision making) across all of the New Zealand public sector. Government's expectation is that there would be improved arrangements for integrated strategic planning and decision making, requiring cross partnership and collaboration (Ericksen et al., 2003; IPS, 2002; SDPoA, 2003). The response requires consistent consideration of the four well beings, transparency of strategic planning and decision making, cross government agency and authority partnerships and the long-term implications of decisions.

The SDPoA describes how government departments, including local authorities, should implement the RMA and LGA. The SDPoA reinforces the need for government agencies to take into account the principles of sustainability; however it remains the responsibility of the government department or local authority, through their Ministers, as to how they execute the principles. Further legislation and policy introduced in 2002 and 2003 filters the legislation from broad government policy to local authority level. The intent of the LGA and Long Term Council Community Plans 2003 (LTCCPs⁶) is to enable democratic local

⁵ The SDPoA 2003 is a government programme that aims to make the links between the RMA 1991 and international protocols.

⁶ LTCCP's are policy derived from legislation i.e. LGA 2002. Local authorities produce LTCCP's every three years, and review annually. The plans aim to promote the environmental, social, cultural and economic well-being of communities as a means for achieving sustainable development (Ericksen et al., 2003).

decision making and action by, and on behalf of, communities and promote the social, economic, environmental and cultural well-being of communities, in the present and in the future. Figure 1.1 shows how the range of coercive and non-coercive “tools” provides direction and guidance for decision making in the New Zealand context.

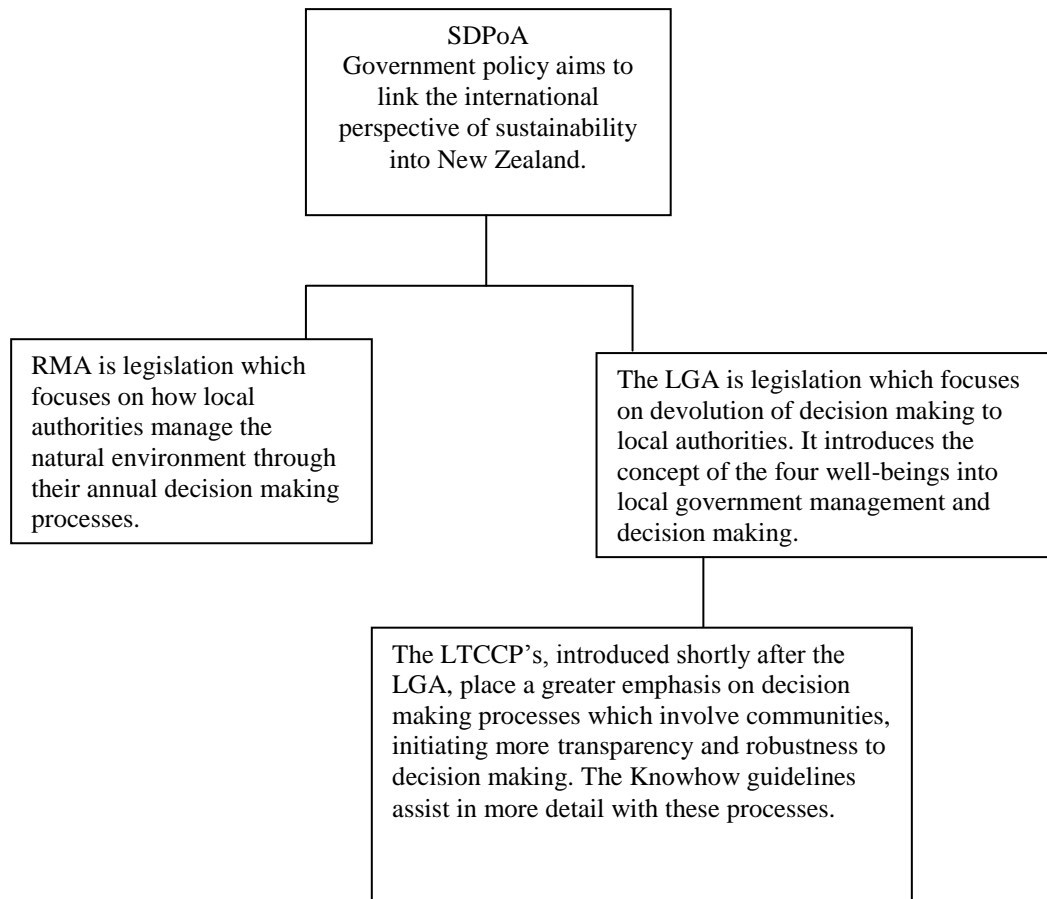


Figure 1.1: The range of coercive and non-coercive tools in New Zealand.

1.2.1 Formal Research

Formal research on the state of local authority strategic planning has been conducted in New Zealand since the introduction of the LGA. The Office of the Auditor General (OAG⁷) has reviewed the 2004-2005 LTCCPs. The audit found there are issues with alignment, integration and inconsistency in decisions being made.

⁷ The OAG is a government agency in New Zealand which reports directly to the Prime Minister and Cabinet officials. It is responsible for auditing other government agencies' policies, programmes, services and performance.

The report concludes that there are challenges for local authorities to develop strategic plans and make decisions, in particular, how to make the link between long-term outcomes, intermediate and short-term responses in consultation with the range of stakeholders (both interested and affected).

Four research studies (two in New Zealand, one United Kingdom and one United States) find similar issues facing local authorities completing strategic planning and decision making within the constructs of sustainable development. These include:

- a) gaps in integrating planning and decision making to incorporate long-term and short-term goals (Berke & Conroy, 2000; OAG, 2005);
- b) lack of clear issue definition and prioritisation (Borrie, Memon, Ericksen, & Crawford, 2004; IPS, 2006; OAG, 2005);
- c) lack of capability and capacity in local authorities (Borrie et al., 2004; B. Evans et al., 2003; IPS, 2006); and
- d) challenges with developing intent of sustainable development with the reality of strategic planning and decision making, in particular the lack of balanced or holistic approaches (Berke & Conroy, 2000; B. Evans et al., 2003; IPS, 2006).

Local authorities in New Zealand are required through legislation (i.e. RMA 1991; LGA 2002) to respond locally by completing a strategic planning process to create integrated decisions consistent with the legislative requirements and the principles of sustainable development.

The means by which local authorities implement the planning processes are through effective stakeholder management i.e. stakeholder facilitation, fostering clear communication, knowledge sharing and managing stakeholder feedback (Ericksen et al., 2003; KHGD, 2004; KHGG, 2004; IPS, 2006). While the principles of sustainable development and policy define the intent, the explanation of how to translate intent and concepts of long-term outcomes into logical, achievable, direction through local authority practice is not easily recognised.

Sustainable development is dependent upon the decisions of many stakeholders in the prevailing political, business and community context. The

decisions of local and regional government play a major role in influencing communities and businesses. Local authority strategic planning (and decision making) processes are directed by government through the various coercive and non coercive tools (i.e. SDPoA, 2003; RMA, 1991; LGA, 2002; LTCCPs 2002; KHGs, 2003), and moreover are influenced by a wide range of stakeholders who represent a complex set of interests and expectations.

1.3 Stakeholder Theory

This thesis uses stakeholder theory as the underpinning construct to assist searching the literature for sustainable development and strategic management insights relevant to the quest to develop a normative model and management framework to assist public service decision making.

Stakeholder management and stakeholder engagement are both highlighted in the strategic management literature as key to effective decision making (Freeman et al., 2004; Johnson & Scholes, 1999; Kaplan & Norton, 2006; Mathur et al., 2008). This thesis assumes there is one organisation responsible for managing the decision making process and a range of stakeholder engagements that need to be managed in the process (Golembiewski, 2000; Mathur et al., 2008; Walker et al., 2008; Wolfe & Putler, 2002).

Stakeholder theory categorises stakeholder management in three ways: as descriptive, instrumental and normative (Donaldson & Preston, 1995; Golembiewski, 2000; Hasnas, 2008). Firstly, descriptive stakeholder management identifies and describes the relationships that the corporation or organisation has with groups or persons with whom it interacts. Secondly, instrumental stakeholder management describes the establishing of connections between the practice of stakeholder management and the resulting achievement of corporate performance goals. Thirdly, stakeholder management that is normative focuses on the moral basis for attending to stakeholder issues and emphasises the intrinsic value to the organisation when engaging with stakeholders (Donaldson & Preston, 1995).

The third category of normative stakeholder theory requires an organisation to embrace a more ethical, proactive and interactive approach to stakeholder management. Normative asserts that “regardless of whether stakeholder management leads to improved financial performance, managers should manage the business for the benefit of all stakeholders” (Hasnas, 2008). Freeman (2007) suggests that normative theory “assumes that businesses (and public sector organisations) actually do and should create value for customers, suppliers, employees, communities and financiers (or shareholders).” Wolfe and Putler (2002) promote the cognitive efficiency advantages attributed to stakeholder management, as there is more benefit from concentrating on a focussed few identifiable stakeholders rather than innumerable individuals and organisations. This focussed attention provides a simplified and more easily comprehended representation of the organisation’s world. Accordingly, descriptive, instrumental and more importantly normative stakeholder management are essential components of decision making because of the dynamic connections between the organisation and its primary stakeholders.

1.4 Who are Primary Stakeholders?

Stakeholder, management and sustainable development theory emphasises the importance for decision makers to understand and consider the context by identifying their stakeholders. Golembiewski (2000) suggests the concept of stakeholder identifies criteria for specific individuals and/or groups as sub environments (in the organisation's environment) with which the organisation must interact to be effective. Stakeholder theory promotes the need for taking a primacy approach when identifying stakeholders (Wolfe & Putler, 2002). Stakeholder literature, in the main, defines stakeholders as either primary (e.g. shareholders, stockholders, suppliers of materials, staff, customers, members of the public who are direct recipients of services, politicians) or secondary (e.g. unions, staff, members of the general public). Freeman (2007) describes primary stakeholders as those who have a “stake” in the action and identifies two definitions for stakeholder.

The first definition, in a broad sense, is an individual or group who can affect the achievement of an organisation’s objectives (i.e. public, customers and

staff). The second definition has a narrower scope, that is an individual or group who the organisation is dependent on for its continued survival i.e. suppliers, customers, funding agencies. Carroll (1996) suggests a primary stakeholder is “an individual, or group who can affect or is affected by the actions, decision, policies, practices, or goals of the organisation”.

The literature also points to another way to describe primary stakeholders. Lorca and Garcia-Diez (2004) describe two kinds of stakeholders, voluntary and involuntary. There are voluntary stakeholders in a company e.g., shareholders, employees, customers and suppliers, where the basic principle of stakeholder management is mutual benefit. These stakeholders contribute directly to the operations of the company and expect to receive benefits as a result. Involuntary stakeholders are those who may be negatively affected by the decision, hence the guiding principle has to be the reduction or avoidance of harm to these stakeholders and/or the creation of offsetting benefits. Regardless of the classification of stakeholders, the analysis of the literature shows that the membership of a primary stakeholder group can change depending upon the issue to be decided and the focus of attention for stakeholders. It is important to note that the identification of primary stakeholders is fluid rather than static. As contextual issues arise a secondary stakeholder may become a primary stakeholder, also the reverse may occur (Dill, 2007). This means a primary stakeholder can be an individual or group of people, or can be internal or external to the organisation. The definition of primary stakeholders in this thesis is those that have a primary interest in the organisation’s decisions and are those most affected by, and/or interested in, those decisions. Once an organisation has identified its primary stakeholders it is important to understand where their interests lie.

1.5 Stakeholder Interests

Regardless of whether the primary stakeholder is an individual, group or community, it is important for the organisation to understand the various interests and the impacts of their decisions. Golembiewski (2000) describes levels of stakeholder interests as either a casual interest or the potential to be affected by the organisation’s actions, or an ownership/governance interest, or a legal claim or

a moral claim. Freeman (2007) points out that the interests of each primary stakeholder group are multifaceted and inherently connected to each other and those stakeholders' interests are shared. It does not mean their views are in agreement, but that each stakeholder has a vested interest in seeking a solution. Golembiewski's (2000) view highlights discrete interests of stakeholders whereas Freeman (2007) describes a higher level of complexity within and across stakeholder groups.

Another perspective on stakeholder interests is that of Marcoux (2007) who argues that manager-stakeholder relations are non fiduciary in character and that "it is conceptually impossible to place the interests of all stakeholders ahead of each other . . . and impossible to serve the interests of all simultaneously . . . as there will always be conflicting views and interests." However, Wolfe and Putler (2002) suggest identifying what motivates stakeholders will help determine stakeholder group priorities and verify to what degree there are common priorities. In this regard this thesis does not discount all conflicting views and interests but aligns common concerns, priorities and interests.

This thesis agrees with Golembiewski's (2000) view that organisations do place some stakeholder interests above others. However, Freeman (2007) points out, these stakeholders have multifaceted, interconnected views and Wolf and Putler (2002) also indicate there is a need to engage stakeholders who have common concerns and interests. Analysis of the theory shows that primary stakeholders are those who have a high level of interest in the decision to be made and stakeholders' positions can reflect certain levels of power and influence over the decision making process and therefore the final decision.

1.6 Stakeholder Power and Influence

Stakeholder power relates to the level of influence the stakeholder has during the decision making process and the final decision. Mitchell et al. (2007) describe three characteristics which highlight the power and influence between decision makers and stakeholders. The first characteristic revolves around whether the stakeholders are claimants versus influencers. Claimants are deemed to have less power over decision making than influencers. The second characteristic involves whether there are actual versus potential relationships, that

A Normative Model for Strategic Planning

is actual power from current stakeholders which creates more pressure on decision makers than “potential” stakeholders and any associated “potential” relationships. The third characteristic centres on the conflicts and levels of power, dependence and reciprocity in relationships and is crucial for decision makers to understand. These characteristics highlight the importance of dominance, reliance and give and take between the stakeholder and the organisation.

Golembiewski (2000) also describes a range of drivers that influence stakeholder engagement and these include legitimacy, power or urgency. Legitimacy is described as being a generalised perception or assumption that the actions of a stakeholder are desirable, proper or appropriate within some socially constructed systems of norms, values or beliefs (Suchman, 1995). Wallner (2008) describes the perception of legitimacy for stakeholders in three ways: the right of the decision makers to lead (and make) the decisions, the substantive elements of a decision and the procedural steps taken to form that decision.

The literature highlights techniques that stakeholders use to influence decision making. Sims (2003) describes an interest as a share, or claim that a group or individual has in the outcome of an organisation’s policies, procedures, or actions toward others. Wallner (2008) describes:

The ways in which political actors express their ideas, and the objectives that they emphasize, influence the choices and actions of individuals and groups toward the policy agenda. Political actors, therefore, try to manipulate symbols and craft the discourse to stimulate support for their policy agenda and strengthen its legitimacy in the eyes of stakeholders and the public.

The elected members of a stakeholder group use influence and power to manipulate broader stakeholder perspectives and to seek support for their agendas. Etzioni (1968) broadens the description of techniques and suggests the powers of a stakeholder (individual or group) could include coercive (force or threat), utilitarianism (material incentives) or normative (symbolic influences). Wallner (2008) goes further to describe the use of emotive appeals which consist of evaluative elements including the symbols and discourse used to frame a problem

and its solution. Despite the type of power and influence applied, i.e. coercive, emotive appeal or material incentives, this thesis takes the view that primary stakeholders have high levels of power and influence over the process and within the process and will use a range of techniques to influence the final decision. Moreover, regardless of the stakeholders' level of power and influence over the decision to be made, and the technique or techniques they employ, the organisation has a responsibility to manage these through a series of stakeholder engagements.

1.7 Stakeholder Engagement Process

Stakeholder engagement can be described as a sub-process within the broader strategic planning and decision making process and key to effective stakeholder management (Freeman, 1984; Johnson & Scholes, 1999; Mathur et al., 2008; Maurrasse, 2003; Wolfe & Putler, 2002). The OECD (2001a) argues that engaging with citizens is a core element of good governance and benefits include improving the quality of policy making and increasing accountability and transparency. Gibson et al. (2006) emphasise the benefits for the organisation by describing stakeholder engagement as “the confluence of corporate self-definition and occasional redefinition, impression management, and effective relationship maintenance with important stakeholders.” Du et al. (2010) believe that corporations can reap multifaceted business returns from CSR and effective stakeholder engagement. Hart (1995) defines stakeholder engagement as an organisational capability to learn from suppliers and customers in understanding product life cycles and designing environmentally friendly products and services. Sharma et al. (2007) expand this definition to include a company's ability to develop collaborative relationships with a wide variety of economic and noneconomic stakeholders to find solutions to environmental problems. As part of the responsibility toward good governance and to seek improved results an organisation will develop and maintain effective relationships with its primary stakeholders to ensure quality decision making.

Stakeholder engagement (according to the literature) is also attributed with developing the capability of primary stakeholders and an opportunity for social learning. Healy (1997) describes stakeholder engagement as an opportunity to

A Normative Model for Strategic Planning

share values and build trust, knowledge and intellectual capital. Innes and Boothe (1999) see it as a way to build consensus, learning and shared meaning. Social learning and agreed shared meaning are important factors in developing long term and more immediate decisions across multiple stakeholder groups.

The literature describing stakeholder engagement highlights problems from two viewpoints. The first viewpoint is from that of the decision maker, in particular to what degree is the decision maker willing to involve a stakeholder in the decision making process (level of stakeholder engagement, i.e. advisory, consultation, negotiation) (Freeman, 2007; Golembiewski, 2000; Mitchell et al., 2007; Wallner, 2008). The second viewpoint is to what degree the stakeholder sees the decision maker (or organisation) as having a legitimate role to lead the decision making process (Freeman, 2007; Golembiewski, 2000; Mitchell et al., 2007; Wallner, 2008).

Freeman and Reed (2007) highlight two approaches for managing stakeholder engagement processes. The first describes a stakeholder strategy process which systematically analyses the relative importance of stakeholders and cooperative potential. The second involves a stakeholder audit which systematically identifies stakeholders and assesses the effectiveness of current organisational strategies. The first approach looks at the future potential of stakeholder involvement, whereas the latter approach identifies the current state of the objectives, both techniques are highlighted in the strategic management literature as important to effective decision making.

Rein and Schon (1991) describe another approach of stakeholder input as “the interactions of individuals, interest groups, social movements, and institutions through which problematic situations are converted to policy problems, agendas are set, decisions are made and actions are taken”. Walker et al. (2008) describe stakeholder mapping and visualisation as a way to alleviate pressure by identifying stakeholder perspectives, the value of the interactions, the level of intervention used to engage and the degree to which stakeholders’ views can be institutionalised into the final decision. Freeman’s view shows clear

sequential steps by firstly defining the stakeholders' cooperative potential then the impact on organisational effectiveness. Rein and Schon (1991) and Walker et al. (2008) go further by describing how the stakeholders' interaction can contribute to the final decision. The engagement process therefore begins with the identification of primary stakeholders, their interest levels on shared concerns and how their interactions can be institutionalised into the final decision to bring about the greatest effect.

Stakeholder engagement is a sub-process within the decision making process which involves primary stakeholders, has the ability to build capability of both the organisation and stakeholders and at the same time improve accountability and transparency of decision making.

1.7.1 Stakeholder Management - The New Zealand Challenges

The New Zealand public sector is obliged to apply effective stakeholder management and engagement practices and principles within a broad community context. The statutory requirements for local authorities include managing and engaging with stakeholders to ensure an effective decision making process regardless of the primary stakeholders' interest levels, power and influence. It remains the responsibility of the organisation (as a practice of good governance) to manage the quality of the interaction. This thesis underscores three key issues and challenges for local authorities to implement rigorous strategic planning processes consistent with sustainable development within a complex stakeholder environment.

The first set of concerns involves the devolution, accountability and responsibility between local authority and central government (Borrie et al., 2004; Boston et al., 1996; Day, Backhurst, Ericksen, & et al., 2003; Ericksen et al., 2003). The Planning Under Cooperative Mandates (PUCM) report (2004) finds that councillors and local authority staff need to understand the intent of the LGA and its inter-relationships with other legislation in order to write effective plans. Overall the PUCM report (2004) discovers many councillors and staff in local authorities within the planning and governance systems have poor understanding of the basic assumptions underpinning the RMA and its implications for devolvement. Consistent with the reporting requirements (for local authorities) is

A Normative Model for Strategic Planning

the requirement for the local authority to report any significant effects of its activities. The decision making process is required to identify and consider how options affect the four well-beings, community outcomes, and future generations.

The OAG audit finds there are inconsistencies between the LTCCPs, stated policies and other information (OAG, 2005). According to the OAG 2005-2006 report recording the planning and decision making process appropriately and linking it to a performance management framework can substantially enhance a local authority's ability to identify and report on the effects of its activities. For that reason an integrated planning, decision making and reporting framework is crucial to meeting the requirements of the Act. Florini⁸ (1999) states "transparency is always closely connected to accountability. The purpose of calls for transparency is to permit citizens, markets, or governments to hold others accountable for their policies and performance."

Thus the first problem of devolution, accountability and responsibility is alleviated through transparent decision making. The second concern involves managing the diverse nature of stakeholder expectations. That is, managing the balance of expectations between political will and other stakeholders' wants and needs. The Local Government Act 2002 requires local authorities to take greater account of the diverse views across the local and regional community (IPS, 2006). PUCM (2004) suggests the Act strengthens community governance as well as corporate governance within a "whole of government" strategic planning framework. According to the PUCM 2004 report, the LGA 2002 makes local authorities more accountable and transparent and encourages inter-governmental collaboration in responding to community aspirations and needs. The OAG (2005) report also identifies issues with underlying decision making systems and inconsistency in decision making.

The Act presumes communities themselves are willing and able to participate in the planning process and through facilitation by the local authority a

⁸ Ann M. Florin of the Carnegie Endowment International Peace. Florini, A.M. (1999). Does the invisible hand need a transparent glove? The Politics of Transparency, paper prepared for the Annual World Bank Conference on Development Economics, Washington, DC, 28-30 April 1999, available at www.worldbank.org/research/abcde/washington_11/papers.html.

A Normative Model for Strategic Planning

common understanding and general consensus on the future community needs can be reached. PUCM (2004) also finds consultation needs to be inclusive and timely and include effective communication and information dissemination networks. The study finds plans weakened through wrongly timed consultation or through poor issue definition, objective setting and provision of monitoring. There are other issues raised by the PUCM report regarding communities' ability to respond to consultation requests and includes the willingness of the wider public and communities to participate. Bendell (2000) suggests, "in a democratically governed society a community of people should have meaningful participation in decision making processes that affect them and they should not be systematically adversely affected by another group of people, without being able to rectify the situation". The key solution to managing the diverse expectations of a diverse set of stakeholders is through effective stakeholder management and engagement.

The third significant concern raised by the four studies and to be considered within the context of this study is that of the capacity and capability of the local authorities. There is a diverse range of local authorities across New Zealand from small rural, to district, city, metro and regionally based authorities. The three common challenges faced by all are that they must implement legislation, they rely on a rating base for funding operations and they are bound by a political governance board (i.e. elected representatives). However that is where the commonalities stop. Each local authority has its own unique set of community pressures and diverse levels of capacity and capability which causes challenges for the development and implementation of strategic planning. The OAG report (2005) finds delivering on statutory obligations makes an extensive call on the local authorities' expertise and resources.

The PUCM (2004) report finds local authority capability (i.e. commitment and capacity) impacts on the quality of the plans and their implementation. The lack of capacity and capability is reflected in disparity of understanding of proposed methods of effects-based planning, lack of skills for preparing effective plans and lack of understanding of the long-term costs of truncated research and consultation (among other gaps). Therefore under-skilled or inadequate resourcing

during the planning process is a clear impediment for effective planning. Bendell and Lake (2000) explain “although there exists a wealth of expertise (in community) on development and a wealth of expertise in business on how to do business, there is limited knowledge of how to link the two”. This third and critical challenge to developing capability and capacity of both the organisation and stakeholders is achieved through two way collaboration and consultation.

In summary the New Zealand local authorities’ planning processes are required to take into account:

1. staff and councillors’ understanding of their roles of devolvement, accountability and responsibility;
2. managing the diverse nature of stakeholder expectations; and
3. a dearth of capacity and capability within local authorities in particular to understand effects based plans within the complex and unique community environment.

1.8 Research Question

The aim of this research is to advance the theoretical and practical understanding of strategic planning and decision making consistent with the principles of sustainable development in the New Zealand public service via local authorities. In order to achieve this aim the main research question is:

How can stakeholder theory inform the development of a normative model and management framework to improve the quality of decision making and strategic planning in the New Zealand public service?

In order to answer the main research question, three supporting questions are posed:

1. What characteristics and processes could help improve decision making and strategic planning through effective stakeholder management?

A Normative Model for Strategic Planning

2. How does the New Zealand context (i.e. central government directives and local authority practice) apply the processes of decision making and strategic planning?
3. What normative model can help improve the New Zealand public sector decision making and strategic planning processes through effective stakeholder management?

Three research steps answer these questions, a literature review, an empirical investigation and an analysis of the information. The aim of this research is to develop a normative model for local authorities (and the broader public service). Figure 1.1 provides the conceptual overview for the thesis.

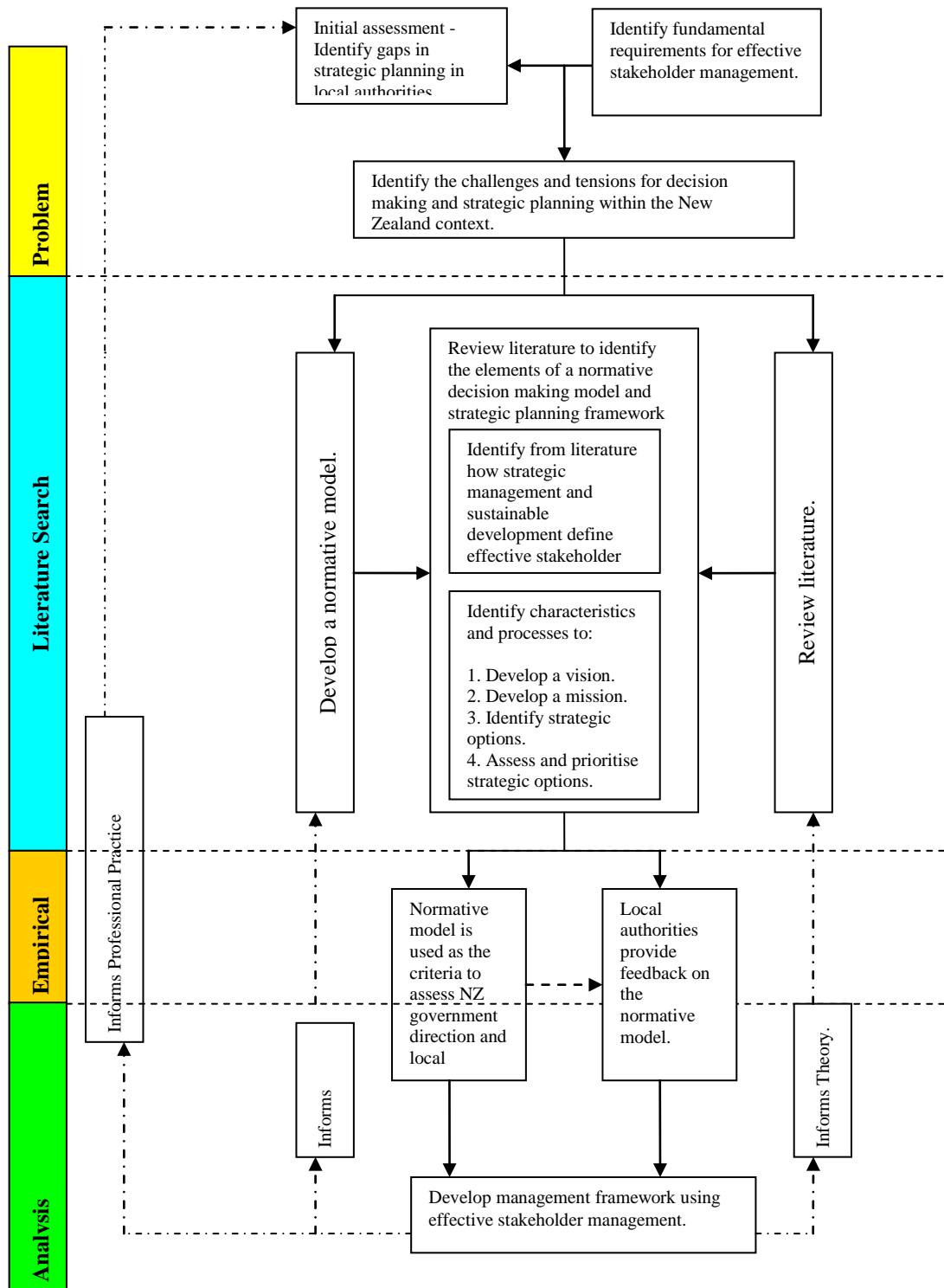


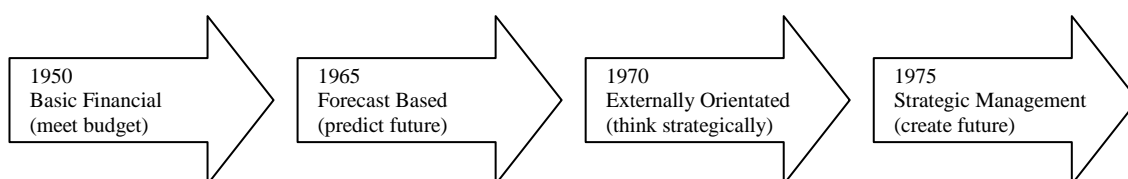
Figure 1.1: Conceptual Overview.

1.8.1 Normative Perspectives on and Decision Making and Strategic Planning

The concept of sustainable development (as a goal) has been expressed for many decades (Abaza & Baranzini, 2002; Bartelmus, 1994; Beckerman, 1999; European Commission., 2001a, 2001b; IUCN, 1980). However, strategic planning which takes into account stakeholder management and engagement (and

the principles of sustainable development) has been endorsed for only two to three decades (Bhat, 1996; Cannon, 1994; Sarkis, 2001; Sharma & Starik, 2002).

Strategic planning has its origins in war (pre and post BC) (Hax, 1998; Singer, 1996; Teck & Grinyer, 1994) and is first embraced by the business and commercial world in the 1960s and 1970s (G. Jones & George, 2003; Teck & Grinyer, 1994). Hussey (1994) outlines the early stages of strategic planning (Figure 1.2.)



(Adapted from Hussey 1994, p.37)

Figure 1.2: The early stages of strategic planning.

The practice of strategic planning or long-range planning at that time reflected an extension of the annual budgeting and functional planning events (Hussey, 1994; Johnson & Scholes, 1999). The practice then assumed past and current conditions would continue into the future and therefore did not respond flexibly to dynamic changes in the environment (Teck & Grinyer, 1994). This practice was soon to be questioned with the complexities of changing markets and increasing competitiveness brought about by the economic conditions of the 1980s which demanded a more systematic and rational strategic planning model (Hussey, 1999; Johnson & Scholes, 1999; G. Jones & George, 2003; Sutherland & Canwell, 2004; Teck & Grinyer, 1994).

Strategic planning models became highly analytical, contained processes to assess organisational strengths and weaknesses, generated alternatives and attempted forecasting. These models eventually became standard practice (Chakravarthy, Mueller-Stevens, Lorange, & Lechner, 2003; Hussey, 1994; Kaplan & Norton, 2001). Johnson and Scholes (1999) define strategic planning as “a sequence of analytical and evaluative procedures to formulate an intended strategy and the means of implementing it”. Hussey (1999) states “strategic

A Normative Model for Strategic Planning

planning is the detailed specification of long-term aims and the strategy for achieving them”. Sutherland and Canwell (2004) suggest strategic planning and strategy formulation is a “continual process which overarches a series of activities and aims to implement and develop a new direction”. Overall the literature supports decision making which reflects integrated long term outcomes and is effective in implementing the decisions.

Effective strategic planning requires purposeful decisions. Forgang (2004) argues, “strategic-specific decisions help managers make purposeful choices rather than allow actions to occur by default, political pressure or convenience”. Yates (2003) defines a purposeful and effective decision as “a decision that is strong with respect to aim, need, aggregated outcomes, rival options, and process costs criteria” and results in satisfying states of affairs for its intended beneficiaries.

Alexander (1984) describes decision making as rational and that decision makers should consider systematically what they should do in order to achieve an outcome, or consider, or evaluate a choice in the light of preferred goals. Jones and George (2003) describe the crucial steps of a strategic planning process as firstly determining an organisational mission and major goals; secondly choosing strategies to realise the mission and goals; and thirdly selecting the appropriate way of organising resources to implement the strategies. Jones and George (2003) state that “Strategic planning directs an organisation’s mission overall strategy, and structure”. Alexander (1984) takes the position that an organisation should systematically identify what they should do to achieve an outcome whereas Jones and George (2003) believe the organisation should confirm their own position i.e. mission and strategy, then progress to identifying the outcomes required.

Regardless of whether an organisation looks at itself first, then the outcomes or outcomes first, then its own response, there needs to be an alignment of the two. Hage (1972) defines strategy as a set of concepts integrated through a series of strategic statements. Cook and Levi (1990) suggest that effective decision making requires applying processes of synthesis and analysis to understand social, political and strategic behavior.

Strategic management encompasses those challenges of corporate (or organisational) responsibility (Elkington, 1998; Laszlo, 2003; Rao, 2000; Sharma & Starik, 2002; W. Stead & J. Stead, 2004), namely conducting strategic planning by considering more than just financial performance but also social and environmental performance and stakeholder relations (Laszlo, 2003; Sharma & Starik, 2002). Strategic management incorporates effective planning processes to inform a community's, company's or organisation's future direction through applying the principles of sustainable development and effective stakeholder management.

The sustainable development and strategic management literature describes four common steps to effective strategic planning:

1. Develop a vision. The vision identifies broader long-term outcome/s for the local environment (Elkington, 1998; Johnson & Scholes, 1999; Kaplan & Norton, 2004; Laszlo, 2003; Sharma & Starik, 2002; Sutherland & Canwell, 2004; Willard, 2002);
2. Develop an organisational mission which describes how the organisation will respond (to achieve the vision) (Johnson & Scholes, 1999; G. Jones & George, 2003; Kaplan & Norton, 2004).
3. Identify strategic options. The strategic options will reflect all the relevant, possible alternatives (Alexander, 1984; Cook & Levi, 1990; Forgang, 2004; Yates, 2003).
4. Assess and prioritise the strategic options in line with long-term vision and shorter-term organisational responses (Chakravarthy et al., 2003; Hussey, 1994; Kaplan & Norton, 2001).

In summary strategic planning is a systematic and rational process which creates informed deliberate strategic options, namely strategies that relate to the future direction of the organisation. In the context of this thesis it is a process that creates purposeful decisions linked to long term community outcomes and sets in place strategies to implement the decisions. The process requires a systematic and continuous process of stakeholder management and engagement.

1.9 Scope of the Study

The context of this thesis is set in relation to New Zealand local authorities and aims to examine the strategic planning (and decision making) processes which align with the principles of stakeholder theory. The research methodology and processes of data collection require a qualitative case study approach. The study starts by gaining an understanding of the problem and context. The research moves through the stages of identifying: 1) what “may occur” from the literature (normative model); 2) what “does occur” in local authorities; and 3) to develop a management framework informed by the literature and local authority experience and views, on “what should” occur.

The subsequent literature review identifies the elements that represent the steps and processes for effective strategic planning that integrates stakeholders to reflect best practice. The revised normative model is then presented to the participating interviewees for input on the potential efficacy of the model. This thesis aims to shape the early findings into a well informed management framework reflecting the principles of effective stakeholder management and engagement.

This thesis investigation is set in New Zealand, a geographically isolated island nation in the South Pacific. Over the decade 1997-2007 the country has experienced significant economic growth placing pressure on regional infrastructure and local authorities’ ability to plan effectively. The empirical part of the research is set between the years 2003-2006 at a time when government (through legislation) is requiring local authorities to apply different strategic planning (and decision making) processes to ensure local resources are managed according to the principles of sustainable development. Chapter two describes the New Zealand context in greater detail.

1.10 Organisation of Thesis

The thesis starts with Chapter 1 which presents the thesis problem and the context for the study.

1.10.1 Part 1: Literature Review

Chapter 2 presents the New Zealand context and describes how the nature of the New Zealand legislative and policy frameworks influence decision making. Chapters 3 and 4 present the review, synthesis and analysis of literature from sustainable development and strategic planning, underpinned by stakeholder theory. The analysis identifies the characteristics of and processes for strategic planning by applying effective stakeholder management. Together these chapters establish the normative model i.e. what “may occur”.

1.10.2 Part 2: The Empirical Search

Chapter 5 describes the research design and methods by which the normative model is used as the basis to assess relevant government documents, 28 local authorities’ documents and six local authorities’ practices in-depth. Chapter 6 identifies the strengths and weaknesses of the New Zealand strategic planning processes compared alongside those of the normative model.

1.10.3 Part 3: The Findings

Chapter 7 presents an analysis of the information from the literature (from sustainable development and strategic planning), government documents and local authorities’ practice and advice. The chapter concludes by presenting a management framework of “what should” occur. The exploration reveals a more relevant and appropriate strategic planning framework for local authorities aligned with stakeholder theory.

Chapter 8 presents the contributions of theory and professional practice to both New Zealand local authorities and the broader sense of the public service. It describes the implications of the research findings and recommendations, the contributions to sustainable development, strategic management and stakeholder theories, the contributions to public sector decision making practice and finally areas for further study. Figure 1.3 shows how the research moves through the thesis.

1.11 Conclusion

The context in which the public sector must engage in decision making processes reflects a vast range of stakeholder interests. There are major challenges in managing the expectations regarding delivery of outcomes for both the medium and long term. The challenges faced by New Zealand local authorities are not unlike those of other decision makers in the public service. The research intends to identify a normative decision making model and develop a strategic planning framework for local authorities (and the broader New Zealand public sector) using effective stakeholder management. While the research draws on the New Zealand context decision makers from other contexts may find this thesis useful.

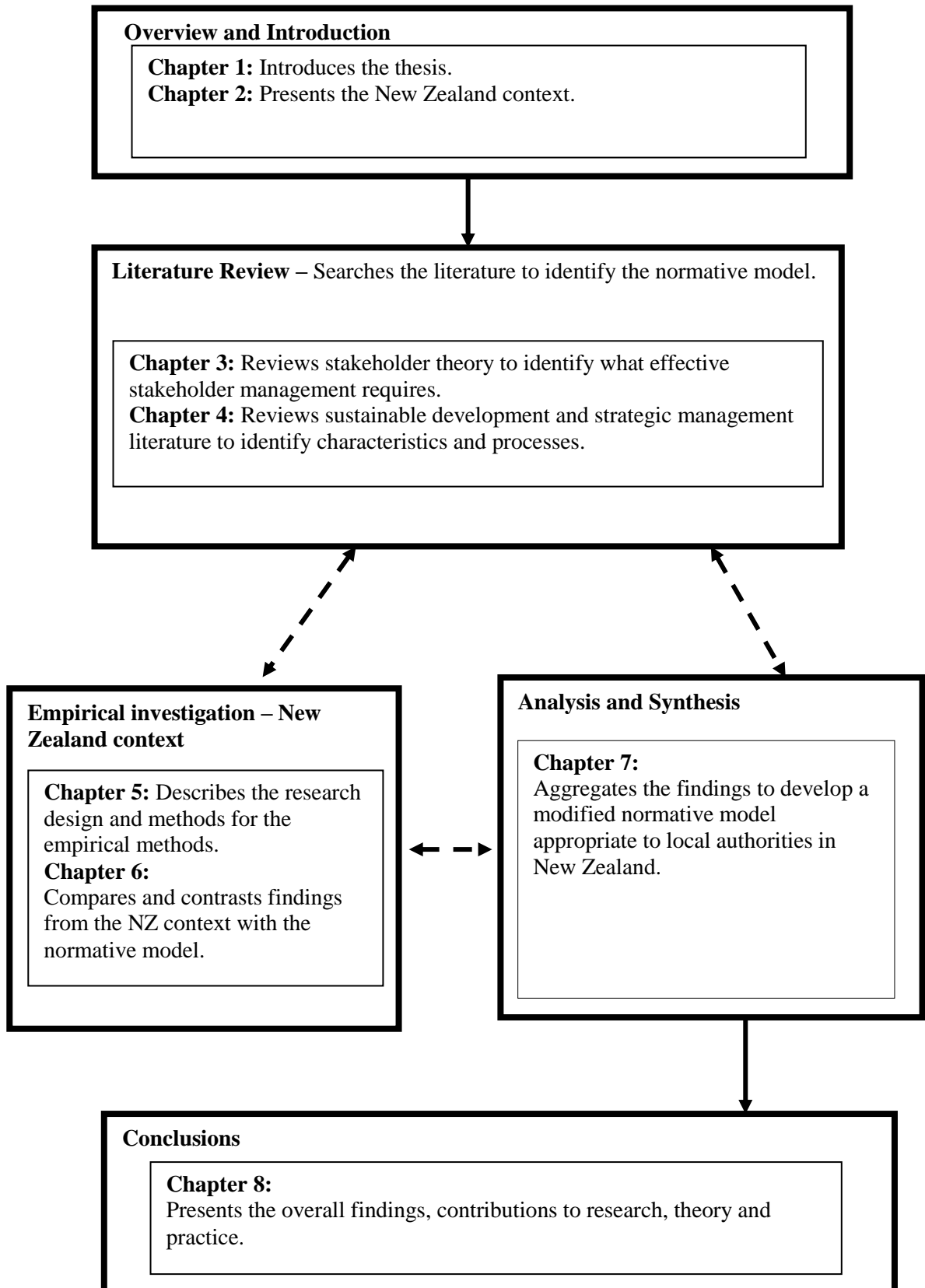


Figure 1.3: Structure of the thesis.

Chapter 2. The Research Context

“All that a man should do is judge himself in his own context”.
(Duff, 1999)

Local authority strategic planning (and decision making) processes play a major role in the development of communities (RMA, 1991; LGA, 2002; KHGs, 2003). The objectives of sustainable development represent a vast range of issues and challenges for strategic planners and decision makers (OECD, 2001b; SDPoA, 2003).

This chapter outlines the relevant historical and international influences on the New Zealand public sector decision making processes and describes the New Zealand government’s response including key legislation, programmes and guidance material. The analysis points out the challenges for local authorities trying to implement the principles of sustainable development, and effective stakeholder management. The conclusion points to the strengths and flaws in the New Zealand system in particular within the constructs of effective stakeholder management. This chapter sets the context of decision making in New Zealand local authorities.

2.1 Historical Influences on Decision Making and Strategic Planning within the New Zealand Context

From early on in New Zealand’s history (20th century), the government supported systematic, thoughtful enquiry to inform strategic planning (and decision making). For example, the Haldane Report (1918) emphasised three principles of informed decision making. The first principle involved the role of decision makers in ensuring continuous coordination and delineation of agencies. The principle assumed that cabinet would undertake coherent and comprehensive social and economic strategies. The second principle involved the gathering and provision of information, i.e. the systematic application of thought, enquiry, research and reflection. The third principle involved defining departments’ roles according to the nature of the service rendered to community.

During the 1940s there was debate regarding centralised versus decentralised decision making that is central government versus regional and local levels⁹. Pro-centralists maintained that the difficulty of obtaining a coherent picture of the full strategic planning process with such high-levels of complexity made it necessary for a central agency to complete the decision making (Boston et al., 1996; Mulgan, 1997). Hayek (1944) disagreed and suggested that when numerous characteristics needed to be considered, it is impossible to gain a synoptic view and that decentralisation of decision making is essential (in (Challis et al., 1988). Bush (1980) noted the 1950s as the decade that created the framework of town planning, while in the 1960s a review of the Rating Act 1925 was completed. The change conferred more power and control to local authorities over growth and flexibility for rates charging.

In 1976 government established a “Taskforce on Economic and Social Planning” to develop an institutional framework to meet the (present day) requirements for strategic planning. The task force had a broad mandate to study both private and public sector strategic planning in New Zealand and examine the main issues affecting the country’s economic and social development. In particular the study looked at the machinery for planning at central and local government levels (Task Force on Economic and Social Planning, 1976) and the main findings included an absence of the links between targets and actual performance, failure to modify policies accordingly, lack of coordinated planning across both central, regional and local government and government’s preoccupation with short-term matters.

Between the years of 1975-1985, the New Zealand government strategic planning processes began to reflect a “rational approach to decision making” (Boston et al., 1996; Bush, 1980; Mulgan, 1997). The rational approach assumed that strategic planning included applying the processes of synthesis and analysis of social, political and strategic behavior.

⁹ The thesis does not enter into the debate regarding centralisation versus decentralisation of government decision making, but focuses on direction and changes from central government that influenced how local authorities were to make decisions and complete strategic planning.

From the mid 1980s, New Zealand's government approach to strategic planning took a backward step in terms of pursuing principles consistent with sustainable development. The decision making of "national efficiency" became the rhetoric (Boston et al., 1996; Buckle, 1988; L. Evans, Grimes, Wilkinson, & Teece, 1996; Mulgan, 1997). There were three key themes: 1) government should be more businesslike; 2) government should be mobilising scientific resources for production and government; and 3) policy logic should be shaped by need and problem solving rather than historical relationships (Bollard & New Zealand Institute of Economic Research., 1993; Brash, 1993; Grimes, 1996; OECD, 1996).

The drive for efficiency became a worldwide phenomenon. Theorists believed difficulties arose when public administration and government strategic planning processes lacked discipline and scientific reasoning (Bird, 2000; Challis et al., 1988; European Commission., 2001a, 2001b; Kelsey, 1992; Lindblom & Woodhouse, 1993; Mercer, 1991; Mintzberg, 1994; OECD, 2001c; Pasour, 1993; Stokey & Zeckhauser, 1978). Critics saw this form of highly operational strategic planning (and decision making) as being less strategic, too narrow and more operational (Bird, 2000; Daneke, 2001; Davey & New Zealand Planning Council., 1987; European Commission., 2001b; Johnson & Scholes, 1999; OECD, 2001c, 2001d).

By the mid 1980s economists and ecologists in New Zealand united in their call for decentralisation, accountability and better rationalisation in the form of clear justification and logical reasoning from government decision makers (Ericksen, Chapman, & Crawford, 2003; IPS, 2002; Mulgan, 1997). Economists wanted rationalisation of resource use to be able to achieve the cost efficiencies required of the government during an historical period of economic downturn (Boston et al., 1996). Ecologists wanted rationalisation to include justifying costs of environmental impacts. In addition, ecologists believed decision making was best completed closer to where environmental concerns were occurring, i.e. communities and regions (Ericksen et al., 2003; IPS, 2002). A report by Plowden (Challis et al., 1988) suggested that public strategic planning processes were not piecemeal but brought together in order that decision makers could look at the

whole. The report called for more sophisticated analytical, mathematical techniques and statistical analyses to improve the overall technical efficiency of strategic planning and decision making. However, the purpose of this approach (at this time within New Zealand's historical context) ensured long-term stability in expenditure rather than sustainable development outcomes.

During the late 1980s and 1990s, New Zealand experienced extensive growth in the size and number of government agencies and, as described above, a push for decentralisation and rational, logical decision making (Boston et al., 1996; IPS, 2002; Mulgan, 1997). This national direction was strongly influenced by international strategic planning (and decision making) policy aimed at achieving the principles of sustainable development.

2.2 International Influences on Decision Making and Strategic Planning on the New Zealand Public Service

In the 1980s and 1990s, many international bodies were discussing the issue of centralisation versus decentralisation and attempting to identify the most appropriate form of strategic planning processes with the goal of achieving sustainability. Specifically, discussions centered on institutional decision making processes of both the public and private viewpoints, i.e. systematic consideration of the natural environment, fiscal conditions, trade opportunities and the developing social sectors (WCED, 1987; Pearce, 1988; Beckerman, 1999; OECD, 1996, 2001a). The World Commission for Economic Development (WCED) report (1987) highlighted the need for integration of environment and economic goals. Also known as the Brundtland Report, it included an international call for planning to minimise the negative impact on future generations – a key tenant of sustainable development. Another key tenant of sustainable development included in the report was the recognition of the need for stakeholders to be included in the decision making process. The United Nations also released a report called Agenda 21 (United Nations Conference on Environment and Development, 1992) which strongly supported the pursuit of joint solutions and suggested all governments pursue the principles of relevant decisions followed up by impact assessments.

As a result of the conceptual and applied changes internationally and mounting pressure nationally, the New Zealand government developed new legislation intended to respond to the growing pressure for longer-term sustainable solutions with stakeholder consultation (Drage, 2002; Ericksen et al., 2003; IPS, 2002). The New Zealand government responded with key legislation, programmes and guidance material all intended to direct and guide the devolvement and development of strategic planning and decision making at local authority level (underpinned by the principles of sustainable development).

2.3 Stakeholder Management and Sustainable Development Strategic Planning in New Zealand Local Authorities

As with the international trends, the impetus for improved strategic planning and decision making in New Zealand focused on assessing the ecological impacts and in particular human use of natural resources. Leading up to 1991 New Zealand had a wide range of legislation that controlled coastal resources, national parks, reserves, wildlife, flora, fauna, hazardous wastes, historic places, minerals and energy efficiency to name a few (Ericksen et al., 2003; IPS, 2002; Van Roon & Knight, 2004). Some policies created directed decision makers on how to manage the natural resources while others supported the other three well-beings of sustainability, economic, social and cultural.

There were three main problems with the range of legislative acts at this time. Firstly, many were created in isolation and secondly, the legislation reflected policy decisions over different time periods even some from the late 19th century. Thirdly, accountability and responsibility between government agencies, departments and local authorities for much of the legislation was unclear (Ericksen et al., 2003; IPS, 2002). The first generation environmental laws had separated the protection, conservation, or preservation of flora, fauna and common property such as land, water and air, from the laws directed at resource planning, management, and development (Van Roon & Knight, 2004).

The Resource Management Act 1991 (RMA) is the New Zealand government's attempt at devolving strategic planning and decision making to enable more appropriate local responses to achieve sustainable development. The

A Normative Model for Strategic Planning

legislation requires stakeholder consultation as part of the decision making process. The RMA culminates the “second-generation” environmental law reforms (Ericksen et al., 2003). The RMA’s aim is to address the adverse effects of activities on ecosystems by controlling the impacts rather than the activities (Williams, 1997). The RMA also emphasises the need for integration across media (land, water and air) and agencies while sustainably managing the natural and physical resources (Van Roon & Knight, 2004).

The Principles and Purpose of the Act (s.5) are:

. . . to promote the sustainable management of natural and physical resources . . . [by] managing the use, development, and protection of natural and physical resources in a way, or rate, which enables people and communities to provide for their social, economic and cultural well-being and for the health and safety while: (a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and (b) safeguarding the life-supporting capacity of air, water, soil, and eco-systems; and (c) avoiding or remedying, or mitigating any adverse effects of activities on the environment.

To achieve the objectives of the RMA local authorities are expected to integrate resource management, including public participation and a cooperative approach, to decision making. However, Van Roon and Knight (2004) highlight the differences between expectations and responsibility for local authorities and provide a useful comparison defining sustainable development and sustainable management as defined by the RMA (Table 2.1).

Table 2.1

Differences between Sustainable Development and Sustainable Management

Sustainable development	Sustainable management RMA 1991
Aims at ensuring the needs of people are met now and into the future.	Seeks to achieve ecological outcomes.
Aims for intra and inter generational equity.	Focuses on assessment of ecological costs of activities and policies.
Requires a trade-off process between the four well-beings and questions arise over how ecological drivers should dominate.	Conserves the potential of resources for future generations.
Aims to ensure development is sustainable over time in a social, economic and environmental sense.	Sits within the ecological component of sustainability.

Adapted from Van Roon and Knight (2004). *Ecological Context of Development, a New Zealand Perspective*.

As Table 2.1 reveals, the RMA's primary goal is the sustainable management of natural resources (not sustainable development). Moreover, Van Roon and Knight (2004) go on to say that the key to the RMA is managing human effects on the environment. This means that local authorities need to consult stakeholders on decisions that will impact on their use of natural resources. Recognition by local decision makers of the inter-linkages underpinning sustainable development when forming strategies and making decisions is required.

The RMA's intention is to create stronger links to the principles of sustainable development through effective management of the natural resources by applying improved strategic planning and decision making processes (Borrie et al., 2004; Day et al., 2003; Ericksen et al., 2003; IPS, 2002). Borrie et al. (2004) suggest "passing the RMA in 1991 was a significant step in shifting a centralised and somewhat coercive planning system to a more devolved and cooperative one". Figure 2.1 describes the RMA's main purpose and the link to local authorities' responsibilities.

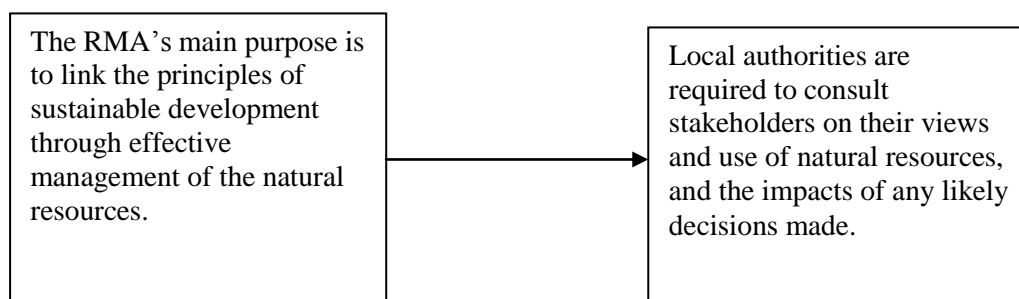


Figure 2.1: RMA's main purpose and local authorities' responsibilities to stakeholders.

The RMA (s.5) is further supported by new policy aimed at all government sectors and expands the notion of managing natural resources to that of all four well-beings.

2.3.1 The Local Government Act 2002 (LGA)

Between the years 2000 and 2002 a review of the Local Government Act 1974 takes place. The Institute for Policy Studies, Victoria University, New Zealand (IPS, 2006) proposes:

That the review of the LGA 1974 gave the government the opportunity to address perceived shortcomings of earlier statutes in the area of planning and placed emphasis on councils to think and act strategically especially in the context of sustainability . . . [and] that long-term planning was intended to provide a framework for elected members to make informed decisions while taking into account community's expectations.

This review results in the Local Government Act 2002 (LGA) and a new planning framework. The new legislation intends to help local authorities improve their regulatory decisions and define their powers and responsibilities. The purpose of the LGA is to enable democratic local decision making and action by, and on behalf of communities, and to promote the social, economic, environmental and cultural well-being of communities in the present and the future (LGA, 2002).

Section 14 of the Act sets out a series of overarching principles and in summary requires open, transparent, accountable conduct of business with the interest of future communities in mind. The Section also outlines guidelines for local authorities to consider the impacts on people's well-being and recognition of diversity.

The Sections of the LGA worth noting are as follows. Sections 75 to 90 describe *Consultation Requirements and Principles* for councils to follow when making decisions. During decision making councils are required to assess the problem, identify the options for addressing it and ascertain the costs, benefits and impacts of those options by considering stakeholders' views. Councils are required to consult prior to making any decision or predetermination of an option and to make decisions in the interests of the community's social, economic, environmental and cultural well-being, now and in the future. Importantly, councils are required to provide reasons for decisions made (to stakeholders) and identify and explain any inconsistency with other council plans or policies.

Section 76 describes council's obligations in decision making. *Decision Making* (within the LGA, 2002) states that every decision made by local authorities must be in accordance with the provisions in Sections 77 to 82 *Decision making Requirements and Consultation Principles*. The Act sets out the requirements every local authority must follow when making decisions. A local authority should consider all reasonably practicable options and their costs and benefits, the views and preferences of people likely affected by or have an interest in each decision, and explain any significant inconsistency between decisions and implementation. They must also comply with the principles of consultation (IPS, 2006).

Section 77-78 relates to and is titled *Community Views and Requirements in Relation to Decisions*. While Section 79, *Compliance with Procedures in Relation to Decisions*, states that compliance with Sections 77 -78 is subject to discretion and judgment of the local authority and it is the local authority's responsibility to understand the significance, relevance and impact of any decisions they make on any interested and affected people within the community. This compliance provision allows councils to judge how to comply with the requirements regarding consultation and decision making providing their compliance is proportional to the significance of the decision (IPS, 2002). Significance of the decision relates to the level of importance and allows local authorities to assess significance using a criteria or threshold¹⁰. A significant decision has a high degree of importance for community well-being, the people who are likely to be interested in or affected by the decision and the capacity of the local authority to perform its role and the associated costs.

This definition covers aspects or decisions not covered by any other Act. Where decisions are significantly inconsistent with policy or plans the local authority must identify the inconsistency, the reasons for the decisions and whether the local authority plans to amend the policy or plan. The Act describes compliance provisions including how options are identified and assessed, the

¹⁰ It is expected all local authorities develop a significance policy stating this threshold or criteria for assessing levels of significance. The criteria are to be applied in a consistent manner for each significant decision assessment required.

benefits and costs quantified, the extent to which information is considered and a written record of decisions.

In addition, the local authority's discretion and judgment must have regard for matters outlined within the principles set out in s.14 (principles relating to local authorities). This includes the local authority's available resources and the extent to which the decision or circumstances (in which a decision is to be made) allows the local authority to scope out all opportunities, options or the views and preferences of others within the community who may be affected by the decisions (MYCouncil, 2005). The LGA defines a decision as "an agreement to follow a particular course of action, and includes an agreement not to take any action about a particular matter" (KHGD, 2004). As a general rule decision making processes should promote compliance with s.76-82 (as described earlier).

Figure 2.2 shows the main purpose of the LGA and local authorities' responsibilities to stakeholders.

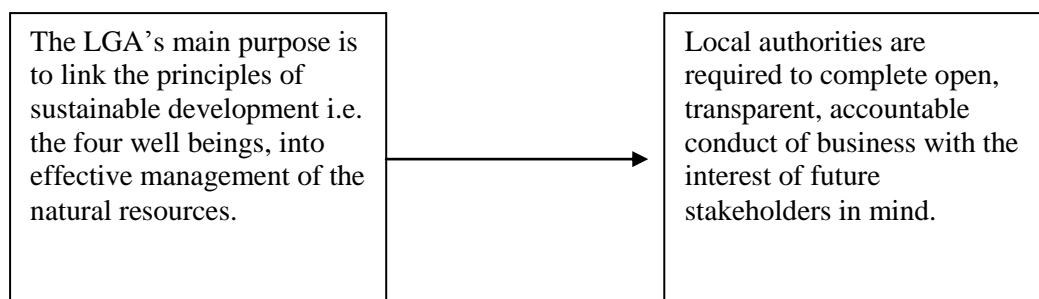
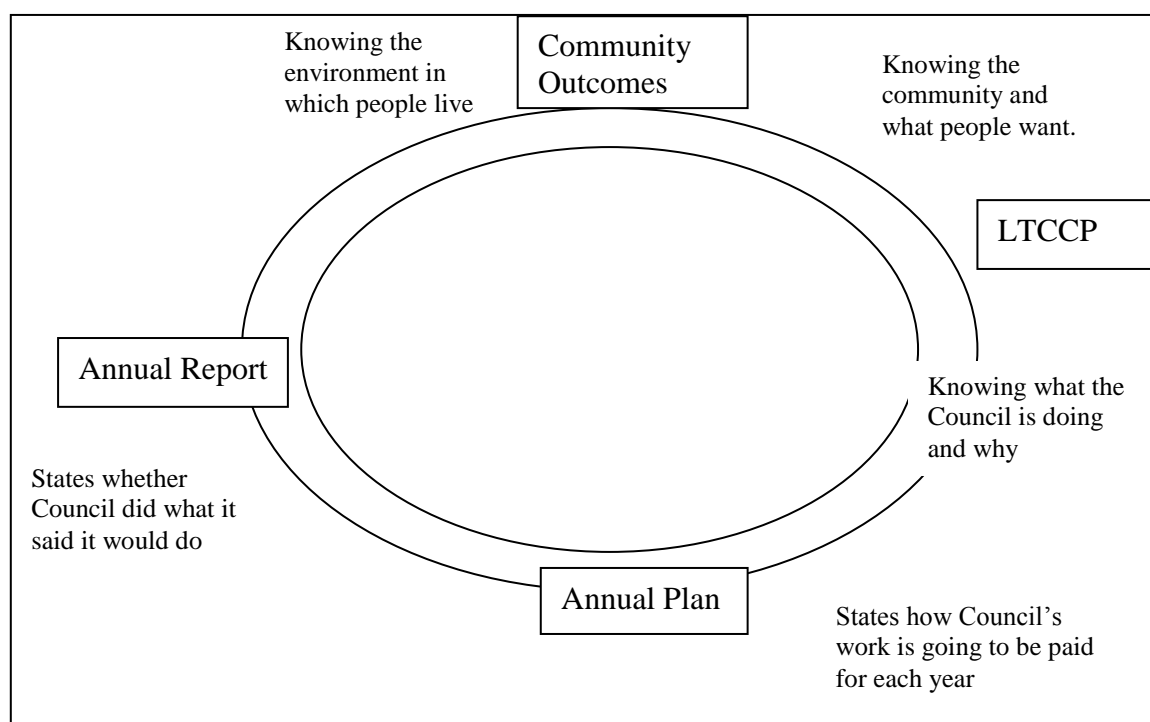


Figure 2.2: LGA's main purpose and local authorities' responsibilities to stakeholders.

2.3.2 Long Term Council Community Plan (LTCCP)

The creation of a LTCCP is at the heart of the new planning framework required by government. The LTCCP describes the community's desired outcomes¹¹ and provides the local authority with its primary long-term strategic framework and describes firstly how it will develop partnerships over the next ten years and secondly the context for each council's annual plan.

This decision making process forms part of a new local authority planning framework, while the promulgation of decisions is documented in a new plan called a Long Term Council Community Plan (LTCCP) (see Figure 2.3).



Source: Adapted from the Department of Internal Affairs, 2005.

Figure 2.3: Local Government Act 2002 Planning Framework.

¹¹ Community outcomes are a set of desired states of affairs that the community identifies through a process. These outcomes are meant to inform the development of local authority planning and coordinate the activities and planning of all sectors of the community (KHG 2004, p.15).

The planning framework is to be the key mechanism for local authorities to work with their communities (KHGD 2004). Local authorities are required to produce a LTCCP every three years, developed in partnership with communities.

Section 93(6) of the LGA describes the purpose of the LTCCP is to set out the local authorities' activities and community outcomes. It will provide the long term focus for decision making and a basis for accountability of the local authority and community; more importantly it will provide an opportunity for stakeholder participation in decision making processes. The LTCCP must include information regarding, water, sanitary and waste management and details on financial management including funding impacts (LGA, 2002 part 1 Schedule 10). The result of consultation and rigorous strategic planning and decision making are community outcomes.

Outcomes stimulate debate, inform prioritisation, encourage participation and collaboration and provide a basis for the community to monitor its progress. Local authorities are required to either promote or achieve the outcomes and monitor progress. Outcomes are a community judgment and therefore belong to the community, not to the local authority (KHGD, 2004). The local authority does not have to adopt them, justify them, or may not necessarily agree with the outcomes. Nevertheless, the local authority does have to explain what it will do to pursue the outcomes, i.e. how it will be working with other agencies to this end (IPS, 2006). Other government departments and local authorities are encouraged to use the LTCCP process as a way to inform their own strategic planning and decision making. The IPS (2006) states, "many governments . . . are embracing strategic planning and management in response to increased legislative oversight and fiscal concerns, and growing demands for public accountability . . .". The local authority's key decision is about how it will contribute to the outcomes. To assist local authorities with the new decision making and planning requirement government produced a range of guidelines. Figure 2.4 shows the main purpose for the LTCCP and local authorities' responsibilities to stakeholders.

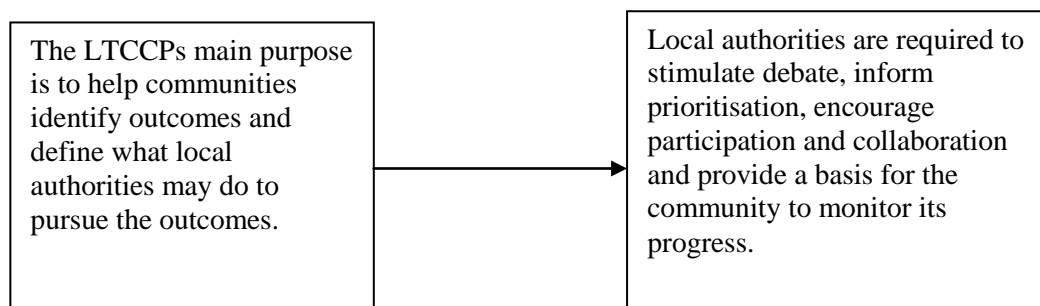


Figure 2.4: LGA’s main purpose and local authorities’ responsibilities to stakeholders.

2.3.3 Sustainable Development Programme of Action 2003 (SDPoA)

The SDPoA (a programme launched in January 2003) aligns the international directions with New Zealand legislation and provides clearer direction to the wider public sector. The SDPoA (2003, p. 10) states, “the government recognises that its decisions should ensure the well-being of current and future generations.” According to the principles of the SDPoA (2003) decision making processes require there to be consistent consideration of the four well beings, transparency of strategic planning and decision making across government agencies and local authority partnerships, respect for cultural diversity and the consideration of long-term implications of decisions. The SDPoA includes the precautionary approach related to the environment, that is, where there is risk and uncertainty a precautionary approach should be adopted when making decisions that may cause serious or irreversible damage.

The aim of the SDPoA is to encourage government agencies to apply these principles to decision making processes across all of the New Zealand public sector. Government’s expectation is that there will be improved arrangements for integrated strategic planning and decision making requiring cross partnership and collaboration. The SDPoA (2003) clearly articulates that the local authorities’ position within the environment involves many stakeholders including communities, regional and district authorities. More specific legislation directing local authorities’ strategic planning and decision making processes is released at this time. Figure 2.5 shows the main purpose for the SDPoA and local authorities’ responsibilities to stakeholders.

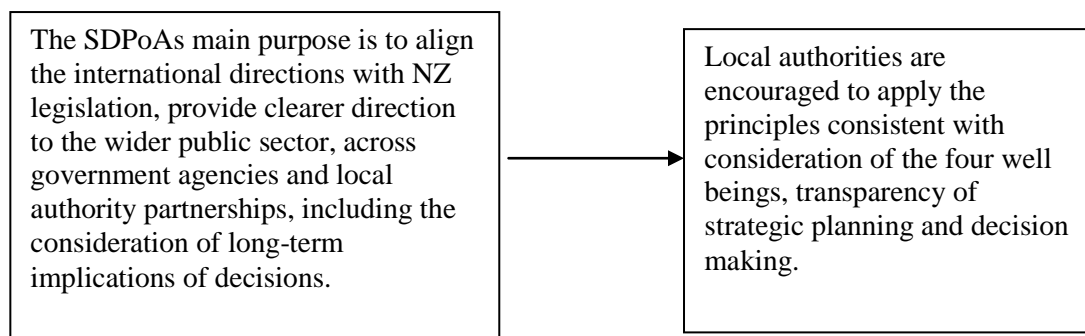


Figure 2.5: SDPoA’s main purpose and local authorities’ responsibilities to stakeholders.

2.3.4 Knowhow Guidelines (KHGs, 2004)

The government published two guidelines in an attempt to improve or assist local authorities’ decision making processes: the Knowhow Guideline to Governance (KHGG, 2004) and the Knowhow Guideline to Decision making (KHGD, 2004). Both of these documents provide guidance to local authorities on how to form effective strategies and decisions.

Of particular interest to this thesis are the sections on guidance pertaining to decision making processes. For example, the section discussing *Representation of the Community* involves making decisions for: “1) the promotion of community well-being; 2) keeping in contact with the community; 3) ascertaining their views and putting these forward to council; 4) advocating for the community . . . ; and 5) explaining council decisions to affected parties” (KHGG, 2004). Governance principles within the guideline (KHGG, 2004) include defining governance role and managing an effective, open and transparent process.

The guideline provides a short overview of governance structures and processes and describes the various options of committees and meeting processes. The guideline does not describe the decision making processes required of committees or elected members.

2.3.5 Knowhow Guideline to Decision Making (KHGD 2004)

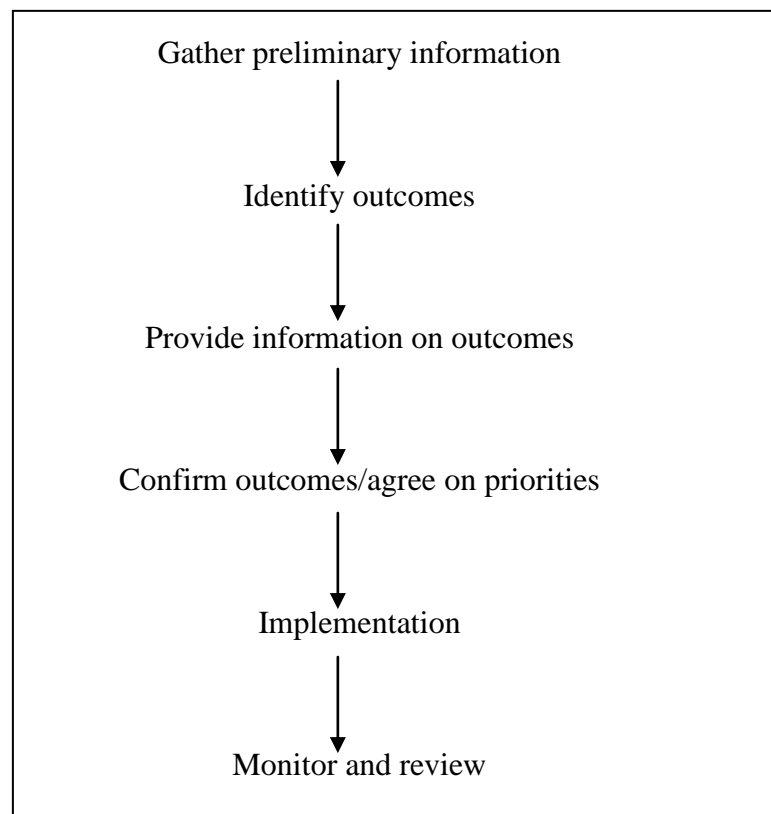
This guide covers making decisions, consulting with interested and affected stakeholders and identifying and reporting on community outcomes.

The KHGD provides advice on three aspects of decision making: 1) the decision making requirements; 2) the compliance provision; and 3) the term “significance”. The guideline also states that where a conflict of principle occurs, the local authority needs to resolve the conflict in an open, transparent and democratic, accountable way. The key implications for decision makers are that local authorities take into account the future needs of stakeholders and form partnerships with key stakeholders in the community including central government voluntary sector, Maori and business (KHGD, 2004).

Local authorities are expected to follow a strategic planning process (Figure 2.6) to identify the community outcomes (KHGD, 2004).

Table 2.6

Strategic Planning Process



Source: KnowHow Guideline to Decision making (2004, p.40).

The guideline also describes six consultation principles to encourage the gathering of views by those most affected and interested by the decision. Figure 2.7 shows the main purpose for the KHGs and local authorities' responsibilities to stakeholders.

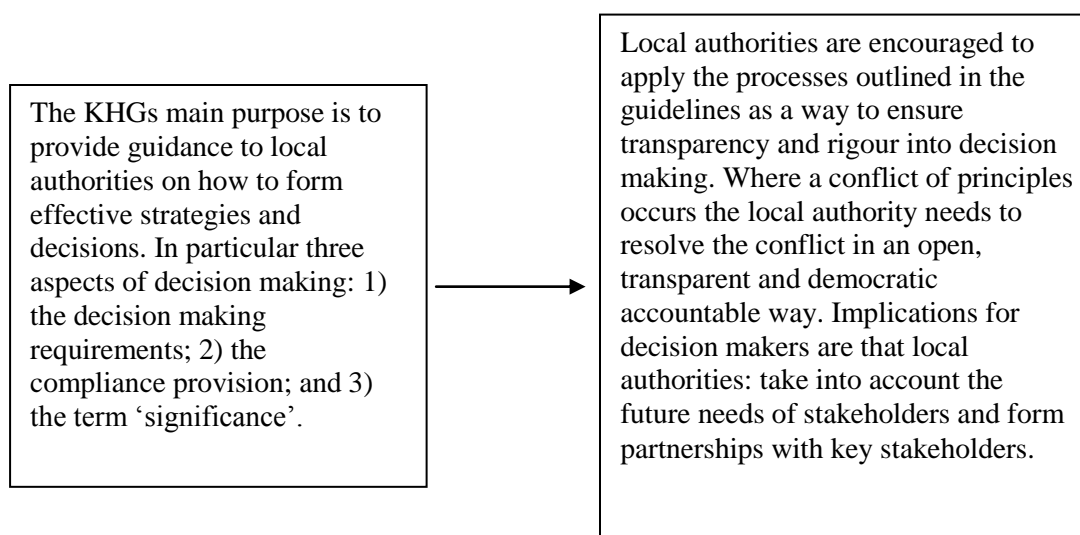


Figure 2.7: KHGs main purpose and local authorities' responsibilities to stakeholders.

2.3.6 The State of New Zealand Local Authority Strategic Planning

Despite efforts in New Zealand to incorporate sustainable development and stakeholder management into strategic planning, evidence shows a continual series of problems. An official audit report completed in 2005 and The Office of the Auditor General (OAG¹²) review of the 2004-2005 LTCCPs¹³ finds there are:

1. issues with alignment between governance decisions and strategic flow;
2. gaps in integration of decisions over time;
3. missing underlying decision making systems;
4. inconsistencies in decisions made;
5. difficulties with determining the levels of service.

¹² The OAG is a government agency in New Zealand which reports directly to the Prime Minister and Cabinet officials. It is responsible for auditing other government agencies' policies, programmes and services.

¹³ OAG Audit Local government: Results of the 2004-05 audits, Part two – The process for auditing Long Term Council Community Plans. 2.1 Preliminary planning and risk identification. www.oag.govt.nz/local-govt/2004-05/part2.htm.

The report concludes that there are challenges for local authorities to develop strategic plans and form decisions and specifically make the link between long-term outcomes, intermediate and short-term responses, in consultation with the range of stakeholders both interested and affected.

2.4 Conclusion

History shows that there have been issues with lack of coordination, clarity of direction and responsive policy and engagement of those within communities who are most affected by decisions. The New Zealand government has attempted to solve the problem by devolving regional and local decision making (through the RMA) to the level closest to where impacts on the natural environment occur, i.e. local authorities. The legislation endeavours to bring the conceptual aspects of sustainable development and legislation to an organisational, strategic and operational level, thus allowing local authorities to set their purposes and operating principles by recognising the needs of the community both now and into the future. Local authorities are asked to consider their position within the contextual environment through taking a co-operative approach to planning and identifying the main activities including managing human affects on the environment.

The introduction of the LGA defines local authorities' power and authority and introduces a new planning framework. It requires local authority decision makers to plan for the future while implementing strategies and solutions immediately. The LGA is clear that the local authorities' desired outcomes are to be made with the best interests of the community's social, economic, environmental and cultural well-being (now and in the future) in mind. The local authority leads the identification of long-term community outcomes however it does not have to deliver on any of the outcomes. Local authorities are only required to monitor the progress of community outcomes. Therefore, while formal legislation through the RMA and LGA places more stringent planning processes in place, expectations of accountability and responsibility to a large degree are obscure.

Overall, the LGA forms the basis for greater rigor in strategic planning and decision making by local authorities to manage resources through effective stakeholder management. The legislation provides clear requirements for decision makers to complete systematic transparent decision making. The government sets out four key principles which include clear objectives and accountability, competitive neutrality and minimal interference from politicians (IPS, 2002). In this respect the LGA provides ground-breaking direction for strategic planning and decision making at local authority level in New Zealand as it requires formalised planning and consultation, and involves rational analysis and long-term planning (IPS, 2002).

The SDPoA intends to provide the link between high-level international best-practice principles for sustainable development and government legislation and local authority regulation, encapsulating the four well-beings. The SDPoA reinforces the need for decision makers to recognise the principles of sustainable development and integrate decision making and management of land, water and living resources. However, because the SDPoA is established as a “programme” it lacks the higher level legislation to fully realise its potential across the New Zealand public service.

With the introduction of the principles of sustainable development and the requirement of effective stakeholder management, strategic planning and decision making has become more complex and challenging. New Zealand government has put in place legislation, programmes and guidelines to assist with building strategic planning and decision making capability in local authorities and communities. However, the practice of effective stakeholder management relies largely on the goodwill and capability of the organisation and primary stakeholders to openly participate.

Completing effective strategic planning processes through better integration of decision making, providing the opportunity for full participation of communities and recognition of the diversity of stakeholders’ views is challenging for local authorities. While the guidance material helps local authorities identify who primary stakeholders are, it does not provide guidance on how to clarify

A Normative Model for Strategic Planning

stakeholder interests, nor how to manage the levels of stakeholder influence and power over the decision making process. Although the legislation and guidance material extensively describe the importance of stakeholder engagement, it relies upon the goodwill and capability of all involved. Given this context, attention is now drawn to identifying from the strategic management and sustainable development literature a normative approach to effective stakeholder management.

Chapter 3. Strategic Planning Through Effective Stakeholder Management

The process for decision making in the public sector provides an opportunity to represent a variety of views, interests and values (Boston et al., 1996; Bryson, 1993; Ali, 2000). There are differences between the range of stakeholder groups' levels of power and influence over the decision making process and contributions to the final decision (Golembiewski, 2000; Mitchell et al., 2007; Wallner, 2008). The organisation (managing the strategic planning process) has the responsibility to involve primary stakeholders at the appropriate times whether setting long term or shorter term direction (Hussey, 1994; Kaplan & Norton, 2004). The literature from stakeholder theory highlights the importance of identifying the primary stakeholders, their interests, levels of power and influence and how to engage with these individuals and groups (Carroll, 1996; Freeman, 2007; Golembiewski, 2000; Lorca & Garcia-Diez, 2004).

This chapter seeks to examine the strategic management and sustainability literature in order to identify who the primary stakeholders are when forming a decision and strategic planning (i.e. developing a vision, mission and strategies). In addition, what are their interests, what are their levels of power and influence and what does stakeholder engagement involve?

3.1 Who are Primary Stakeholders when Developing a Vision, Mission and Strategies?

Stakeholder theory emphasises the importance for decision makers to understand primary stakeholders i.e. those who are most interested and effected by the decisions (Carroll, 1996; Freeman, 2007; Freeman et al., 2004; Mathur et al., 2008). These can include shareholders, stockholders, suppliers of materials, staff, customers, members of the public who are direct recipients of services, or politicians (Bryson, 1993; Johnson & Scholes, 1999; Joyce, 1999; Kaplan & Norton, 2004). Primary stakeholder individuals or group representation is fluid depending upon the decision or issues at hand. Finally, primary stakeholders may be voluntary or involuntary as noted in Chapter 1 (Lorca & Garcia-Diez, 2004).

3.1.2 Sustainable Development

The literature from sustainability describes a vast range of primary stakeholder groups including those that are concerned with the consequences of human actions on the environment (WCED, 1987; Daly, 1996), the relationships between people, markets and natural resources (Pearce, 1988; Pezzey & Toman, 2002; Scollay, S. St John, & Horsman, 1993), developing, societal (community), organisational and individual capability (WCED, 1987; Bird, 2000; Willard, 2002) and the equitable and systematic consideration of socially desirable, economically viable and ecologically sustainable decisions (Abaza & Baranzini, 2002; Clayton, 1996; Laszlo, 2003; Willard, 2002). The broad range of complex needs and priorities across these stakeholder groups signify the importance of effective stakeholder management.

3.1.3 Strategic Management

The literature from strategic management (private sector) describes many forms of stakeholder groups including the link to discrete contextual environments of markets, competitors, customers and partners, shareholder, a board or executive group (Daneke, 2001; David, 1993; Hussey, 1999; Johnson & Scholes, 1999; Kaplan & Norton, 2006; Kotter, 1990). Curtin and Jones (2000, p.27) describe stakeholders as “an entity either affected by the operations of another organisation or one which perceives itself as having an interest in the activities of that organisation for whatever reason”. According to Hoisington and Vaneswaren (2005, p20) “businesses or organisations exist to serve customers ... without customers there is no meaning for any organisation”. While stakeholder groups in the strategic management literature are similar in that they represent discrete areas of need and priorities, that is where the commonality ends. Each sector’s stakeholder group have primacy membership for different reasons.

The literature describes managers as making key decisions by considering the views of the wider stakeholder group i.e. staff, customers, board members competitors (Hussey, 1994; Johnson & Scholes, 1999; Kaplan & Norton, 2004). Managers take into account future products and/or services for its customers (Kaplan & Norton, 2004), an increase of returns for its stakeholders (shareholders) (Johnson & Scholes, 1999; Williamson, Jenkins, Cooke, & Moreton, 2004), the

A Normative Model for Strategic Planning

overall state of the organisation or business within a market, or more globally, considering staff and competitors (Deetz et al., 2000; Johnson & Scholes, 1999) and negative pressures, i.e., deregulation policies by government (Johnson & Scholes, 1999, p.68). Generally, the decision of who are primary stakeholders is influenced by portfolio strategy (which is a focus on specific products and/or services), market share and ultimately financial gain.

Public sector primary stakeholders can reflect a range of primacy roles including government agencies, elected members, nonprofit sector and the general public and so on. Representation and interests are broader compared to that of the private sector primary stakeholder group. The strategic management literature describing stakeholders in the public sector includes central government, other government agencies, communities, business and the general public (Bryson, 1993; Cannon, 1994; Joyce, 1999). Stakeholders are those who either receive or deliver a “public good” (McCarthy & Stein, 2003) and are mostly reflected by the wider aspects of the community and/or the government agency or agencies delivering services to the community (Bryson, 1993; Joyce, 1999; McCarthy & Stein, 2003). The literature points to two sets of stakeholders, firstly those who contribute to the development of the decision, and secondly recipients or deliverers of products or services who form that decision (Bryson, 1993; Joyce, 1999).

A risk identified with applying processes and decision making to wide stakeholder groups in the public sector is the delivery of decisions and outcomes spread across multiple agencies and stakeholders, wide geographic boundaries and many demographic groups, becomes ineffective (Boston et al., 1996; Bryson, 1993). The literature implies community need is complex and cannot be met by one organisation alone; what is more, success relies on the engagement of many people and organisations (Elkington, 1998; Steiss, 2003). These somewhat contradictory perspectives between sustainable development and strategic management literature suggest stakeholder theory may assist by providing clarity as how to define the most important stakeholders.

3.1.4 Stakeholder Theory

Stakeholder theory emphasises the importance of legitimacy within the processes of decision making creating the perception that the actions of stakeholders and decision makers are desirable, proper or appropriate (Suchman, 1995; Wallner, 2008). Macmillan and Jones (1986) present four important questions:

1. Do we deal directly or indirectly with stakeholders?
2. Do we take the offense or the defence in dealing with stakeholders?
3. Do we accommodate, negotiate, manipulate or resist stakeholder overtures?
4. Do we employ a combination of the above strategies or pursue a singular course?

There are a range of advantages and disadvantages for each of these questions that an organisation should consider. A level of trust in the authenticity, transparency and openness of the communication is required by both lead agencies and stakeholders (Ali, 2000).

Overall the literature highlights the complexities identifying stakeholders for the appropriate reason, i.e. to agreed shared outcomes rather than as an interest in managing the process. Primary stakeholders will have diverse views reflecting the four well beings and may be involved in business, the public service or community. They may be deliverers or recipients of goods or services. The second point worth noting is that while most decisions need to be made by considering a broad range of stakeholder views (to ensure the outcomes are achieved), ultimately the organisation or decision maker or decision makers have the final say over the end decision. Stakeholder and organisation legitimacy are important to recognising the value of stakeholder involvement and interaction. The important point from the literature review is that the quality of interaction improves when stakeholders feel a sense of legitimacy and shared interest.

3.2 What are Stakeholders' Interests in a Vision, Mission and Strategies?

Regardless of whether the primary stakeholder is an individual, group or community, it is important to understand the various active interests of primary stakeholders (Freeman, 2007; Golembiewski, 2000; Mathur et al., 2008; Walker et al., 2008).

3.2.1 Sustainable Development

The sustainable development literature describes an extensive representation of primary stakeholder interests. A report culminating from the Rio Earth Summit (United Nations Conference on Environment and Development, 1992) states decision makers must take into account the needs of those who depend upon the resources for their livelihoods, "otherwise it would have an adverse effect on long-term success" (WCED, 1987). The Brundtland report (WCED, 1987), goes further and supports sustainable development that "meets the needs of the present without compromising the ability of future generations to meet their own needs"¹⁴. In addition to future generations, the report states decision makers need to consider resource depletion and degradation, pollution and waste and society and human condition as part of the decision making process.

These various interests of stakeholders decision makers must be taken into consideration and emphasise the high-level of cross-sector differences in the environment, people and the economy (Elkington, 1998; Elliott, 2006; Laszlo, 2003). For example, economic sustainability has its own set of interests linked to monetary policy, human capability and market demand and supply (Elliott, 2006; Pezzey & Toman, 2002; Rao, 2000). A further broadened view reflects the reliance on markets (consumers), a healthy workforce (staff) and the provision (and protection) of natural materials (Chakravarthy et al., 2003; Elliott, 2006; Laszlo, 2003; Rao, 2000).

The social and cultural sustainability literature appears to describe two key areas of interests for stakeholders reflecting an increased focus on developing the

World Commission on Environment and Development, (1987), Our Common Future; OUP.

capacity and capability of “the civil society”¹⁵ (Beckerman, 1999; OECD., 2001b). Dunphy et al. (2000) defines human sustainability as “building human capability and skills for high-level organisational performance and community and societal well-being.”

The first area of interest involves intergenerational capacity and capability. Peezey and Toman (2002) describe models of intergenerational exchange to ensure future generations receive an equitable share of the resources. Beckerman (1999) suggests the principal obligation to future generations is to develop just institutions and a decent society (Bird, 2000). This view of sustainable development requires intergenerational interests to be taken into consideration.

The second area of interest involves the capacity and capability development of individuals and society as a whole (Bird, 2000; Chatterjee et al., 1999; Dunphy et al., 2000; Engel & International Union for Conservation of Nature and Natural Resources., 1990; OECD, 2001a; Pearce, 1989; WCED, 1987). Bird (2000) supports investment in human capital¹⁶ that improves social capital. The assumption is that the investment in human capital helps to improve the norms and networks that strengthen communities. Bird (2000) suggests “until we treat people as ends not means to development it will not be sustainable.” Bird (2000) also states social sustainability is based on maintaining the stability of social and cultural traditions and norms¹⁷.

The literature in general espouses that educated humans create strong businesses and are able to contribute to economic sustainability (Elliott, 2006; Engel & International Union for Conservation of Nature and Natural Resources., 1990; Goodwin, 2003). In addition, educated humans also contribute more fully to political and institutional decisions (Goodwin, 2003). Stakeholder interests

Civil society in this context includes communities, organisations, institutions and the population at large.

Goodwin, N. (2003). *Five Kinds of Capital: Useful Concepts for Sustainable Development*. Global Development and Environment Institute, Working Paper No.03-07. Goodwin suggests that the definition of human capital is knowledge, education, training, skills; and also includes behavioral habits as well as a person’s level of energy and physical and mental health p.5.

This according to Bird (2000) is founded on the precept that the norms, networks and participation in decision making are sound and have integrity.

reflect the desire to build capability of individuals, organisations and society as a whole.

Overall the requirement to synthesise and determine the key interests across the issues of sustainable development is challenging. Kenny and Meadowcroft (1999) suggest, “strategic analysis rests on the premise that complex social problems can never be analysed completely” and describe incremental analysis as being reliant upon simplifying assumptions. Rees (1999) also reinforces the need for a simplification of the situation due to the scale and complexity of sustainable development.

3.2.2 Strategic Management

The management literature describing stakeholders’ interests reflects the future desired state of the business entity (David, 1993; Hussey, 1999; Johnson & Scholes, 1999) and emphasises that this provides the context for decision making (Deetz et al., 2000). The focus is on future products and/or services for its customers and an increase of returns for its stakeholders (Deetz et al., 2000; Johnson & Scholes, 1999; Kaplan & Norton, 2004; Williamson et al., 2004). Generally, the interests of business purpose, need and priority are driven by portfolio strategy (products and/or services), market share and ultimately financial gain. However, Sharma and Starik (2002) propose that a private sector firm in a sustainability context requires the incorporation of principles of inter-generational and intra-generational equity across species, societies, and marginalised and disadvantaged groups of people.

Interests of those in the public sector (from strategic planning literature) emphasise the delivery of a “public good” (McCarthy & Stein, 2003) in particular to the community and/or the government agency or agencies delivering services to the community (Bryson, 1993; Joyce, 1999; McCarthy & Stein, 2003). One risk highlighted by the literature is that of balancing multiple interests especially when the delivery of outcomes are spread across multiple agencies and stakeholders, wide geographic boundaries and many demographic groups (Bryson, 1993; Boston et al., 1996). Furthermore there is a need for simplification of stakeholder

interests to ensure a decision can be made (Kenny & Meadowcroft, 1999; Rees, 1999).

Overall the strategic management literature raises the issue of multiple stakeholder interests across well beings and over time (intergenerational). Identifying the interests of both internal (i.e. staff, Board, executives) and external (i.e. customers, suppliers, public, competitors) stakeholders is crucial to effective stakeholder management. Long term success requires managing stakeholder interest in the short term (markets and current societal needs) with those of longer term interests (i.e. intergenerational needs and environmental sustainability, market stability). The key to success is identifying those interests, involving those interested and building the capacity and capability of those with primacy interests.

3.3 What Power and Influence can Stakeholders have forming the Vision, Mission and Strategies?

Stakeholder power relates to the level of influence the stakeholder has on the decision making process reflecting the incongruity between the levels of power, dependence and reciprocity in relationships (Golembiewski, 2000; Mitchell et al., 2007; Sims, 2003; Wallner, 2008).

3.3.1 Sustainable Development

The literature from sustainable development highlights a process to identify stakeholders' positions of power and influence through collaborative, inclusive and empowering forms of stakeholder engagement (Elliott, 2006; Laszlo, 2003; OECD, 2001e; Rao, 2000). These forms of processes ensure the decision has some form of meaning for stakeholders (Deetz et al., 2000; Duke Corporate Education, 2005; Kotter, 1996; Shenkman, 1996). Bryson (1993) identifies earlier that government agencies often see themselves as the guardians of the community and builders of future vision therefore have the power and influence over the decision making process. Overall, the literature supports processes that include multi-dialogue which is meaningful and related to both operational issues and long-term vision.

According to the sustainable development literature, key to managing stakeholder desires (and expectations) is identifying and understanding the strategic agendas of stakeholders ensuring priorities are declared and understanding is achieved (Elkington, 1998; Elliott, 2006; Laszlo, 2003). Curtin and Jones (2000) show one representation for identifying stakeholder positions Figure 3.1.

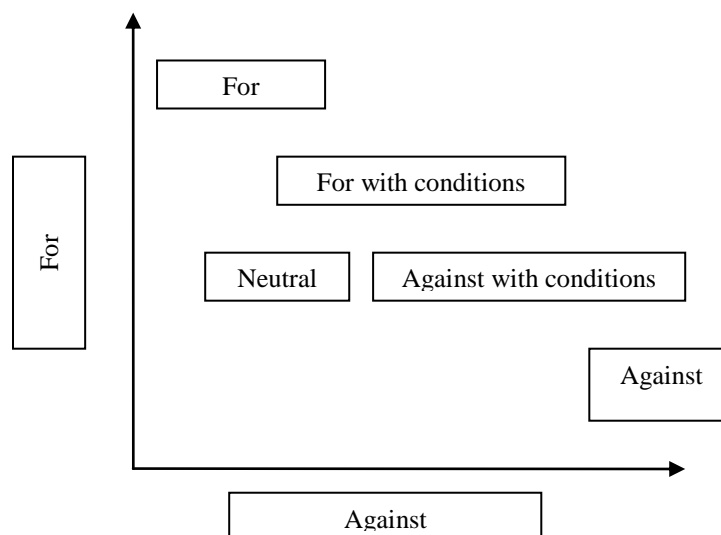


Figure 3.1: Stakeholder positions. Adapted from Curtin and Jones (2000), *Managing Green Issue*.

The model shows stakeholders may have a position that is supportive of a direction within a certain set of circumstances (top left) however, depending upon the decision to be made that position may change even within the same set of conditions.

3.3.2 Strategic Management

The strategic management literature describes the problems of managing stakeholder power and influence and provides solutions to these. The strategic management literature describes internal stakeholders in the private sector according to their position of power, i.e., the board or executive teams (Johnson & Scholes, 1999; Kaplan & Norton, 2004), whereas the literature from public sector strategic planning highlights two reasons for identifying strategic options aligned to vision and mission. The first of these involves the focus and values of different groups to inform and influence the strategic options identified (Boston et al.,

1996; Bryson, 1993; McCarthy & Stein, 2003). For example, different public groups see strategic options of education as being more important than transport. Lindblom (1990) suggests it is not that people disagree about better education or roads etc, but to what level government resources should go towards supporting these goals.

The second reason concerns stakeholder influence and power. “Special” stakeholders also influence the public sector decision making processes. Johnson and Scholes (1999) suggest “special” stakeholders and voters influence public sector decision makers (more so than reasoned logic). Howlett and Ramesh (1995) go further by saying there is a high-level of bargaining, negotiation and compromise in the public sector. Johnson and Scholes (1999) suggest public sector organisations face difficulties from a planning point of view because the decisions that constitute the “future goals” are driven by a higher power, i.e., politicians, rather than organisational executives. As a result a public sector organisation’s ability to adapt, diversify or specialise can lead to mediocrity and inefficiencies.

Stakeholder power reflects the overall influence a stakeholder has on the process and end decision. The literature highlights the need for stakeholders to contribute fully and to experience collaborative, inclusive and empowered involvement to have some sense of ownership and meaning to the decision. This is regardless of whether the stakeholder is internal or external to the organisation. All primary stakeholders will have a view on the decision (positive or negative) and these may change according to the context, moreover the public sector literature emphasises the high level of bargaining and negotiation required to form decisions. Regardless of the levels of influence and power there are various forms of stakeholder engagement that can alleviate these tensions.

3.4 How can an Organisation Effectively Engage with Stakeholders when Developing a Vision, Mission and Strategies?

Stakeholder engagement is a form of stakeholder management which provides a deeper level of interaction within the broader strategic planning and decision making process and key to effective stakeholder management (Freeman,

1984; Mathur et al., 2008; Murrasse, 2003; Wolfe & Putler, 2002). It assumes the involvement of primary stakeholders in the decision making is a systematic process. It involves the interactions of individuals and interest groups to improve the quality of policy making and increased accountability and transparency (Freeman, 2007; Golembiewski, 2000; Mitchell et al., 2007; Wallner, 2008). Stakeholder engagement (according to the literature) is also attributed with developing the capability of stakeholders and organisations (Healy, 1997; Innes & Booher, 1999).

3.4.1 Sustainable Development

Stakeholder engagement in the form of participation in and the management of long-term solutions is required for environmental sustainability to be achieved (OECD, 2001d, 2001e).

The OECD (2001d) supports stakeholder engagement which includes raising awareness, two-way communication flows, negotiation and shared planning and decision making.

The literature from sustainable development highlights partnerships, alliances and collaborations (for sustainability) as a way to create the links between the natural environmental, markets and people (Bird, 2000; Elkington, 1998; Meadows, Randers, & Behrens, 1972; Pezzey & Toman, 2002; Scollay et al., 1993; WCED, 1987) and the implications of stakeholder action or inaction (Bhat, 1996; Rao, 2000; Sharma & Starik, 2002). Elkington (1998) suggests, “effective long-term partnerships will be crucial to achieve sustainable development outcomes, and that these partnerships will involve both the public and private sectors and highlights the tensions of these alliances.” Bendell (2000) describes the requirement as defining the organisation’s position and direction with those of stakeholders’ views and responses (positive or otherwise) and more importantly identifying the level of potential cooperation. Elkington (1998) describes a range of alliances that can occur between NGOs and companies within this complex environment Table 3.2.

Table 3.2*Drivers of Strange Alliances*

Company Perspective	NGO Perspective
<ul style="list-style-type: none"> • Markets are pushing us this way • NGOs are credible with public on issues and priorities • Need for external challenge • Cross fertilisation of thinking • Greater efficiency in resource allocation • Desire to head off negative public confrontations , protect image and reputation • Desire to engage stakeholders 	<ul style="list-style-type: none"> • Markets are interesting • Disenchanted with government as providers of solutions • Need for more resources, such as funding and technical and management expertise • Business is credible with for example, government • Cross fertilisation of thinking • Access to supply chains • Greater leverage

Adapted from (Elkington, 1998) *Cannibals with Forks. The Triple Bottom Line of 21st Century Business*.

Elkington (1998) also states the main issue today for partnerships and collaborations is commitment and loyalty, that is “the previous unconditional, hierarchical loyalty has been replaced by mutual, earned loyalty ... loyalty that works in two ways”. Elkington (1998) also emphasises the importance of understanding the role of partners, the value of earned loyalty and that building trust represents the most vital investment in partnerships.

3.4.2 Strategic Management

The strategic management literature (private sector) discusses partnerships, alliances and collaborations particularly through the identification of “value chains” (David, 1993; Forgang, 2004; Johnson & Scholes, 1999; Kaplan & Norton, 2004). Value chains reflect the interdependencies and reliance on other stakeholders delivering or supporting aspects of the business. The processes for identifying value chains include the consideration of vertical integration, i.e. where organisations participate in more than one stage of the production of goods or services (David, 1993; Johnson & Scholes, 1999). This requires specific levels of agreement between both internal partners and external stakeholders where reliance is evident.

These inter-relationships are the key consideration when identifying strategic options in the private sector. Johnson and Scholes (1999) suggest

A Normative Model for Strategic Planning

collaboration is advantageous when it provides greater “added value” to an organisation than when operating singly. Kaplan and Norton (2004) describe one way of decision makers engaging in the strategic process with stakeholders¹⁸.

They discuss strategy maps as one method which “provides a language that executive teams can use to discuss the direction and priorities” and that “it [the process] acts as a normative checklist for a strategy’s components and inter-relationships. . .” (Kaplan & Norton, 2004).

Radford (1980) expands on this by describing seven partnership elements which may impact on the success (or otherwise) of the decision (Table 3.3).

Table 3.3

Seven Partnership Elements

	Partnership Elements
1	The relative power of the partners to influence the outcome
2	The standard of behaviour and value systems
3	Personal and professional relationships (if any) that exist between partners
4	Whether any potential partners are involved in any other strategies that might influence
5	Other possible coalition partners
6	Any commitments from past strategies and decisions that may affect the feasibility of the partnership
7	Any laws, policies, rules or guidelines or precedents that may affect the coalition.

Adapted from (Radford, 1980) *Strategic Planning. An Analytical Approach*.

¹⁸ Kaplan and Norton (2004) outline a Balanced Scorecard approach using the four sectors of customer, financials, internal processes and people (staff) as the framework for identifying options.

Friedman and Miles (2006) also describe the range of alliances between suppliers, distributors, competitors and organisations and more importantly the intention of engagement (Figure 3.4).

		Stakeholder management tool & nature of response	Intention of engagement	Level of influence	Style of dialogue and associated examples
Degrees of stakeholder popup	Proactive or responsive/trusting	12. Stakeholder control	Majority representation of stakeholders in decision making process.	Forming or agreeing to decisions	Multi-way dialogue, e.g. community project
		11. Delegated power	Minority representation of stakeholders in decision making process.		Multi-way dialogue, e.g. Board representation
		10. Partnership	Joint decision making power over specific projects.		Multi-way dialogue, e.g. joint ventures
		9. Collaboration	Some decision making power afforded to stakeholders over specific projects.		Multi-way dialogue, e.g. strategic alliance
Degrees of involvement	Proactive or responsive/trusting	8. Involvement	The decision maker decides extent of involvement. Stakeholders provide conditional support, if conditions are not met support is withdrawn.	Having an influence on a decision	Multi-way dialogue, e.g. constructive dialogue
		7. Negotiation			Multi-way dialogue, e.g. reactive bargaining
Degrees of tokenism	Responsive/neutral	6. Consultation	Organisation decides, stakeholders can advise, stakeholders can hear and be heard, but have no assurance of being heeded.	Being heard before a decision	Two-way dialogue, e.g. questionnaires, interviews, focus groups, task forces, advisory panels
		5. Placation			
		4. Explaining			
Non participation	Autocratic/cynical	3. Informing		Knowledge about decisions	One-way dialogue, e.g. verified corporate social reports
		2. Therapy	“Cure” stakeholders of their ignorance and preconceived beliefs.		One-way dialogue, e.g. briefing sessions, leaflets, magazines, newsletters, glossy social corporate reports, or other publications
		1. Manipulation	“Misleading” stakeholders, attempting to change stakeholder expectations.		

Figure 3.4: Stakeholder management and engagement. Adapted from Friedman and Miles (2006) *Stakeholders. Theory and Practice*.

Froome (1999) suggests that alliances are expected where strong mutual resource dependency exists. While a partnership approach may be a solution to balancing issues of power and influence, the partnership elements highlight the

need for thoughtful consideration as to who the partners should be, what reason a partnership is beneficial and the implications of that partnership.

Strategic management literature (public sector) describes partnerships and collaboration from a different perspective. The analysis identifies partnerships as collaborations rather than interdependencies (Joyce, 1999). Bryson (1993) describes stakeholder analysis as “critical to uncovering the issues related to satisfaction, and issues of performance, and potential conflict, in addition collaborative analysis will help identify costs and benefits of possible collaborations”. Majone (1989) describes the consideration of partnerships and collaborations as a way to create a shared understanding of the multiple perspectives involved, rather than, to create “one general criterion of good policy - a weighted average of equity, effectiveness, legality and any other relevant standard”. Majone (1989) discusses the use of multiple policy evaluation as a way to identify the different partnership perspectives.

The literature also highlights the issues arising during implementation if there are a high number of stakeholders involved, especially if the vision is too broad (through extensive consultation, bargaining and negotiation) resulting in no one group feeling ownership or responsibility to contributing to the outcome (Joyce, 1999; Sowell, 1980; Boston et al., 1996).

In summary, the literature discussing stakeholder engagement highlights the importance of defining clearly the purpose for engagement, the level of engagement required and the value it will bring to achieving shared outcomes. More importantly, the literature describes two critical points to effective stakeholder engagement. Firstly, to consider the appropriateness and value of partnerships and collaborations and the importance of multi-dialogue to ensure the breadth of issues is canvassed (Bird, 2000; Pezzey & Toman, 2002; Sharma & Starik, 2002). Secondly, the requirement to understand the reliance on other business units, or stakeholders (both internal and external) and important inter-relationships, i.e., value chains (Bryson, 1993; Johnson & Scholes, 1999; Kaplan

& Norton, 2004; Majone, 1989) and inter-relationships and inter-dependencies of policy delivery (Boston et al., 1996; Bryson, 1993; Joyce, 1999).

3.5 Conclusion

The literature describes primary stakeholders who come from a broad range of sectors including business, the public service and community. They may be people who deliver or are recipients of goods and services. Stakeholders can also be internal or external to the organisation. Nevertheless, there are challenges and tensions to involving stakeholders which require careful stakeholder management. One challenge involves managing the vast range of stakeholders' perspectives (Elliott, 2006; Pezzey & Toman, 2002; Rao, 2000) and another is gaining and maintaining legitimacy of the organisation and stakeholders. Legitimacy of both the organisation and primary stakeholders is crucial to how all stakeholders relate to one another and participate in the process. The important result being that all stakeholders have a common purpose, i.e. agreed shared outcome, and recognise the value of the interaction.

Stakeholder interests are also broad in that they can follow any of the four well beings reflective of a fulsome community. The literature highlights how some stakeholders consider business and the economic environment as crucial to effective long term development (Johnson & Scholes, 1999; Williamson et al., 2004) while others see the environment and people capacity as being essential to sustainable development (Lemons & Morgan, 1995; OECD, 2001a; Wackernagel, 2001; WCED, 1987). Stakeholder management acknowledges the challenges with understanding stakeholders "stakes", their status, connections and interests (whether common or contradictory).

The literature also describes the challenges of stakeholder management in relation to those stakeholders holding the "power" positions (Boston et al., 1996; Howlett & Ramesh, 1995; Lindblom, 1990). The literature supports a systematic approach, thus aligning the inter-relationships and stakeholders' preferences and providing the most robust procedural solution (Daneke, 2001; Forgang, 2004; Friedman & Miles, 2006; Joyce, 1999; Kaplan & Norton, 2006).

There is a role for stakeholders in decision making if the decision is to be effective (Deetz et al., 2000; Duke Corporate Education, 2005). There are a range of mechanisms to keep stakeholders involved and informed including awareness raising, monitoring, information tracking systems, participation methods, negotiation and conflict management. All are valid and applicable depending upon the requirement and purpose. The challenge is managing the conflicts between expectations and interests. The literature promotes holistic, well constructed and meaningful dialogue with stakeholders (Deetz et al., 2000; Joyce, 1999; Kotter, 1996; OECD, 2002). The implementation of a decision can be more successful with the involvement and buy in of stakeholders (Duke Corporate Education, 2005; Walker et al., 2008; Wolfe & Putler, 2002).

Although much of the literature on strategy refers to stakeholder engagement in the private sector, many of the same themes are relevant for the public sector. All the literature sets highlight one key approach to enable effective stakeholder management and that is cultivating partnerships, alliances and collaborations as a way to manage stakeholder expectations, understand their perspectives and identify an agreed direction forward (Boston et al., 1996; Bryson, 1993; Joyce, 1999; Majone, 1989; Pezzey & Toman, 2002; Sharma & Starik, 2002). The key difference between the private and public sectors is that of inter-relationships (in the private sector) versus interdependencies (in the public sector) (Boston et al., 1996; Johnson & Scholes, 1999; Kaplan & Norton, 2004; Majone, 1989; Pezzey & Toman, 2002; Sharma & Starik, 2002).

Partnerships can feature varied levels of interests depending upon the nature of the response required, style of dialogue and degree of involvement. The common elements of all literature sets is the common agreed priorities and interdependencies between stakeholders and the organisation to achieve the outcomes, with the end result being improved rigour and transparency in strategic planning processes and improved decision making.

Chapter 4. A Normative Model for Strategic Planning

Effective stakeholder management and engagement requires the decision makers of an organisation to understand primary stakeholders' interests, their levels of influence and power and the inter-relationships between the organisation and stakeholders.

This chapter reviews the strategic management and sustainable development literature through the lens of stakeholder theory with a focus on developing a normative model for decision making and strategic planning. It describes the key characteristics and identifies the processes required for developing a vision, mission and strategies, and highlights some of the challenges when managing and engaging with stakeholders. At times the literature itself appears to blur the descriptions between the qualities of effective strategic planning and the processes to complete the process. The chapter concludes by outlining the benefits of effective stakeholder management and engagement.

4.1 Developing a Vision

As the first chapter identifies, it is not enough to have the "intent" to achieve sustainable development outcomes it must be incorporated into strategic planning. Hussey (1994) describes the many meanings of the word vision including foresight, a vivid mental picture and imaginative perception. According to Bryson (1993) two essential points to developing effective and successful vision statements are wide dissemination and discussion of the vision and consensus of the vision by key decision makers. Kotter (1996) also points out that an effective vision is imaginable, desirable, feasible, focused, flexible and communicable to stakeholders.

A vision consequently serves a purpose and fulfills a need. Shenkman (1996) suggests the vision brings "something of significance into the lives of its customers." Golembiewski (2000) outlines the importance of one person seeing the need for change and communicating and testing the support for a shared vision and that stakeholders engage in an open process of exploring what the future

might be. The four key characteristics of an effective vision consistent with the literature from strategic management and sustainable development are that it:

1. engages primary stakeholders (Bryson, 1993; Curtin & J. Jones, 2000; Daly, 1996; Elliott, 2006; Kaplan & Norton, 2004; Lindblom, 1990; Pezzey & Toman, 2002; Shenkman, 1996; Snyder, Dowd, & Morse-Houghton, 1994; W. Stead & J. Stead, 2004).
2. gives meaning to the future (Abaza & Baranzini, 2002; Bird, 2000; Daly, 1996; Elliott, 2006; Johnson & Scholes, 1999; Joyce, 1999; Kelsey, 1992; Kenny & Meadowcroft, 1999; Laszlo, 2003; Pearce, 1989; Scollay et al., 1993; WCED, 1987; Willard, 2002);
3. identifies need and priorities (longer-term) (Beckerman, 1999; Bird, 2000; Chatterjee et al., 1999; Deetz et al., 2000; Dunphy et al., 2000; Elliott, 2006; Johnson & Scholes, 1999; Kaplan & Norton, 2004; Laszlo, 2003; Pezzey & Toman, 2002; Rao, 2000; WCED, 1987) and
4. is inspirational (Abaza & Baranzini, 2002; Bryson, 1993; Elkington, 1998; Elliott, 2006; Forsyth & Nordvik, 1995; Hussey, 1994; Johnson & Scholes, 1999; Kotter, 1996; WCED, 1987).

This list is not exhaustive but points to the key characteristics that the literature review has identified as being critical to developing an effective vision. That is, a vision that both the organisation and primary stakeholders understand and support. A vision is a statement that draws the broader community together; it defines the desired positive outcomes for the community and future generations and highlights longer-term need and priority. To develop an effective vision (with the appropriate stakeholder engagement) certain processes are required. The following section reviews the literature from strategic management and sustainable development to further identify the processes required to achieve these characteristics.

4.1.1 Engages Primary Stakeholders

The first characteristic of an effective vision is one of engaging primary stakeholders. The literature discussing the purpose of stakeholder engagement describes two aspects; identifying from stakeholders what their future desires are

(Pezzey & Toman, 2002; WCED, 1987) and identifying their contribution to that future state (Common, 1995; Daly, 1996; Elliott, 2006; OECD, 2001d; Rao, 2000). Kotter (1996) argues the vision also facilitates and motivates action that is not necessarily in people's short-term interests; it helps align people's efforts and increases autonomy for managers to get on with the detailed work. Duke (2005) suggests, "if each person playing a role in achieving the vision takes part in creating it then there is less need for 'buy-in' later".

The literature highlights the need for the decision maker to take into account stakeholders' views when formulating the vision statement, especially those stakeholders who are involved to some degree in the delivery or receipt of the outcomes (Goodstein, T. Nolan, & Pfeiffer, 1993; Hussey, 1999; Kaplan & Norton, 2004; Snyder et al., 1994). In particular the literature suggests that the processes should:

- consider all interested and effected stakeholders (Elkington, 1998; Pezzey & Toman, 2002; United Nations Conference on Environment and Development, 1992; Willard, 2002);
- have clear communication all the way through the vision forming process (Abaza & Baranzini, 2002; Snyder et al., 1994; WCED, 1987);
- include stakeholder participation, consultation, negotiation and conflict resolution (Bryson, 1993; Howlett & Ramesh, 1995; Lindblom, 1990);
- demonstrate clear prioritisation (Johnson & Scholes, 1999; Kaplan & Norton, 2004; Snyder et al., 1994) and
- identify monitoring and accountability mechanisms (Deetz et al., 2000; Shenkman, 1996).

Overall this first characteristic that requires primary stakeholders to be engaged in the vision forming process is important because for a vision to be successful it requires the support, commitment and buy-in of primary stakeholders. It is a process which considers primary stakeholders' views of, and contributions to, the future outcomes. Lastly by identifying the accountability and reporting mechanisms, monitoring of the progress of the vision is possible.

4.1.2 Gives Meaning to the Future

The second characteristic of developing an effective vision requires that the vision should give meaning to the future for primary stakeholders. Deetz et al. (2000) argues that decision makers must have an idea of what they want to achieve through an actionable vision. A vision is more than an idea, it is the future state people are striving to achieve (Deetz et al., 2000; Hussey, 1994; Kotter, 1996), it adds meaning to the broader community (N. Smith, 1994) and organisational (or corporate) life (Hicks, 2004; Kaplan & Norton, 2004; Kotter, 1990; Sedgwick, 2001; Senge, 1994). The vision should be external (broader than the organisation) and market-oriented (or people orientated) and should express in often colorful or visionary terms how the organisation or community wants to be perceived by the world. The purpose of a vision is to add meaning to the long-term outcomes or solutions of current and future states (Goodstein et al., 1993; Hussey, 1994; Kaplan & Norton, 2004). Golembieski (2000) suggests that the selection of general features of a shared vision for the future occurs in response to addressing “what character we want the community/region to have”.

However, the literature analysis also identifies issues of ambiguity as to what the “future” is defined as, varying between three and one hundred years (Kaplan & Norton, 2004; Kelsey, 1992; WCED, 1987; Young, 1992) and how “meaning” is attributed by different perspectives. For example environmental sustainability generally supports the concept of environmental conditions being preserved for future generations (Bebbington, 2001; Daly, 1996; WCED, 1987). Whereas economic sustainability reflects the concept that levels of consumption increase over time, with the assumption that it will provide the same or a better future (Common, 1995; Kelsey, 1992; Pearce, 1989; Scollay et al., 1993). Social and cultural sustainability is generally interpreted as being capability development of people (Bird, 2000; Willard, 2002).

The literature from strategic management and sustainability presents an alternative view which promotes the systematic consideration of socially desirable, economically viable and ecologically sustainable decisions to occur (Abaza & Baranzini, 2002; Clayton, 1996; Kenny & Meadowcroft, 1999; Laszlo, 2003; Weaver, Rock, & Kusterer, 1997; Willard, 2002).

The private and public sectors reflect similar traits for defining meaning for the future. According to Hussey (1994) the vision's view goes beyond the life-span of any corporate plan or strategy. However Hussey (1999) goes on to describe that private sector visions predominantly reflect shorter-term timeframes, i.e. participation in markets, whether service or products. The vision identifies the organisation's potential position within a competitive environment, keeping in mind the stakeholders (i.e. customers or shareholders) future desires (Hussey, 1999; Johnson & Scholes, 1999; Kaplan & Norton, 2006).

The public sector literature reflects shorter-term timeframes for different reasons. Joyce (1999) suggests an effective vision is in place to "define the desired future for the public service, i.e. to develop the public service organisation from its present state to a future one". However, Joyce (1999) says more importantly "visions attempt transformational change of society as a whole". The literature also highlights that the future timeframe of a vision is often constrained by political shifts and terms (Bryson, 1993; McCarthy & Stein, 2003). Bryson (1993) also suggests vision statements (in the public sector) are more like an "implementation guide than as a strategy formulations guide, and can often be used as a 'treaty' negotiated among rival coalitions".

Critics of creating a future meaning warned of the dangers with visions becoming vague and meaningless i.e. too distant and broad (Deetz et al., 2000; Shenkman, 1996; Young, 1992) if the process is not well managed. Others also support a balanced and holistic approach to developing a vision ensuring improvement for all over time (Bird, 2000; OECD, 2001d; Willard, 2002). Bryson adds public sector professionals are "often afraid of developing visions that pursue excellence for fear of failure" (Bryson, 1993). Joyce (1999) suggests visions may be "statements stringing together currently fashionable phrases taken from national government agendas".

Overall, the analysis finds that the process needs to ensure that visions clearly identify reasonable potential and the expected timeframes without

diminishing future economic, environmental, social or cultural values over the longer-term. The analysis highlights that the processes should:

- be holistic, i.e. include the four well-beings (Abaza & Baranzini, 2002; Bebbington, 2001; Clayton, 1996; Kenny & Meadowcroft, 1999; Laszlo, 2003; WCED, 1987; Weaver et al., 1997);
- identify reasonable, future outcomes, (Daly, 1996; Doherty, 2002; S. Haines & Ebooks Corporation., 2000; Kaplan & Norton, 2004) link the vision to mission and strategy (N. Haines, 2002; Johnson & Scholes, 1999; Kaplan & Norton, 2004, 2006); and
- aim to provide improvement to all stakeholders over time (Bird, 2000; Bryson, 1993; Elliott, 2006; Joyce, 1999; Willard, 2002).

In summary the second characteristic of an effective vision requires a process that “gives meaning to the future”, ensures the vision statement identifies reasonable future outcomes for the broader community, reflects the four well-beings and is supported by the mission and strategy. The challenge when engaging stakeholders is for lead agencies to manage the process to ensure the vision does not become too broad and meaningless for all concerned by identifying reasonable outcomes by a certain point in time.

4.1.3 Needs and Priorities

The third characteristic of an effective vision is that it identifies the needs and priorities of primary stakeholders. Much of the literature describes the needs and priorities as highly complex including the issue of maintaining a balance between the environment, people and the economy¹⁹ (Common, 1995; Elkington, 1998; Elliott, 2006; Laszlo, 2003; Rao, 2000; WCED, 1987) and furthermore that a vision provides a framework to contextualise the purpose and the context for stakeholders (Bryson, 1993; Deetz et al., 2000). The sustainable development literature describing needs and priority across the four well-beings summarises as:

1. the consequences of people’s actions on the environment (Common, 1995; Daly, 1996; OECD, 2001e; Rao, 2000; WCED, 1987);
2. the relationships between people, markets and natural resources;

¹⁹ This thesis does not include the contentious issues of population growth and excessive demand and the resulting strain on natural resources, in particular, countries’ excessive use of resources. Nor does it debate the issues of environmental use between developed and developing countries.

3. building, societal (community), organisational and individual capability (Beckerman, 1999; Bird, 2000; Chatterjee et al., 1999; Laszlo, 2003; WCED, 1987; Willard, 2002) and
4. the equitable and systematic consideration of socially desirable, economically viable and ecologically sustainable decisions (Abaza & Baranzini, 2002; Bird, 2000; Chatterjee et al., 1999; Clayton, 1996; Dunphy et al., 2000; Engel & International Union for Conservation of Nature and Natural Resources., 1990; Laszlo, 2003; OECD, 2001a; Pearce, 1989; WCED, 1987).

There appears to be a challenge to identifying the areas of needs and priority, understanding the inter-relationships between the four well-beings and recognising the consequences of the impacts.

The strategic management literature describes the areas of need and priority from the perspective of the business entity (David, 1993; Deetz et al., 2000; Hussey, 1999; Johnson & Scholes, 1999). Stakeholders needs and priorities in particular focus on future products and/or services and an increase of returns for its customers (Deetz et al., 2000; Johnson & Scholes, 1999; Kaplan & Norton, 2001, 2004; Williamson et al., 2004).

However Sharma and Starik (2002) propose that a private sector firm operating with a sustainability perspective requires the incorporation of principles of equity across inter-generations, species, and societies, and avoid marginalisation of disadvantaged groups of people.

The public sector identification of need and priority is emphasised by the delivery of a “public good” (Bryson, 1993; Joyce, 1999; McCarthy & Stein, 2003). Generally government organisations write public sector visions about the community in which it operates (Bryson, 1993; Boston et al., 1996). Bryson (1993) suggests public sector organisations see themselves as “vision builders for the desired future state of communities, capability builders, facilitators of change, as well as direct service providers to the communities they serve.” The risks

associated with the processes for a public sector vision is the areas of priority may reflect a bureaucrat's view rather than the community's view of needs and priorities. As a result there is the potential issue of identification of irrelevant outcomes and lack of stakeholder buy-in and acceptance (McCarthy & Stein, 2003). Another risk with the processes to identify the areas of purpose, need and priority in the public sector is the delivery of outcomes may be spread across multiple agencies and stakeholders, wide geographic boundaries and many demographic groups (Bryson, 1993; Boston et al., 1996).

There are other concerns raised when defining stakeholder needs and priorities. In particular, consultation with more vocal or stronger collective groups could see smaller or less vocal groups marginalised (Elliott, 2006; OECD, 2001c; W. Stead & J. Stead, 2004). The literature also shows that particular areas of policy receive more stakeholder attention, for example education, health and community participation (Elliott, 2006; OECD, 2001c; W. Stead & J. Stead, 2004). There are many other issues regarding forces of influence and power over decision making and they are discussed in later sections. It is possible that priorities may become so broad that the vision becomes ineffective.

To conclude, the third key characteristic of identifying stakeholders' needs and priorities highlights that the processes should involve primary stakeholders in identifying current and future purpose, need and priority (Chatterjee et al., 1999; Dunphy et al., 2000; Elliott, 2006; Rao, 2000). Organisations should consider the high-level of complexities and inter-dependencies between stakeholders' needs and priorities (Elliott, 2006; Kaplan & Norton, 2004; Laszlo, 2003; OECD, 2001a).

There are a number of conflicts and challenges when managing stakeholders particularly when stakeholders see their own immediate needs without considering others or the longer term needs and priorities. In addition, managing the process to ensure only those primary stakeholders would reduce later issues of delivery and buy-in; however the risks of marginalisation of less vocal groups must also be managed.

4.1.4 Is Inspirational

The fourth and final characteristic of an effective vision is that it must be inspirational. The strategic management and sustainability literature shows there are a critical set of skills (Elkington, 1998; Hussey, 1994; Johnson & Scholes, 1999; Kotter, 1996; Sayles, 1979) and processes (Abaza & Baranzini, 2002; Deetz et al., 2000; Elliott, 2006; Sayles, 1979) required to stimulate stakeholder interest and commitment and thus be inspirational (Deetz et al., 2000; Hussey, 1994; Kotter, 1996). Inspiration is described as vital to stimulate stakeholders' commitment to engage and support the achievement of the vision (Doherty, 2002; N. Haines, 2002; Senge, 1994). According to theories, the vision has to be intelligible and credible by being linked strongly to behaviours and actions of decision makers or leaders (Kotter, 1996; Sayles, 1979). Johnson and Scholes (1999) describe the attributes of leaders or change agents by saying:

In strategy creation, they (leaders) have an ability to undertake or understand detailed analysis, and at the same time to be visionary about the future. In achieving organisational credibility for a strategy, they need to be seen as having insight about the future, and yet [be] action oriented [for] making things happen.

Thus to create inspiration in the private sector the leader of an organisation needs to have²⁰ analytical abilities, intuitive skills and pragmatic skills and to use these to communicate to stakeholders during the process of forming a vision (Hussey, 1994).

The literature review also identifies three main reasons for inspiration to be diminished. Firstly, balancing stakeholders' expectations between the environment, people and the economy can cause challenges for decision makers (Daly, 1996; Elliott, 2006). Secondly, the futuristic nature and long-term horizons of sustainability are criticised as being intangible (Beckerman, 1999). Thirdly, the criticisms of the principles and values of sustainable development have sabotaged the inspirational notion (Daley, 2002; Meadows et al., 1972).

Engaged stakeholders are those involved with identifying the future (Golembiewski, 2000). An effective vision provides meaning to all those

²⁰ The thesis does not explore the interrelationships of leadership skills, but only touches on these aspects where they influence decision making processes.

interested and affected by the vision (Lorca & Garcia-Diez, 2004). Senge (1994) states “an effective shared vision compels people toward lifting themselves out of the ordinary, while work becomes part of pursuing a larger purpose”. Kotter (1996) argues, “without a good vision, a clearer strategy or logical plan can rarely inspire the kind of action to produce major change”. Haines (2002) states the challenge of shaping a vision includes being idealistic, encouraging aspirations, promoting dreamlike or futuristic hopes and energising a positive and inspiring statement of what the future will be like. Doherty (2002) believes the creation of visions is predominantly through the intuition of a leader (whether political or executive) and that “an effective vision is: inspirational, focused, future orientated, guiding and enduring”. Whereas Duke (2005) clarifies inspiration by saying “it is the idea of the vision that unites the people, not the charisma of the leader” Furthermore Deetz et al. (2000) believe a “vision must be clearly communicated and integrated into the organisation’s practices”. Thus the process needs to be led by an inspirational leader who communicates openly with primary stakeholders who are looking for positive change.

The analysis of the literature suggests that for a vision to become inspirational the process should clearly link concepts and desires to implementation and action (Bryson, 1993; Deetz et al., 2000; Elliott, 2006; Joyce, 1999; Kotter, 1996; Senge, 1994).

The final critical characteristic of an effective vision requires stakeholders to become inspired, to move beyond traditional or current practices, through positive, focused and realistic promotion of what the future could be. The vision provides direction that is new, positive and something to look forward to, however, stakeholders need to see linking of the vision to implementation and action.

4.1.5 Summary

An effective vision requires the input of stakeholders, their commitment, support and buy-in and identifies mechanisms of tracking accountability and progress. The literature also highlights the importance of a vision giving meaning to the future for stakeholders. The vision must be able to describe reasonable

future outcomes with the aim to provide improvement to all stakeholders over time. The challenge is that of achieving specificity with the broad range of stakeholders' expectations and agreeing a timeline somewhere between three and one hundred years to achieve an agreed length perspective. Conflicts arise because of the need to balance short-term needs with longer-term outcomes. Inspiration needs to have one person to lead and energise, inspire stakeholders and communicate openly and regularly, developing a shared future. Overall the literature points to the importance of striving towards a positive future state reflecting sustainability, one that all stakeholders are involved in defining and potentially contributing.

4.2 Developing a Mission

The mission defines in concrete terms how an organisation, group of people²¹, community²², government or executive team plan to utilise their resources (people, physical and financial) to achieve the vision. It affirms the organisation's response to the vision in the short-to-medium-term and defines the "essence" of the organisation.

The earlier analysis identifies that it is not enough to have "good intent" to achieve sustainable development (Elkington, 1998; Laszlo, 2003; Sharma & Starik, 2002; Willard, 2002), and that lead agencies must have an idea of what they want to achieve through action and delivery as defined by a mission (Johnson & Scholes, 1999; G. Jones & George, 2003; Kaplan & Norton, 2004). The mission is different to a vision in that it reflects the organisation's specific responses to the broader vision.

Smith et al. (1991) state "a mission statement should define what the organisation is and what it aspires to be, distinguish an organisation from all others and serve as a framework for evaluating both current and prospective activities." The mission communicates the overall direction and articulates the

²¹ 'Group of people' within this thesis includes those that may be a not-for-profit group who share a common goal and have formed a specific direction.

²² Community is used in this context to reflect a wide range of different stakeholders who have a common or shared outcome they are trying to achieve. See www.mondragon.org for a good example of long-term shared goals across a wide ranging community.

link between the vision, values and strategies (Eccles, 1995; Grant, 1998; N. Haines, 2002; Kaplan & Norton, 2001; N. Smith, 1994).

Kaplan and Norton (2004) claim a mission is “a concise, internally focused statement defining the reason for the organisation’s existence, the basic purpose which directs its activities, and the values that guide employees’ actions.”

The mission is the organisation’s declaration on what it is willing to do or not to do, to achieve the broader longer-term community vision, thus the mission statement acts as a signpost to the organisation’s role and main activities. Robert (2006) points out that an effective mission statement acts as a filter from the high-level vision to strategic direction. Other theorists suggest a mission statement defines the organisation’s purpose (Campbell, Stonehouse, & Houston, 2004; Eccles, 1995; Johnson & Scholes, 1999; Kaplan & Norton, 2004; G. Smith et al., 1991; N. Smith, 1994) and desired outcomes (David, 1993; N. Haines, 2002; G. Smith et al., 1991; N. Smith, 1994).

There are views as to why missions are ineffective. Haines (2002) points out that if missions lack clearly defined focus and are written in vague language they will have little meaning for internal stakeholders. Smith (1994) agrees and suggests unrealistic mission statements breed contempt (not commitment) and can lead to cynicism.

Overall analysis of the strategic management and sustainability literature identifies four key characteristics of an effective mission statement. In particular the mission:

1. describes the organisation’s principles and values to internal stakeholders (Deetz et al., 2000; Johnson & Scholes, 1999; Kotter, 1996; N. Smith, 1994);
2. creates the links between the broader vision and strategies of importance for external stakeholders (Deetz et al., 2000; Grant, 1998; Kaplan & Norton, 2001);

3. describes the organisation's future goals and aspirations (David, 1993; Inkson & Kolb, 1995; Kaplan & Norton, 2004; G. Smith et al., 1991); and
4. describes the organisation's role and main activities (David, 1993; Deetz et al., 2000; Johnson & Scholes, 1999; Kaplan & Norton, 2004; G. Smith et al., 1991; N. Smith, 1994)

This list of characteristics is not exhaustive but are those that the literature highlight as being crucial to an organisation's successful support and delivery of both long and short term results. A mission provides direction for future strategic options (the scope) and describes the resource constraints (the boundaries) for future decisions. The mission describes how the organisation supports the broader long-term community vision and provides direction and justification for decisions within the organisation's scope (possible strategies) and boundaries (resource constraints). The further discussion will seek to identify the processes for developing an effective mission.

4.2.1 Principles and Values

The first characteristic of an effective mission is that it defines the organisation's principles and values. An organisation's principles and values in the strategic management and sustainable development literature is deemed to represent the essential link between concepts, actions and behaviours (Abaza & Baranzini, 2002; Beckerman, 1999; Elliott, 2006; Grant, 1998; Pezzey & Toman, 2002; Welford, 1994). Many authors discuss the use of missions to communicate the values of the organisation (Deetz et al., 2000; Johnson & Scholes, 1999; G. Smith et al., 1991; N. Smith, 1994) and communicate theirs and other's expectations to stakeholders (Campbell et al., 2004; Deetz et al., 2000).

An organisation's principles and values require decision makers to be clear about why it is important (to the organisation) to participate within the context (Johnson & Scholes, 1999; Kaplan & Norton, 2004). This vital aspect provides a clear set of expectations of, and for, both internal and external stakeholders and requires the organisation to be succinct about the values and principles they base

their operating decisions on. The analysis of the literature highlights that processes should:

- consider long-term horizons (Elkington, 1998; Grant, 1998; Howard & Norgaard, 2002; Pezzey & Toman, 2002; Solow, 1987)
- ensure integration of the four well-beings (Bird, 2000; Elliott, 2006; OECD, 2001c; WCED, 1987);
- involve primary stakeholders (Deetz et al., 2000; Elliott, 2006; Spicker, 2006) and
- inform more value driven responses from the organisation (N. Haines, 2002; Joyce, 1999; Kaplan & Norton, 2004; Mercer, 1991) .

The first characteristic emphasises the inclusion of principles and values during mission formation and presents challenges as it requires the organisation to recognise the inter-relationships of its actions (or inaction) on the environment and stakeholders. It then requires the organisation to define what it is willing to do, or not to do, to achieve the outcomes, thus establishing stakeholders' expectations of participation and delivery on activities by the organisation.

4.2.2 Links the Vision and Strategies

The second characteristic of an effective mission is that it provides the link between the longer term vision and more pragmatic strategies. A broad mission defines the scope of activities including the delivery of services, product markets and technologies (Campbell et al., 2004; Deetz et al., 2000; Hunger & Wheelan, 1996; Kotter, 1996). This distinguishes a mission statement from the other more generic statements such as marketing or general communication material.

Much of the literature from strategic management and sustainability describes the way in which the mission provides a link between the broader long term vision (Daly, 1996; Elkington, 1998; Howard & Norgaard, 2002) to more operational activities (Howard & Norgaard, 2002; Howlett & Ramesh, 1995; Pezzey & Toman, 2002). In particular, how the mission guides the organisational decisions (resource allocation) in order that decisions are not made in an ad hoc manner without any understanding of the impacts on the long-term outcomes (Daly, 1996; David, 1993; Johnson & Scholes, 1999; Kaplan & Norton, 2004;

Williamson et al., 2004) and in the shorter-term to improve the longer-term outcomes of society (Bird, 2000; Daly, 1996; Elliott, 2006).

The literature also presents ways in which lead agencies could manage this process. Kaplan and Norton (2004) describe Balanced Scorecards²³ as one way of managing the information processing from vision to strategy through the use of integrating strategic themes across different functional areas. Many other theorists use performance measures as a way to define and develop the mission statement (Forgang, 2004; Johnson & Scholes, 1999; Kaplan & Norton, 2004, 2006). Forgang (2004) describes a process whereby the mission is developed through the steps of internal and external analysis, and reviewing the business's competitive strategy.

The literature from strategic management and sustainability highlight that the mission provides the link between the long-term needs, priorities and outcomes of the community, and the organisation's specific response. Moreover that the processes should:

- make the connections between long-term vision (need and priority), and the specific responses of the organisation (Howard & Norgaard, 2002; Howlett & Ramesh, 1995; Johnson & Scholes, 1999; Kaplan & Norton, 2004, 2006; Pezzey & Toman, 2002) ; and
- use the links to develop criteria and set the organisations performance targets (Deetz et al., 2000; Forgang, 2004; Johnson & Scholes, 1999; Kaplan & Norton, 2006; N. Smith, 1994)

This first characteristic highlights complications that can arise in two ways. Firstly, if the vision is not clearly articulated and secondly, by stakeholders having higher expectations of the organisation (than what the organisation is willing or able to do). Therefore clearly defined limits and performance expectations will alleviate these issues.

²³ Balance scorecards are used to systematically and consistently consider the areas of people capability, business systems and processes, financial and customers and markets when forming strategies and making decisions.

4.2.3 Goals and Aspirations

The second characteristic of an effective mission is that it identifies the organisation's goals and aspirations. The sustainable development and strategic management literature shows quite different views on what the goals and aspirations of an organisation should reflect related to developing a mission.

The sustainability literature points to the capability development of individuals, people and society (Beckerman, 1999; OECD, 2001a; Bird, 2000; WCED, 1987) while caring for the environment (Elliott, 2006; WCED, 1987; Willard, 2002) and maintaining and improving the economic conditions for future generations (Common, 1995; Pezzey & Toman, 2002; Scollay et al., 1993) as goals and aspirations. The literature argues that by developing and maintaining a balance (among these three areas) people are able to contribute to the organisation's development (Bird, 2000; Elliott, 2006; Engel & International Union for Conservation of Nature and Natural Resources., 1990; Goodwin, 2003). The development of people capability reflects a significant contribution to achieving the long-term vision and more immediate organisational goals and aspirations of a mission statement (WCED, 1987). Overall the literature review finds that when there is a high-level of congruence between the desires of the organisation's stakeholders, i.e. consumers, stakeholders, staff. by way of an effective mission, then achievement of the broader community vision is more likely.

The strategic management literature (private sector) defines a mission statement as what the organisation itself aims to achieve and accordingly states the organisation's specific goals (N. Haines, 2002; Inkson & Kolb, 1995; Kaplan & Norton, 2004). The literature highlights the need for an appropriate level of specificity, i.e. market specific competitive goals, and notes the important issues with identifying specific organisational goals and those of wider stakeholders (David, 1993; Johnson & Scholes, 1999; Kaplan & Norton, 2006). The private sector also emphasises the importance for organisations to strategise carefully about what their mission should say regarding goals and aspirations.

According to the literature from the public sector, the processes to identify an organisation's future goals stem from the delivery of public good (Bryson, 1993; Joyce, 1999; Mulgan, 1997). Johnson and Scholes (1999) suggest public sector organisations face difficulties from a strategic planning point of view because the decisions that constitute the "future goals" are driven by a higher power, i.e., politicians, rather than organisational executives. As a result, a public sector's organisation's ability to adapt, diversify or specialise can lead to mediocrity and inefficiencies. Bryson (1993) states stakeholder analysis is key to forming an effective mission statement. Overall the public sector literature is limited in describing processes to develop organisational goals and aspirations with any others except those "special" stakeholder groups who are not necessarily focussed on the longer-term vision.

The goals and aspirations within an organisation's mission statement will reflect the broader stakeholders' vision statement and those of the organisation's own internal stakeholders. The process to developing an effective mission should:

- consider the organisation's longer-term outcomes with those of the broader community (Bird, 2000; OECD, 2001a; Scollay et al., 1993) and
- define the organisation's response in the broader sense (Bryson, 1993; Inkson & Kolb, 1995; Kaplan & Norton, 2004; Williamson et al., 2004).

This third characteristic, goals and aspirations, communicates the organisation's direction to internal and external stakeholders, highlights areas of strategic importance, and provides guidance to internal decision makers who make lower-level functional, product or service specific decisions. Challenges arise when the goals and aspirations within a mission cannot provide the congruence between the broader community outcomes and the organisation's specific goals and aspirations.

4.2.4 Organisation's Role and Main Activities

The fourth and final characteristic of an effective mission from both the strategic management and sustainability literature points to processes which identify the main role and main activities of the organisation as understanding the

A Normative Model for Strategic Planning

organisation's position within the operating environment, i.e. markets, consumer demand and competitor's responses (Carlton & Perloff, 2000; Curtin & J. Jones, 2000; David, 1993; Johnson & Scholes, 1999; Pezzey & Toman, 2002; Rao, 2000) focusing on managing the context (Common, 1995; N. Haines, 2002; Hunger & Wheelan, 1996; Kaplan & Norton, 2004; Rao, 2000; WCED, 1987) as well as managing the issues and risks (David, 1993; Howard & Norgaard, 2002; Johnson & Scholes, 1999; Kaplan & Norton, 2004; Laszlo, 2003; Lemons & Morgan, 1995; Solow, 1987). Whereas the sustainability literature specifically points to a organisation's role of developing people capability (Bird, 2000; Daly, 1996; Dunphy et al., 2000; Elliott, 2006; Weaver et al., 1997).

The public sector literature is less clear about how to identify the organisation's role and main activities. There are two reasons, including the absence of competitive pressures (Boston et al., 1996; Bryson, 1993; Joyce, 1999; Mulgan, 1997) and the political nature of decision making, dictating to a large degree the environmental influences (Boston et al., 1996; Joyce, 1999; Mulgan, 1997). The lack of a competitive environment shows the public sector organisations to be slow to respond to pressure when their position is not aligned to the broader requirements. In addition, the public sector has difficulty with identifying its position because of the complexity of its standing across a wider external environment in any point in time and also the cyclical nature of the public sector (e.g. three yearly elections) creating an unstable view of the organisation's position within the environment. The perspectives promote the need for the public sector to be clear on what the "public good" needs are (Bryson, 1993; Joyce, 1999; Mulgan, 1997) and to analyse stakeholders' needs effectively. Bryson (1993) went further to say this would be aided by clarity of the organisation's roles and activity.

The analysis identifies that the processes to define the organisation's role and activities should:

- consider the links between purpose, activities and the impacts on the four well-beings (Bird, 2000; Daneke, 2001; Elkington, 1998; Laszlo, 2003; OECD, 2001a);

- consider the capability development of individuals, organisations and society overall (Bird, 2000; Daly, 1996; Dunphy et al., 2000; Elliott, 2006; Rao, 2000);
- reflect a rigorous environmental scan and organisational needs analysis (David, 1993; Johnson & Scholes, 1999; Kaplan & Norton, 2006).

This final characteristic ensures that the mission describes the organisation's role (or participation levels) and main activities (i.e., its services, products, or outcomes) relative to the external contextual environment. Overall this characteristic requires the organisation to identify its role and main activities across the external environment and, more importantly, the inter-relationships of its actions (or inaction) on the external environment and stakeholders. It describes the organisation's position within the context in which it operates or participates, reduces the organisational likelihood of perceiving itself to be participating in a vacuum and confirms the inter-relationship between the organisation and the contextual environment (N. Haines, 2002; Hunger & Wheelan, 1996; Johnson & Scholes, 1999).

4.2.5 Summary

The four characteristics for forming an effective mission are not exhaustive, but point to the key attributes for developing a mission through stakeholder engagement. The benefit of engaging stakeholders in the process of forming an organisation's mission statement is that the stakeholders gain an understanding of the organisation's scope and boundaries when contributing to the broader vision. The mission clearly defines the purpose, direction and capability of the organisation to lead and or contribute to the future of the community. All involved with developing the mission understand the complexities and impacts of the organisation's decision and activities on stakeholders and the longer term outcomes.

4.3 Identifying Strategic Options

There is a wide range of strategic options that may impact on a functional unit (i.e. financial, staffing, technology) within an organisation, a stakeholder group, specific programme, service or project, (Duke Corporate Education, 2005)

. This thesis is not concerned with the specific “lower-level”²⁴ strategies, but rather organisation-wide strategic options that respond to the broader community vision and mission statements. Johnson and Scholes (1999) define high-level strategic options as those that the organisation must excel at to outperform competition. High-level strategies according to David (1993) are those critical few (maximum of five) which provide focus and represent achievement of the mission.

Strategies link directly with the longer-term vision and the organisation’s mission and are used by an organisation to leverage assets (tangible, physical and financial) to create value (Forgang, 2004; Grant, 1998; Kaplan & Norton, 2004). Daly (1996) defines “value add” as adding something in the longer-term to ensure an improvement in the original status or condition is achieved. Kaplan and Norton (2004) refer to “value contextual” which suggests strategies must align to the vision and mission. Value creation equates to vision and mission achievement (Forgang, 2004; Kaplan & Norton, 2004).

The literature further points to the importance of managing the contextual conflicts when identifying strategic options. The contextual conflicts are described as those relevant to the organisation’s position in the environment (Chakravarthy et al., 2003; Kaplan & Norton, 2004). These include the natural and manmade environments, external stakeholders’ responses and internal issues of organisational capability, structure and timing (Hussey, 1994; Grant, 1998; Hoisington & Vaneswaren, 2005). Radford (1980) describes the importance of linkages between the strategic options and explains that the events and decisions for one strategy will have a significant effect on another.

Strategic options may involve and affect internal and external stakeholders and situations (Friedman & Miles, 2006; Grant, 1998; Hoisington & Vaneswaren, 2005; Hussey, 1994, 1999; Inkson & Kolb, 1995). According to Hoisington & Vaneswaren (2005) “businesses or organisations exist to serve customers ... without customers there is no meaning for any organisation”. Hussey (1999) describes a modern world company as dependent on the way the organisations

²⁴ Lower level strategies are those concerned with specific operational functional areas of the organisation, i.e. human resources, financial or business systems.

relates to and behaves with various groups. Frooman (1999) goes on to suggest that alliances are expected where strong mutual resource dependency exists. The literature also describes partnerships as one way of reducing pressure from fluctuations or pressures (Friedman & Miles, 2006; Hussey, 1999; Inkson & Kolb, 1995; Radford, 1980).

The analysis identifies the four key characteristics to effectively identify strategic options:

1. add value to the vision and mission (David, 1993; Johnson & Scholes, 1999);
2. consider the external contextual environment (Duke Corporate Education, 2005; Kaplan & Norton, 2004; Shapira, 1997);
3. consider primary stakeholders' perspectives (Grant, 1998; Hoisington & Vaneswaren, 2005; Hussey, 1994) and
4. consider the contribution and value of partnerships and collaborations (Friedman & Miles, 2006; Frooman, 1999; Hussey, 1999; Inkson & Kolb, 1995; Radford, 1980).

The step of identifying strategic options is the processing of information which uncovers a range of strategic options, which to varying degrees will add value to the final outcomes and stakeholders' lives. Further analysis of the literature aims to identify the supporting processes required to ensure effective stakeholder management when pinpointing strategic options.

4.3.1 Adds Value to the Vision and Mission

The first characteristic is that the strategic option must add value to the vision and mission. The literature highlights the importance of processes to identify whether an option adds value and how the organisation fits into the longer-term outcomes (Kenny & Meadowcroft, 1999; OECD, 2001e; Weaver et al., 1997). The literature from sustainability describes "value add" as contributing to, or improving the original state of the conditions or situation in the shorter and longer-term (Daly, 1996; Kenny & Meadowcroft, 1999; Sarkis, 2001; Welford, 1994).

The literature describes a process which identifies the themes across the vision and mission (Curtin & J. Jones, 2000; Elkington, 1998; OECD, 2001e; Weaver et al., 1997) and measures or weights the “value” of these to assist with identifying the appropriate strategic options (Forgang, 2004; Frooman, 1999; Inkson & Kolb, 1995; Radford, 1980).

The literature (from strategic management) provides many examples to identify strategic options that add value in line with the vision and mission, in particular those that respond to markets, products and services and link to the organisation’s mission (Deetz et al., 2000; Hussey, 1999; Johnson & Scholes, 1999; Kaplan & Norton, 2001).

High-level strategic options represent areas that the organisation excels in to outperform competition (Duke Corporate Education, 2005; Johnson & Scholes, 1999) and represents a critical few (David, 1993) potential solutions to achieve the outcomes (Grant, 1991, 1998). Forgang (2004) describes a process of forming a “value proposition” whereby options are derived from the themes (identified from the mission statement). Each proposition (option) is weighted (valued) on the relative importance to customers. Forgang (2004) suggests organisations may struggle with identifying “value propositions” if the mission themes are unclear and moreover, values can be attributed differently by management versus employees. The strategic management literature explains processes of aligning strategic options by identifying the themes and issues from the vision and mission, then creating a type of ranking or weighting system (Kaplan & Norton, 2006; Sarkis, 2001; Welford, 1994).

The theories of public sector strategic planning highlights two difficulties for identifying strategic options aligned to vision and mission. The first difficulty involves the focus and values of different groups to inform and influence the strategic options identified (Boston et al., 1996; Bryson, 1993; McCarthy & Stein, 2003). For example, different public groups see strategic options of education as being more important than transport. Lindblom (1990) suggests it is not that people disagree with better education or roads etc, but to what level government

resources should go towards supporting these goals. Boston et al. (1996) describe two sets of policy advice. Substantive strategic policy advice which has a broad, inter-sectoral and longer-term focus, and involves anticipating and responding to future demands; and strategy specific advice which is narrow and reflects more sector specific policy issues.

The literature review illustrates the processes for identifying strategic options should include the common and critical themes from the vision and mission (Boston et al., 1996; Bryson, 1993; Elkington, 1998; OECD, 2001e; WCED, 1987) and create a weighting system to classify the “value” of the strategic options (Boston et al., 1996; Forgang, 2004; Kaplan & Norton, 2006).

The key characteristic of adding value to the vision and mission requires that the long-term outcomes (vision) and organisation’s desired outcomes (mission) are considered while identifying options to ensure relevance and appropriateness of the strategic options available (Kaplan & Norton, 2004; Shapira, 1997). This characteristic also avoids lead agencies choosing strategic options which are reactive, short-term and do not support the long term outcomes and identifies the value of the strategic options with that of the long-term outcomes and stakeholder expectations.

4.3.2 Contextual Environment

The second characteristic for identifying the strategic options is to understand the contextual environment. Four key themes relating to the broader contextual environment (relevant to identifying strategic options) are highlighted as important within the sustainability literature:

1. The link to stakeholders’ preferences (Chatterjee et al., 1999; Pezzey & Toman, 2002; Stiglitz, 1994);
2. the natural environment (Abaza & Baranzini, 2002; WCED, 1987);
3. the need to understand cause and effect (Elliott, 2006; Rao, 2000; Weaver et al., 1997); and
4. the need for clearly stated accountability and responsibility (OECD 2000b; 2001a).

Moreover, the processes to identify strategic options within the contextual environment are considered complex because of the cross sectoral nature of sustainability (Bird, 2000; Elkington, 1998; Laszlo, 2003; Pezzey & Toman, 2002; WCED, 1987; Weaver et al., 1997).

The strategic management literature describes many methods for identifying strategic options available to lead agencies including forward integration and retrenchment, which link to broader contextual environments of markets, competitors, customers, partners and the public (Bryson, 1993; Daneke, 2001; David, 1993; Hussey, 1999; Johnson & Scholes, 1999; Kaplan & Norton, 2004; Steiss, 2003). While both sets of literature describe understanding the causes and effects within the contextual environments each reflects different drivers and responses.

The contextual conflicts are described as those relevant to the organisation's position in the environment (Boston et al., 1996; Bryson, 1993; Chakravarthy et al., 2003; Kaplan & Norton, 2004). These include natural and manmade environments, external stakeholders' responses and internal issues of organisation capability, structure and timing (Grant, 1998; Hoisington & Vaneswaren, 2005; Hussey, 1994).

Much of the literature promotes a methodical approach to reviewing the context by applying a "value" to the contextual issues using a weighting, ranking or scoring system (Bryson, 1993; David, 1993; Johnson & Scholes, 1999; Joyce, 1999; Kaplan & Norton, 2006; Steiss, 2003).

The analysis of the theories shows processes should:

- evaluate the range of broader contextual tensions (Dunphy et al., 2000; Kaplan & Norton, 2004; Lemons & Morgan, 1995; Weaver et al., 1997);
- identify stakeholders' potential action, reaction or inaction (David, 1993; Lemons & Morgan, 1995; OECD, 2001a).
- rate or rank these according to the themes in the vision and mission, and the capability of the people and organisations involved (Forgang, 2004; Johnson & Scholes, 1999; Kaplan & Norton, 2006).

The overall analysis shows that the inconsistencies across the broader contextual environment can be resolved by identifying stakeholders' reaction or inaction, as well as the possible effects on the organisation's capability and capacity. It is therefore important that the decision maker has the applicable contextual knowledge regarding the broader context, and the capability of both stakeholders and the organisation itself.

4.3.3 Stakeholders' Perspectives

The third characteristic of identifying strategic options is that of considering primary stakeholders' perspectives. The literature from strategic management and sustainability describes the importance of lead agencies understanding primary stakeholders' perspectives. Critical to managing stakeholder desires (and expectations) is identifying and understanding the strategic agendas of stakeholders ensuring priorities are declared and agreement on the way forward is achieved (Elkington, 1998; Elliott, 2006; Laszlo, 2003).

The processes to understand stakeholders' perspectives (i.e. needs, wants and agendas) include applying collaborative, inclusive and empowering forms of stakeholder engagement (Elliott, 2006; Laszlo, 2003; OECD, 2001e; Rao, 2000). Kaplan and Norton (2004) describe strategy maps and balanced scorecards as two ways for decision makers to communicate the strategic options with stakeholders²⁵. These forms of processes ensure the vision, mission and strategic options have meaning for stakeholders (Deetz et al., 2000; Duke Corporate Education, 2005; Kotter, 1996; Shenkman, 1996). Overall the processes for considering stakeholders' perspectives support multi-dialogue which is meaningful and relates to both operational issues and long-term vision.

Howlett and Ramesh (1995) explain processes where there is a high-level of bargaining, negotiation and compromise in the public sector. Boston et al. (1996) and Sowell (1987) both argue that government's processes often create strategies in isolation of communities. While Lindblom (1990) suggests a government's

²⁵ Kaplan and Norton (2004) outline a Balanced Scorecard approach where the four sectors of customer, financials, internal processes and people (staff) are used as the framework for identifying options.

imposed solution (process) does not necessarily change those views but creates a stalemate and at time resistance to change.

This third characteristic requires the decision maker to understand and consider the range of stakeholders' perspectives especially those with a direct bearing on the organisation's activities. The literature review overall highlights two parts to this characteristic. Firstly, identifying the benefits for key stakeholders and secondly, the likely responses (contributions or support) from the stakeholders (including rejection and support). The analysis of the literature identifies that processes should:

- identify a criteria linking the themes from the vision and mission with stakeholders' perspectives (Curtin & J. Jones, 2000; Deetz et al., 2000; Duke Corporate Education, 2005; Forgang, 2004; Kaplan & Norton, 2006; Shenkman, 1996); and
- review stakeholders' support (using the criteria) according to their needs (Abaza & Baranzini, 2002; Friedman & Miles, 2006; Howlett & Ramesh, 1995; Joyce, 1999; Kaplan & Norton, 2004).

The third characteristic of identifying strategic options affirms the importance of stakeholder support when identifying possible strategic options, in particular by considering the perspectives of stakeholders who are most affected and interested. Depending upon how stakeholders act or react to each strategic option will influence the achievement of the end outcome.

4.3.4 Partnerships and Collaborations

The fourth and final characteristic of identifying strategic options requires the consideration of partnerships and collaborations. The literature describing processes to consider the use and value of partnerships and collaborations highlights two critical points²⁶. Firstly, processes are required to identify the inter-relationships i.e. shared interests, (Friedman & Miles, 2006; Frooman, 1999; Inkson & Kolb, 1995) and secondly to identify stakeholders' support of the relationships (Elkington, 1998; Frooman, 1999; Hussey, 1999; Radford, 1980).

²⁶ Partnerships and collaborations for LAs may span across an organisation (or wider across a country; region; city; or district) (Shapira, 1997).

The sustainable development and strategic management literature emphasises the links with the natural environment, markets, and people (Bird, 2000; Meadows et al., 1972; Pezzey & Toman, 2002; Scollay et al., 1993; WCED, 1987) and the implications of stakeholder support (or not) for the strategic options (Bhat, 1996; Rao, 2000; Sharma & Starik, 2002).

Elkington (1998) also describes the main issue today for partnerships and collaborations are commitment and loyalty, that is, “the previous unconditional, hierarchical loyalty has been replaced by mutual, earned loyalty ... loyalty that works in two ways”. Elkington (1998) also emphasises the importance of understanding the role of complementors and the value of earned loyalty and that building trust represents the most vital investment in partnerships. Frooman (1999) suggests that alliances are expected where strong mutual resource dependency exists.

The strategic management literature describes the use of “value chains” as a way of considering partnerships and collaborations (David, 1993; Forgang, 2004; Johnson & Scholes, 1999; Kaplan & Norton, 2004). Value chains reflect the interdependencies and reliance on other stakeholders delivering or supporting aspects of the business. The processes for identifying value chains include the consideration of vertical integration (where organisations participate in more than one stage of the production of goods or services) (David, 1993; Johnson & Scholes, 1999).

Public sector theories which discuss partnerships and collaboration reflect a different perspective. The theories predominantly portray partnerships as collaborations rather than interdependencies (Joyce, 1999). Bryson (1993) describes stakeholder analysis as “critical to uncovering the issues related to satisfaction, and issues of performance, and potential conflict, in addition collaborative analysis will help identify costs and benefits of possible collaborations”, whereas Majone (1989) discusses the use of multiple policy evaluation as a way to identify the different partnership perspectives within the public sector.

Overall, the literature emphasises the need to conduct stakeholder needs analysis by interpreting the inter-relationships and inter-dependencies between partners. The analysis stresses that processes should:

- identify the value of partnerships and collaborations (with the themes and issues from the vision and mission) (Daly, 1996; Elkington, 1998; Friedman & Miles, 2006; United Nations Conference on Environment and Development, 1992); and
- canvass the range of potential partner's support to identify the most beneficial situation for all stakeholders concerned (David, 1993; Johnson & Scholes, 1999; Kaplan & Norton, 2004).

This characteristic which focuses on considering partnerships and collaborations ensures decision makers are aware of all the potential partnerships and collaborations available, the effects of potential partnerships and the value of the stakeholders' contributions. These findings highlight that the processes to understand stakeholders' perspective through understanding their needs, wants and agendas, must include involving them in the identification of the strategic options to ensure buy-in.

4.3.5 Summary

In summary the requirement to identify the strategic options with stakeholders is fraught with challenges. Each strategic option will impact different stakeholder groups in a variety of ways. Stakeholders want options that will add value to their lives and they want to see the links between the longer term outcomes (vision), the organisation's response (mission) and the options identified. The literature review shows weighting of options according to the organisation and stakeholders' values is possible, however this is difficult if these are different or not clearly defined.

The process to identify strategic options though considering stakeholder perspectives includes their needs, wants and agendas requires holistic, well constructed and meaningful dialogue with stakeholders (Deetz et al., 2000; Joyce, 1999; Kotter, 1996). One crucial challenge is to manage engagement so as those who hold the power do not limit the engagement process (Boston et al., 1996;

Howlett & Ramesh, 1995; Lindblom, 1990). The literature identifies processes which support a systematic approach, thus aligning the inter-relationships between the themes in the vision and mission and stakeholders' needs and wants, providing the most robust procedural solution (Daneke, 2001; Forgang, 2004; Friedman & Miles, 2006; Joyce, 1999; Kaplan & Norton, 2006).

In addition the literature review highlights that some form of collaboration or partnership may provide the most secure way of achieving support and achievement for the longer term outcomes. Once the identification of the range of strategic options is complete, organisations (with primary stakeholders) are somehow required to recognise which strategic options will help achieve the best results. However, given the range of stakeholder interests and complex environment (i.e. four well beings), the application of a transparent assessment and prioritisation processes is essential.

4.4 Assessing²⁷ and Prioritising the Strategic Options

This fourth and final characteristic to completing an effective strategic planning process ends with assessing the prioritising of the strategic options to form a decision. The following literature review and analysis attempts to identify the processes required to assess and prioritise the strategic options. Analysing strategy requires an examination of the external environment on the organisation's future direction (Grant, 1998). Many theorists describe processes for assessing strategic options which include assessing the implications for the cultural and political context (David, 1993; Mercer, 1991; Johnson & Scholes, 1999; Weimer & Vining, 2005).

Lorange et al. (1993) suggests that for an organisation to apply an integrative framework, it must draw on multiple sets of complex information. Smith et al. (1991)) describes a two-phase process for analysing strategic options by examining the broader external context and the more immediate internal environment. Phase I involves examining the firm's competitive advantages and

²⁷ Assessment has been used rather than the term analysis, appraisal or evaluation. Analysis implies precise, accurate, repeatable results; Forms of 'perceived' assessment do not provide these.

vulnerabilities. The second phase involves evaluating each opportunity using a Strengths-Weaknesses-Opportunities-Threats (SWOT)²⁸ criteria.

The assessment and prioritising of strategic options can be achieved with an end goal, i.e., vision and mission (Daly, 1996; Forgang, 2004; Grant, 1998; Kaplan & Norton, 2004; Shapira, 1997). Kaplan and Norton (2004) state “strategy assessment is based on four principles:

1. balancing contradictory forces;
2. considering differential customer value propositions;
3. considering simultaneously complementary themes; and
4. aligning the value of intangible assets”.

Much of the literature describes processes for assessing strategic options (David, 1993; Johnson & Scholes, 1999; Mercer, 1991; G. Smith et al., 1991; Weimer & Vining, 2005) which include:

- analysing the suitability of options;
- assessing the extent to which the strategic options exploit opportunities and avoids threats;
- optimising the organisation’s strengths and core competencies; and
- assessing the implications for the cultural and political context.

Many theorists describe forms of weighing up, ranking or weighting of the range of options to identify which strategic options will deliver the greatest benefit and cause the least detrimental effect to stakeholders i.e. cost benefit analysis (David, 1993; Hussey, 1994; Irvin, 1978; Johnson & Scholes, 1999; Kaplan & Norton, 2004)²⁹. Nas (1996) suggests cost-benefit analysis requires the identification and comparison of relevant costs, benefits and measurement over the life span of the strategy.

²⁸ SWOT is a common term described as Strengths, Weaknesses, Opportunities and Threats. Strengths and weaknesses assess the internal organisational context, while opportunities and threats assess the environment external to the organisation. David (1993) describes a similar assessment technique called TOWS.

²⁹ Pearce (1978, pp.2-4) describe pros versus cons, gains versus losses – to the organisation as variations on costs versus benefits.

According to Smith et al. (1991) strategic options must be analysed to allow the appropriate combination of corporate, business and functional strategies to be selected. Smith et al. (1991) state this “requires an understanding of the appropriate analysis techniques for strategy selection and evaluation”. Johnson and Scholes (1999) propose three components for assessing and prioritising strategic options:

1. setting objectives;
2. analysing environmental trends and resource capabilities; and
3. evaluating different options, to support the formulation of decisions.

David (1993) reasons that levels of risk vary depending upon the degrees of externalities and rating levels of risk helps the decision maker get a clearer picture of the options. Risk assessment requires identifying a set of principles for making a decision or choice (Ansoff, 1994; David, 1993; G. Smith et al., 1991).

The analysis of the strategic management and sustainable development literature clarifies the need for a consistent set of processes to assess the strategic options effectively to ensure the final decision adds value to the end goal (G. Smith et al., 1991; Grant, 1998; Kaplan & Norton, 2004). The characteristics of effective assessment and prioritisation of the strategic options are:

1. assess the links between the vision and mission with the strategic options (David, 1993; Johnson & Scholes, 1999; Kaplan & Norton, 2004; Mercer, 1991; Shapira, 1997; G. Smith et al., 1991; Weimer & Vining, 2005);
2. consider the costs and benefits of the strategic options (Irvin, 1978; Johnson & Scholes, 1999; Kaplan & Norton, 2004; Nas, 1996; G. Smith et al., 1991); and
3. identify and assess the risks to identify a decision threshold (Abaza & Baranzini, 2002; Ansoff, 1994; David, 1993; Hussey, 1994; Irvin, 1978; G. Smith et al., 1991).

Further review of the literature will define and describe the processes to carry out the characteristics. The final step to assess and prioritise strategic

options is a set of processes that assesses the strategic options to arrive at a clear choice and final decision.

4.4.1 Assessing the Links between Vision, Mission and Strategic Options

The first characteristic of assessing and prioritising the strategic options focuses on the links between vision, mission and strategic options. Much of the literature describes concepts and processes which attempts to match the inter-related effects between the internal and external environments with the strategic options (F. Arnold, 1995; Hussey, 1994; Johnson & Scholes, 1999; Risbey, Kandlikar, & Patwardhan, 1996; W. Stead & J. Stead, 2004). The weakness with this process (within the context of this research) is twofold. Firstly, it shows only a snapshot in time i.e. does not assess inter-temporal characteristics (David, 1993; Hussey, 1994). Secondly, the matching of the interrelationships is based on judgement of the assessor i.e. organisation (Ansoff, 1994; David, 1993; Lindblom & Woodhouse, 1993).

The sustainable development literature supports an integrated assessment model (Abaza & Baranzini, 2002; Ravetz, 1997; W. Stead & J. Stead, 2004). The private sector processes are systematic and reflect the weighing up of the external environment with that of the internal environment (F. Arnold, 1995; Hussey, 1994; Johnson & Scholes, 1999). The public sector processes aim to reduce the occurrence of ethical dilemmas between long-term aims and short-term wants while managing trade-offs (Davey & New Zealand Planning Council., 1987; Lindblom & Woodhouse, 1993; Mercer, 1991).

The public sector literature earlier notes that the public sector is tasked with delivering public service “good” and maintaining organisational efficiencies (Boston et al., 1996; Bryson, 1993; Joyce, 1999; Mercer, 1991; Mulgan, 1997). Lindblom (1993) suggests people simplify problems through fragmentation or disassembling large problems into manageable parts because decision making for social action is too complex. Davey (1987) suggests “even if governments are able to establish a firm and consistent philosophical perspective and a well-considered strategy for action, they will still have to establish trade-offs and priorities in their approach”.

Nagel (1990) further describes ethical dilemmas for the public sector relating to assessing the broader external environment with the internal organisational requirements. The public sector literature notes the requirement for identifying the range of trade-offs between the strategic options and the recognition there are “other” variables (i.e. ethical dilemmas and political interests) to be considered (Boston et al., 1996; Bryson, 1993; Lindblom & Woodhouse, 1993; Nagel, 1990).

The analysis suggests the processes to assess the links between vision, mission and strategic options should:

- assess effects on the four well-beings (Abaza & Baranzini, 2002; Ravetz, 1997; Risbey et al., 1996; W. Stead & J. Stead, 2004);
- assess the internal and external environment with that of the strategic options (Ansoff, 1994; David, 1993; Hussey, 1994; Johnson & Scholes, 1999; Nagel, 1990);
- identify the range of trade-offs (Ansoff, 1994; Davey & New Zealand Planning Council., 1987; Lindblom & Woodhouse, 1993; Mercer, 1991).

The first characteristic for assessing and prioritising the strategic options highlights the challenges surrounding stakeholder management and that the processes rely on the analyst’s “judgment” and supports a method of weighting, ranking or rating to assess the external and internal environment with that of the strategic options (Abaza & Baranzini, 2002; Johnson & Scholes, 1999; W. Stead & J. Stead, 2004). The result is that the decision maker rates the link between the long-term vision, the mission, and the strategic options.

4.4.2 Assessing Costs and Benefits of the Strategic Options

The second characteristic of assessing and prioritising strategic options identifies forms of weighing up, ranking or weighting of the range of options to identify which strategic options will deliver the greatest benefit and cause the least detrimental effect to stakeholders i.e. cost-benefit analysis (David, 1993; Hussey,

1994; Johnson & Scholes, 1999; Kaplan & Norton, 2004)³⁰. Irvin (1978) explains the traditional cost versus benefit analysis arose from measuring the economic values or outcomes on strategic choices. The introduction of cost-benefit analysis in the political arena introduces the complexity of preferences and weighting in accordance to a set of principles and rules.

For example, economic assessment can include people's income, employment and income taxes (Irvin, 1978; Pearce, 1988; Brent, 1996). Assessments which consider environmental and social costs and benefits include demographic changes, institutional restructuring, human displacement and relocation, community cohesion, lifestyle or well being, cultural beliefs and the broad areas of public good (Interorganizational Committee on Guidelines and Principles for Social Impact Assessment., 1994; Krishna & Shrader, 1999; Vanclay, 2003). Importantly the considerations highlight that effective cost-benefit analysis ensures actions are authorised in the full knowledge of consequences across the economic, environmental, social and political contexts (Vanclay, 2003; C. Wood, 1995).

The sustainable development literature outlines the importance of assessing the costs and benefits and impacts on the four well-beings (Elkington, 1998; Laszlo, 2003; W. Stead & J. Stead, 2004; C. Wood, 1995). The literature from strategic management emphasises that cost-benefit processes identify the fiscal costs (output costs) or investment costs versus the rate of expected return on the projected outcome (Brent, 1996; Layard & Glaister, 1994; Mercer, 1991). The processes to assess perceived or probable costs and benefits in the private and public sectors point to procedures which assess the cost of outputs with those of expected returns on outcomes including "public good" (Brent, 1996; Layard & Glaister, 1994; Mercer, 1991). The literature supports the use of systematic process to analyse these issues (Howlett & Ramesh, 1995; Johnson & Scholes, 1999; Kaplan & Norton, 2004).

³⁰ Pearce (1978, pp.2-4) describe pros versus cons, gains versus losses – to the organisation as variations on costs versus benefits.

There are many cost-benefit analysis processes available in the private sector which highlight financial analysis, SWOT analysis, market positioning analysis, market share, position and action analysis to name a few (David, 1993; Howlett & Ramesh, 1995; Mercer, 1991; Johnson & Scholes, 1999; Kaplan & Norton, 2004). The challenge is to identify a set of processes or methods which could provide the flexibility and appropriateness for the local authority environment (consistent with the principles of sustainable development). David (1993) suggests that considering the advantages, disadvantages and trade-offs of the strategic options will help inform cost-benefit assessments. Mercer (1991) suggests, “in evaluating investment alternatives the private sector can employ a number of quantitative techniques to analyse the investment, such as the rate of return or discounted present value”. Howlett and Ramesh (1995) and Mercer (1991) and David (1993) describe various approaches to assessing the internal and external environment by applying a rating to the strategic options.

The public sector literature focuses on two main areas of cost-benefit analysis, that is, fiscal risk versus perceived social benefit. Layard and Glaister (1994) describe cost-benefit analysis as the cost being the inputs (cost of the policy) and benefits being the outputs or public good and outcome. Brent (1996) describes social cost-benefit analysis as “requires a wider scope and longer time horizon”. Brent (1996) also outlines a process for assessing cost-benefit of the public service through assessing:

1. economic efficiencies;
2. the redistribution effects in kind;
3. the marginal social cost of public funds;
4. time discounting.

The literature from sustainable development literature outlines the importance of assessing the costs and benefits and impacts on the four well-beings (Elkington, 1998; Laszlo, 2003; W. Stead & J. Stead, 2004; C. Wood, 1995). The processes to assess perceived or probable costs and benefits in the private and public sectors point to procedures which assess the cost of outputs with those of expected returns on outcomes including “public good” (Layard & Glaister, 1994; Mercer, 1991; Brent, 1996). The literature supports the use of systematic process

to analyse these issues (Howlett & Ramesh, 1995; Johnson & Scholes, 1999; Kaplan & Norton, 2004).

The literature from strategic management emphasises that cost-benefit processes identify the fiscal costs (output costs) or investment costs versus the rate of expected return on the projected outcome (Brent, 1996; Layard & Glaister, 1994; Mercer, 1991).

The process of assessing the costs and benefits (impacts) of the strategic options ensures the strategy that delivers the greatest benefit and causes the least detrimental effect to stakeholders is identified (David, 1993; Hussey, 1994; Johnson & Scholes, 1999; Kaplan & Norton, 2004). The decision maker must (at times) make assumptions about the potential impacts of decisions, therefore some costs and benefits are only perceived while others are more readily discernable (Irvin, 1978; Nas, 1996). The analysis identifies that the processes should:

- identify the consequences of actions across the four well-beings (Elkington, 1998; Laszlo, 2003; PRE Consultants, 2005; W. Stead & J. Stead, 2004; C. Wood, 1995);
- identify the investment costs (Brent, 1996; David, 1993; Interorganizational Committee on Guidelines and Principles for Social Impact Assessment., 1994; Krishna & Shrader, 1999; Vanclay, 2003) and
- identify the expected rate of return, i.e. a rating or ranking (Howlett & Ramesh, 1995; Interorganizational Committee on Guidelines and Principles for Social Impact Assessment., 1994; Johnson & Scholes, 1999; Kaplan & Norton, 2004; Little & American Institute of Chemical Engineers., 2000; Vanclay, 2003).

The analysis identifies that conflicts arise with this second characteristic when there is not clearly defined, articulated or agreed criteria and ranking for analysing costs and benefits by primary stakeholders. What one stakeholder

group may see as being benefits, others may consider a cost. It is therefore the challenge of the organisation to manage these conflicts.

4.4.3 Assessing Risks

The third and final characteristic for assessing and prioritising strategic options is the importance of assessing risk and confirming a decision threshold. The sustainable development literature reflects the complex and multiple views of sustainable development. For example, Bhat (1996) suggests that risk assessment deals with environmental safety by identifying and evaluating risk and goes on to describe risk assessment practices designed to predict potential harm. The literature from sustainable development focuses on the consequences of environmental safety, social and cultural change and financial risk (Abaza & Baranzini, 2002; Bhat, 1996; Laszlo, 2003). The theories also highlight the importance of gaining the full range of stakeholders' views to mitigate risks (Laszlo, 2003). Risk analysis processes include evaluating systems, functions, components and relationships between various failures (Bhat, 1996).

Abaza and Baranzini (2002) suggest that the key to managing risk (and uncertainty) is to understand the physical consequences of technological (or environmental) change and the uncertainty over potential social and cultural changes and relationships. Wynne (1992) argues that the interaction among socially different groups with different perspectives is a prerequisite to the development of socially viable policy and a way to mitigate potential risks. Laszlo (2003) suggests that "risk mitigation strategies can create significant value to shareholders and stakeholders and that for businesses it ensures they can avoid penalties and fines, remediation costs and lower the probability of catastrophes". Hussey (1994) states that risk assessments expose those potential issues that may cause the outcome not to occur. The key to affect risk assessment and identify the decision threshold is assessing the low-probability high-consequence relationships (Abaza & Baranzini, 2002; Bhat, 1996; Laszlo, 2003).

The strategic management literature identifies levels of probability and consequences of risks (Abaza & Baranzini, 2002; Bhat, 1996; Laszlo, 2003) and supports applying a rating, ranking or scoring technique (Ansoff, 1994; Goodstein

A Normative Model for Strategic Planning

et al., 1993; Hussey, 1994; Johnson & Scholes, 1999) to minimise the paradox of individual preferences and to minimise uncertainty (Arrow & Lind, 1994; Weimer & Vining, 2005). Radford (1980) states that, “linkages between decision situations may affect the choice of tactics used to bring about preferred outcomes in any one of them”. As a result decision makers may become aware of, and conversant with, issues that could potentially influence the success or failure of the vision and mission (Forgang, 2004; Kaplan & Norton, 2004; Shapira, 1997).

David (1993) reasons that levels of risk vary depending upon the degrees of externalities and rating levels of risk helps the decision maker get a clearer picture of the options. Willard (2002) suggests that “executives define risks as any potential threat to meeting objectives” and goes on to outline executives who are concerned about strategic risk, market risk and risk of recession, and how contingency planning and regular crisis management reviews help to monitor the potential and real risk occurrences. David (1993) suggests that the “greater degree of externality, the greater probability of loss resulting in unexpected events”. Hussey (1994) describes a risk assessment matrix which forces thought about the issues, provides an overview of the entire organisation and highlights the strategic importance to all business units. Figure 4.1 shows a slightly simplified version to Hussey’s model.

Impact	
Extremely high	6
	5
High	4
	3
Relatively low	2
	1
None	0

Probability		
A certainty	100%	6
Very likely	84%	5
Quite possible	67%	4
As likely as not	50%	3
Probably not	33%	2
Highly unlikely	16%	1
Impossible	-	0

Scoring Examples

Impact extremely high and probability a certainty: $6 \times 6 = 36$

Impact high and probability very likely: $4 \times 5 = 20$

Impact low and probability very likely: $1 \times 5 = 5$

Strategic option A

Potential Consequences	Business Unit X	Business Unit Y	Business Unit Z
Consequence 1.	$3 \times 4 = 12$	-	$6 \times 4 = 24$
Consequence 2	$6 \times 6 = 36$	$6 \times 6 = 36$	$3 \times 3 = 30$
Consequence 3.	$1 \times 4 = 4$	$6 \times 5 = 30$	-
Consequence 4.	$3 \times 3 = 9$	$6 \times 4 = 24$	$1 \times 1 = 1$
Total Score	61	90	55
Average Score	15.2	30	18.3
(total score ÷ number of potential consequences) Interpretation	Medium risk	Medium-high risk	Medium risk

Figure 4.1: Risk assessment matrix. Source: Hussey (1994), *Strategic Management Theory and Practice*.

Hussey (1994) warns that these probability scores can vary when business units are in different geographical locations and it is difficult to identify the individual seriousness of characteristics on individual areas when combining scores. Hussey (1994) also provides an example of an overall way to assess the strategic options and the levels of risk in Figure 4.2.

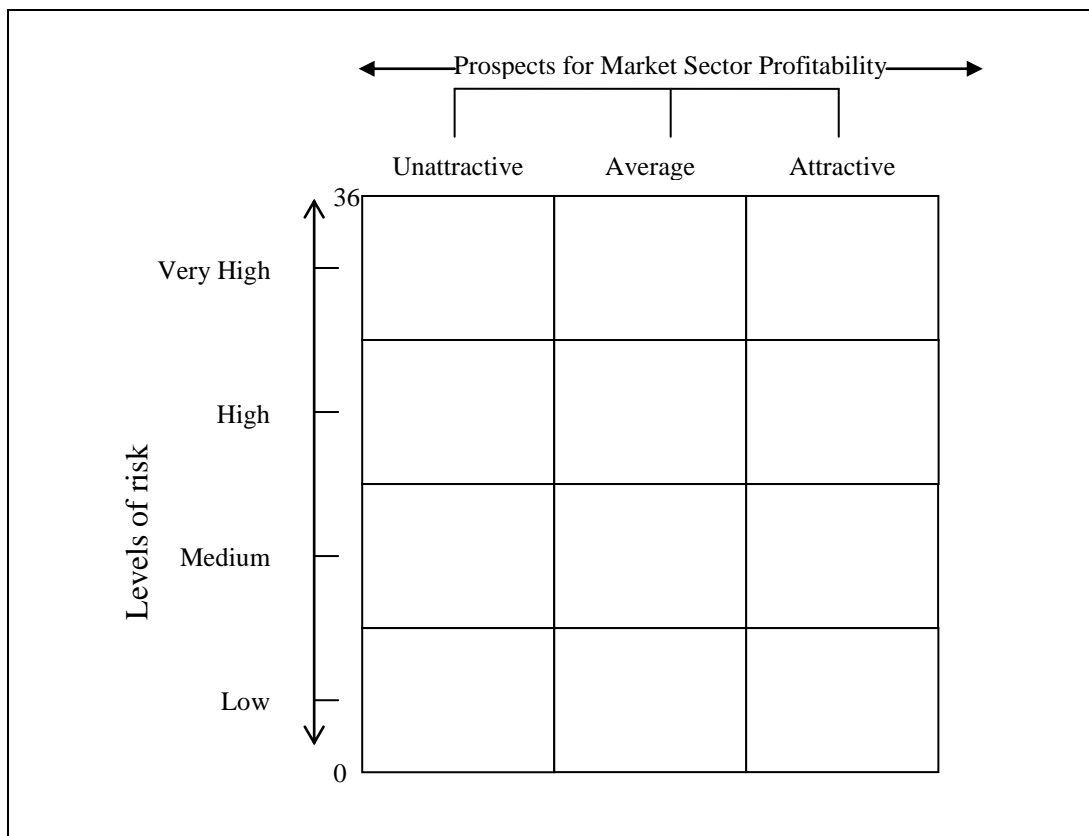


Figure 4.2: Overview of strategic options and levels of risk for market sector profitability. Source: Hussey (1994) *Strategic Management Theory and Practice*

Risk assessment requires identifying a set of principles for making a decision or choice (Ansoff, 1994).

The public sector literature earlier notes that the public sector is tasked with delivering public service “good” and maintaining organisational efficiencies (Mercer, 1991; Bryson, 1993; Mulgan, 1997; Joyce, 1999). Lindblom and Woodhouse (1993) suggest a “step by step approach risks assuming that policy making proceeds through a coherent and rational process ...” and goes on to say that it is more of a primeval soup with actions fitting with problems, and that there may not even be a time when problem definition occurs

The public sector processes describing risk and decision thresholds are complicated by the range of different stakeholder views on the broad range of

public good required. Arrow and Lind (1994) describe three views regarding the public sector assessing risk and uncertainty:

1. risk should be considered in the public sector as it is for the private sector by using time and risk for discounting rates;
2. governments can better cope with uncertainty than the private sector therefore risk and uncertainty should not be evaluated by the same criterion as the private sector; and
3. the rate of risk discount and attitude towards risk should be the responsibility of the organisation in line with national policy rather than by individual preferences.

The literature supports logical, rigorous, prioritisation processes for assessing the strategic options³¹. Analysis identifies that the processes should:

- consider the four well-beings (Abaza & Baranzini, 2002; Bhat, 1996; Laszlo, 2003);
- consider the full range of stakeholders' views (Hussey, 1994; Laszlo, 2003);
- consider probability and consequence (Ansoff, 1994; Baggini & Fosl, 2007; Bhat, 1996; Johnson & Scholes, 1999);
- identify the expected value overall (Ansoff, 1994; Arrow & Lind, 1994; Hussey, 1994; Weimer & Vining, 2005); and
- use a weighting or ranking system to minimise personal biases (Goodstein et al., 1993; Hussey, 1994; Johnson & Scholes, 1999; Weimer & Vining, 2005; Willard, 2002).

The earlier characteristics and analysis identifies the need to assess the links between the long-term vision, the organisation's mission, the internal and external characteristics and the levels of cost and benefit to form a prioritised list. Ansoff

³¹ It is important to note that restrictions may be automatically imposed depending upon the processes applied within a local authority, due to the quantity and quality of (quantitative and qualitative) information being assessed. Private sector theories are more defined in the way weightings, ranking or ratings are identified and systematically applied, whereas in the public sector theories identification and application of weightings, ranking or rating systems are more subjective and are adapted to account for political agendas disregarding long-term outcomes.

(1994) suggests weighting procedures alone (to prioritise) “do not resolve a problem which has a major influence on final choice. Many concepts and processes attempt to match the relational effects between the internal and external environments and the strategic options (F. Arnold, 1995; Hussey, 1994; Johnson & Scholes, 1999; Risbey et al., 1996; W. Stead & J. Stead, 2004). The weakness with this process (within the context of this research) is twofold. Firstly, it shows only a snapshot in time and does not assess inter-temporal characteristics (David, 1993; Hussey, 1994). Secondly, the assessor makes the judgment on the matching of the relational characteristics (Ansoff, 1994; David, 1993; Lindblom & Woodhouse, 1993).

The analysis from assessing and prioritising strategic options highlights the importance of managing the challenges associated with applying a model when it is not well defined, articulated and communicated to primary stakeholders. Transparency and communication therefore becomes a crucial aspect to forming a final choice that will have stakeholder buy in.

4.5 Conclusion

The literature from sustainable development and strategic planning highlights the critical reasons for engaging stakeholders and the appropriate times for doing so. The earlier review of the stakeholder literature identifies four important components required for effective stakeholder management and engagement. That review is now overlaid with the literature findings just completed.

4.5.1 Who are Stakeholders?

Primary stakeholders can represent a wide range of people from community, government or business that all bring their different perspectives to a strategic planning process. The difficulties arise when each stakeholder group has a different view of the future (i.e. vision), what that might look like, how an organisation “should” respond and the strategies which have the most value to achieve the future. Primary stakeholders’ perceptions for developing a mission are quite different and on the whole they represent internal stakeholders who have a vested interest in the values of the organisation as a whole, how these values

affect or align with their own values and how the organisation will contribute to the broader community vision.

The literature describing characteristics and processes to identify, assess and prioritise strategic options highlights that this is where the complexity of primary stakeholders' views and managing these becomes perilous for the organisation as each has their own view on what is important and critical. The literature describes systematic ways of applying stakeholders' needs and priorities as criteria to identify a common and agreed perspective on actions to begin addressing the needs. Primary stakeholders (regardless of internal or external) are those who are the most effected and interested in the future, however there are warnings of marginalisation of those less vocal who are considered as primary stakeholders. It is the responsibility of the organisation to ensure that this does not occur.

4.5.2 What are Stakeholders Interests?

Primary stakeholders' interests can focus on monetary gain (personal, family or business), family reasons, community capability development, environmental concerns and many others. The conflicts and challenges arise when the interest focus becomes so narrow that stakeholders or the organisation cannot consider the others' points of view and interests together with their own.

The review also shows this is true when considering immediate interests over and above longer term interests. The most effective way to identify issues and solutions is by taking a shared collective view of stakeholder interests (current and potential) and identify the options that best serve these needs.

While the literature points to a methodical application for identifying stakeholders' interests these can change as the environmental context changes therefore regular monitoring of the environment and communication with stakeholders is emphasised.

4.5.3 What are Stakeholders' Levels of Power and Influence?

Representatives of "power" stakeholders include those more vocal, those in elected positions, those more financially endowed or in more senior positions

within an organisation. The literature highlights the tendency for these stakeholders' to assume the responsibility for setting the vision and controlling the process for developing the mission and setting strategy. The analysis shows that identifying primary stakeholders by need and priorities rather than position or status increases buy-in and support (by a wider group of relevant stakeholders) for longer term and more immediate actions occurs. Stakeholder levels of power and influence throughout the process is determined by how the organisation manages the process, and to what degree the organisation lets those more dominant hold the power and influence.

4.5.4 How does an Organisation Engage with Stakeholders?

The organisation has a responsibility to ensure it identifies the appropriate primary stakeholder group, identifies their areas of interest and is able to identify the levels of power and influence the stakeholders may have over the process and final decision.

The analysis shows that a systematic approach which applies criteria and where required techniques of ratings and rankings, creates a process that is both transparent and rigorous. These criteria and systems allow all primary stakeholders to understand that they are used as a way to form effective decisions. The process of evaluating the contextual conflicts and stakeholders' perspectives is minimised when stakeholders are informed and contribute to forming decisions for the future. The potential value of partnerships and collaborative arrangements highlights the successful form of stakeholder engagement and shows a way to achieve sustained outcomes. Stakeholder engagement is at the heart of effective stakeholder management. How an organisation manages and engages with primary stakeholders within the time allocated and their own capability is a challenge.

The analysis attempts to identify the steps and processes required to engage stakeholders at the appropriate times for forming a vision, mission and strategies. The four characteristics describe a systematic and consistent approach to extract all the relevant information to ensure identification and understanding of the contextual issues (thus reducing ambiguity).

Table 4.1 shows the full range of characteristics and processes identified from the literature analysis (i.e. normative model) and how this information will be used to inform the empirical investigation.

Table 4.1
Normative model

Developing a Vision

A Vision is	Characteristics	A vision	Processes should
<p><i>A statement that draws the broader community. It defines the desired positive outcomes of the community and future generations and highlights the long-term needs and priorities.</i></p>	Engages primary stakeholders	<p><i>Takes into account stakeholders' views especially those who are involved to some degree in the delivery or receipt of the outcomes.</i></p>	<ul style="list-style-type: none"> ● consider all interested and effected stakeholders' views; ● have clear communication all the way through the vision forming process; ● include stakeholder participation, consultation, negotiation and conflict resolution; ● demonstrate clear prioritisation; and ● identify monitoring and accountability mechanisms.
	Gives meaning to the future.	<p><i>Identifies reasonable, future outcomes for the broader community, it reflects the four well-beings and is supported by mission and strategy.</i></p>	<ul style="list-style-type: none"> ● identify reasonable, future outcomes; ● identify reasonable, future outcomes and link the vision to mission and strategy; and ● aim to provide improvement to all stakeholders over time.
	Identifies needs and priorities	<p><i>Reflects the broader community context whilst remaining focused on specific purpose, need and priority which interlink and reflect both the short and longer-term.</i></p>	<ul style="list-style-type: none"> ● involve key stakeholders in identifying current and future purpose, need and priority; ● consider the high-levels of complexities and inter-dependencies.
	Is inspirational.	<p><i>Gives direction that is new, positive, realistic and something to look forward.</i></p>	<ul style="list-style-type: none"> ● clearly link concepts and desires to implementation and action.

Developing a Mission

Definition	Characteristics	A mission	Processes
<i>It describes how the organisation supports the broader long-term community vision and provides direction and justification for decisions within the organisation's scope (possible strategies) and boundaries (resource constraints).</i>	describes the organisation's principles and values	<i>It describes the organisations principles and values within the context in which it operates or participates, what it's willing to do, or not, to achieve the outcomes.</i>	<ul style="list-style-type: none"> • consider long-term horizons • ensure integration of the four well-beings; • involve primary stakeholders; and • informs more value driven responses from the organisation.
	Creates the links between the broader vision and strategies of importance	<i>Provides the link between the long-term needs and priorities and outcomes of the community and the organisation's specific response</i>	<ul style="list-style-type: none"> • make the connections between long-term vision, and specific responses of an organisation; and • develop criteria and set the organisation's performance targets.
	Describes the organisation's future goals and aspirations	<i>Provides the congruence between the broader community vision and the organisational specific outcomes</i>	<ul style="list-style-type: none"> • consider the organisation's longer-term outcomes with those of the broader community; and • defines the organisation's functional direction in the broader sense.
	Describes the organisation's role and main activities	<i>It describes the organisation's role (participation levels) and main activities (.i.e., its services, products, or outcomes) relative to the external contextual environmental.</i>	<ul style="list-style-type: none"> • consider the links between purpose, activities and the impacts on the four well-beings; • consider the capability development of individuals, organisation's and society overall; and • reflect a rigorous environmental scan and organisational needs analysis.

Identifying Strategic Options

Definition	Characteristics	Identifying strategic options	Processes
<i>The processing of information which uncovers a range of relational strategies, which to varying degrees will add value to the final outcomes.</i>	Add value to the vision and the mission.	<i>Identifies the value of strategic options with that of the long-term outcomes and organisational responses.</i>	<ul style="list-style-type: none"> • identify the common and critical themes from the vision and mission; and • create a weighting system to identify the ‘value’ of strategic options.
	Consider the contextual environment.	<i>The decision maker has the applicable contextual knowledge regarding the broader context, and the capability of both stakeholders and the organisations itself.</i>	<ul style="list-style-type: none"> • evaluate the range of contextual tensions; • identify stakeholders action, reaction or inaction; and • rate or rank these according to the themes identified earlier with the capability of people and the organisation.
	Consider primary stakeholders’ perspectives.	<i>The perspectives of stakeholders who are most affected and interested have been considered.</i>	<ul style="list-style-type: none"> • identify a criteria which links the themes from the vision and mission with stakeholders’ perspectives; • review stakeholder perspectives according to the themes.
	Consider the value and contribution of partnerships and collaboration.	<i>The value of stakeholders’ partnerships and collaborations are considered when identifying strategic options.</i>	<ul style="list-style-type: none"> • identifies the value of partnerships and collaborations with the themes and issues from the vision and mission; • canvas the range of potential partner’s capacity and capability to identify the most beneficial situation for all stakeholders concerned.

Assessing and Prioritising Strategic Options

Definition	Characteristics	Identifying strategic options	Processes
<i>A set of processes that assesses the relational strategies to arrive at a clear choice and final decision.</i>	Assess the links between the vision and mission with the strategic options;	<i>A process that rates the link between the long-term vision, the medium-term organisation specific mission, with the strategic options</i>	<ul style="list-style-type: none"> • assess the affects on the four well beings • assess the internal and external environment with that of the strategic options; and • identify the range of trade-offs.
	Assess the costs and benefits of the strategic options;	<i>A process which considers the potential costs and benefits of each relevant high-level relational strategy</i>	<ul style="list-style-type: none"> • identify the consequences of actions across the four well-beings; • identify investment costs; and • identify the expected rate of return.
	Assess risk and decision threshold (arriving at the final set of decisions).	<i>A process that identifies and assesses risk and identifies a decision threshold.</i>	<ul style="list-style-type: none"> • consider the four well-beings; • consider the full range of stakeholders views; • consider probability and consequence; • identify expected value overall; and • use a weighting or ranking system to minimise personal biases.

Chapter 5. Research Design and Methods

This research aims to achieve two things 1) to develop a normative model of effective stakeholder engagement related to local government strategic planning in New Zealand by analysing the literature from sustainable development and strategic management using stakeholder engagement as the overarching theory and 2) to modify the normative model by examining the New Zealand context and incorporating practitioner feedback on the original normative model.

The strategic management literature highlights four key phases within the constructs of strategic planning. These are, 1) develop a vision; 2) develop a mission; 3) identify the strategic options and 4) assess and prioritise the strategic options. Overlaying this is an examination of sustainable development and the role that stakeholder management and engagement play in the processes.

The chapter starts by re-presenting the research questions and outlines four similar studies completed that have helped inform the research design. The chapter describes why a qualitative methodology is most appropriate for this research and how various research methods are applied. The chapter concludes by outlining the limitations and risks with applying such an approach.

5.1 Research Questions and Design

The purpose of this research is to contribute to central government, local authorities (LA's) and theorists' understanding of strategic planning and decision making processes consistent with the principles of sustainable development. The main research question is:

How can stakeholder theory inform the development of a normative model and modified normative model to improve the quality of decision making and strategic planning in the New Zealand public service?

In order to answer the main research question, three supporting questions are posed: These are:

Supporting question 1: According to the literature from strategic management and sustainable development what characteristics and processes could help improve decision making and strategic planning through effective stakeholder management³²?

Supporting question 2: How does the New Zealand context (i.e. government directives and local authority practice) contrast and compare with the literature (i.e. normative model)?

Supporting question 3: Drawing from the findings, what modified normative model can help improve the New Zealand public sector decision making and strategic planning processes through effective stakeholder management?

5.2 Four Relevant Studies

Identification of four studies provides invaluable guidance in determining the appropriate method for this thesis. The first research study is the New Zealand based *Planning Under Co-operative Mandates* (PUCM) project. This 2006 research uses a qualitative approach including content analysis of the legislative intent and local authority planning practice, and ends with assessing the resulting outcomes. The project starts with developing criteria i.e. what makes a good plan, and then applies it to assess local authorities' plans. The final analysis and report describes findings which identify the significant differences and few similarities between professional practice and legislative requirement.

The second New Zealand study is *Local Futures* conducted by the Institute of Policy Studies (IPS), Victoria University, New Zealand. It explores the relationship between the New Zealand government literature and local authority practices in strategic policy and planning. More specifically, the study examines the strategic planning performance of local authorities in compliance with the Local Government Act. The research reviews the legislation and assesses the

³² Characteristics are qualities that constitute each phase of the strategic planning process. Processes are procedures and activities carried out to complete the phase.

impact of the legislation on the strategic planning and decision making practices of local authorities (IPS, 2006). The study applies a rating scale ranging from strongly agree to strongly disagree whereby respondents (from regional, district, and city councils) are asked to rate the attributes of effective strategic planning. The final analysis shows that while there is a high level of participation during planning, the final decisions often fail to reflect critical local issues.

Berke and Conroy's (2000) evaluation of 30 United States council plans examines whether the plans achieve balance by supporting all six principles (identified as reflecting sustainability), or whether they narrowly promote some well-beings or time periods more than others. The study develops a clear criteria and rating scale for evaluating the plans, and quite succinct interview schedules consistent with the principles of sustainable development.

Firstly, Berke and Conroy find that while the concept of sustainable development might be viewed with optimism, there is a requirement for a deeper understanding of how to implement the principles of sustainable development into decision making. Secondly, they find a dearth of balanced, holistic planning approaches which presents challenges to translating the intent of sustainable development into strategic reality. They conclude that new expansive directions must be taken to fundamentally reform how decision makers approach plan making and form decisions.

The fourth study, conducted in the United Kingdom by Evans, Percy and Theobald (2003), investigates *Mainstreaming Sustainability into Local Government Policymaking*. The study analyses the six local authorities in-depth and researches how the organisations complete their strategic planning and decision making processes. The research draws on documentation, interviews and where possible observations of policy and strategic planning sessions. The final analysis also shows that many local authorities struggle with how to translate the principles of sustainable development and the four well beings into practical operational plans.

These studies help to guide the choice of the methods used to research and evaluate local authorities' strategic planning and decision making processes within this thesis. The approaches chosen are to:

- develop a criteria (i.e. a normative model) and use it as a way to assess strategic planning processes within the New Zealand context;
- explore the relationship between theory, literature and practice;
- apply a qualitative measure (perceptions of relative importance) which identifies the level of difference between the normative model (what may occur) and current practice (what does occur); and
- conduct further interviews which focus on identifying more relevant processes (what should occur) to complete effective strategic planning.

The four studies describe various qualitative approaches to local authorities in three different jurisdictions New Zealand, United Kingdom and the United States of America, but they all find very similar concerns and issues with both the way in which planning processes and decision making reflect the true nature and issues of the localities. However drawing on the approaches applied informs this research examination. Figure 5.1 below represents the overall research design.

A Normative Model for Strategic Planning

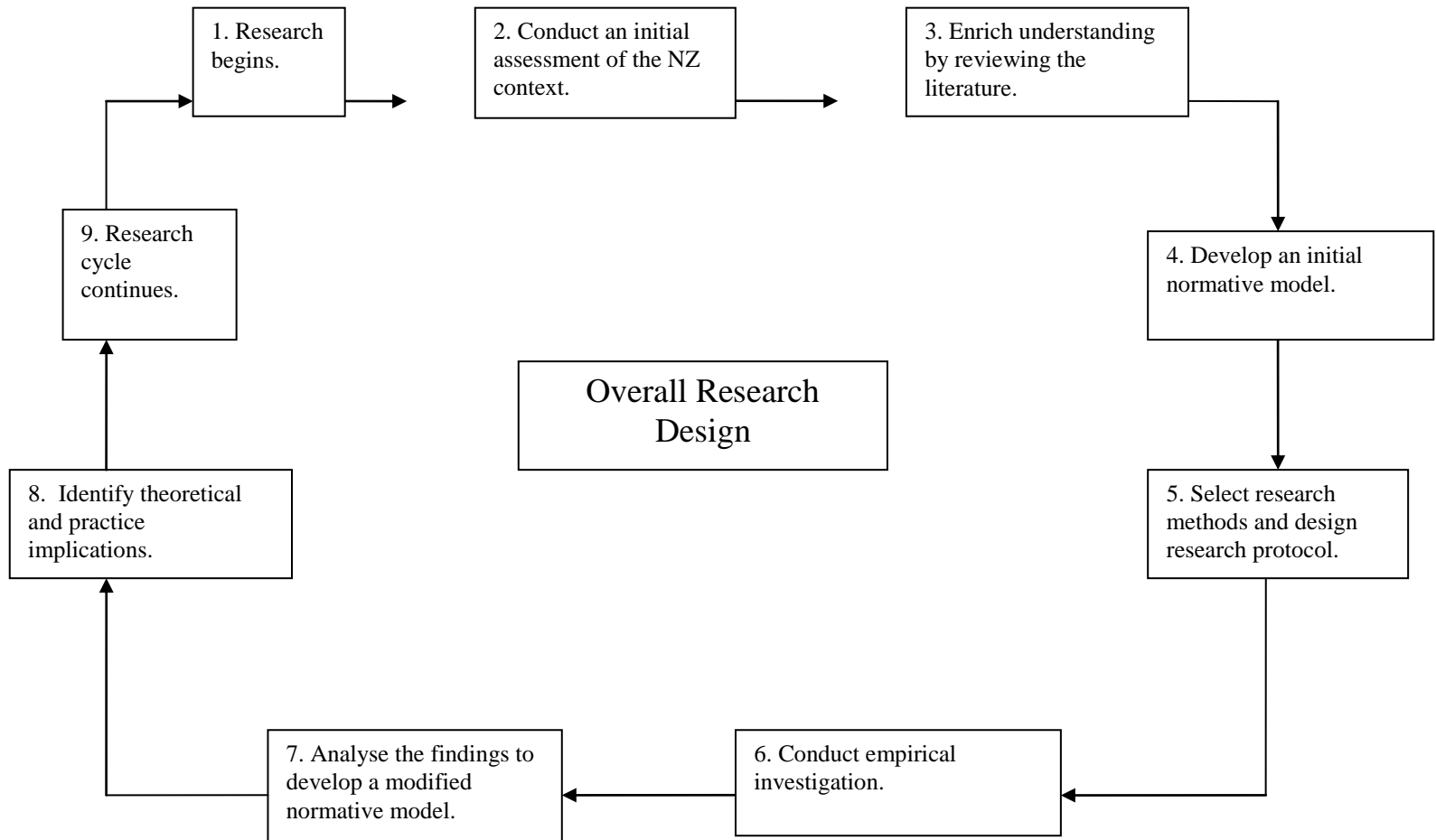


Figure 5.1: Flow chart of research design. (Adapted from Yin (1989)).

5.3 Qualitative Methods

To actively gain an understanding of the phenomenon studied i.e. local authority strategic planning and decision making processes, it is necessary to use methods of data generation that are both flexible and sensitive to the social context in which the data is produced (Soklaridis, 2009). Qualitative research is a multidisciplinary field of inquiry used by researchers to gain understanding about various aspects of human behaviour. This type of inquiry uses non-numerical data such as responses to survey questions and analysis of focus group feedback to draw subjective conclusions from relatively small samples (Bell & Morse, 2008). The thesis examines local authority strategic planning and decision making processes and draws on a selected number of local authorities (documents and interviewees) to gain an understanding of the phenomenon.

5.3.1 New Zealand Government Documents

This thesis uses a “real world” approach as championed by Robson (2002). Robson (2002) suggests real world studies are “conducted to draw attention to some form of issues and complexities ... and to generate a degree of informed enthusiasm for a particular challenging and important area of work” (p. 3). The study draws advice and analysis from: 1) professional experience; 2) audit findings; 3) relevant studies; and 4) a content analysis of 28 local authorities’ documents. As government decisions direct the practice of local authorities, a review of government directives (legislation, policy and guidelines) is critical to inform the interpretation of strategic planning (and decision making) processes and documents within local authorities.

The government literature consists of the relevant legislation i.e. Resource Management Act 1991 (RMA), the Local Government Act 2002 (LGA); the Sustainable Development Programme of Action 2003 (SDPoA); and guidance material including the Long Term Council Community Plans (LTCCP) and Knowhow Guidelines (KHGs). The government investigation consists only of document reviews and not face-to-face interviews with government staff. As the documents clearly state the intent and processes required, no further interviews are necessary. Moreover, the research focuses on local authorities’ perspectives

of local authority practice, not government perspectives of local authorities' processes.

5.3.2 Initial Investigation of 28 New Zealand Local Authorities

The criterion of the normative model (developed by applying stakeholder theory and reviewing the sustainable development and strategic management literature) is used to:

- review local authority documents;
- critique the level of direction and guidance provided to local authorities
- identify the expected processes used during local authority strategic planning and decision making; and
- assess the quality of the final statements developed.

Data management and coding is described later in this chapter.

To gain a full view of the issues surrounding the New Zealand local authority context, an analysis of New Zealand legislation, policy and government programmes and research of local authorities is conducted in three ways; firstly through a content analysis of 28 local authority documents; secondly through in-depth analysis of six local authority processes; and thirdly by interviewing a sample of local authority representatives to identify how strategic planners are applying the legislation. Discussion of the use of direct observation and action research appears later in this chapter.

In order to further understand the nature (size and scope) of the gaps in strategic planning (and decision making) processes in New Zealand local authorities, a content analysis of 28 New Zealand local authorities' key strategic documents is undertaken. The review includes (where available) a regional, district and city local authority in close proximity to each other. In cases where there is no regional or city local authority the set became two, thus only 28 local authorities are suitable for analysis. The three reasons for choosing this initial approach i.e. number and type of local authority, are 1) New Zealand legislation and the principles of sustainable development requires inter-linkages to occur across local authorities and geographic boundaries; 2) the cross representative

sample group provides greater rigour and validity to the research findings; and 3) the legislation aims to provide for the diversity of local authorities i.e. small rural, large metropolitan, regional authorities and district authorities of varying capacities and capabilities. Appendix 2 shows a list of the types of documents analysed.

A review of a wide range of printed and electronic media is carried out. All 28 local authorities' websites and printed media which state their vision, mission and strategic options are analysed. This range of documentation varies from council to council. For example some LTCCPs came in two or three volumes. In addition all 28 local authorities have "other" statements i.e. statements called "Our Contribution", or "Revitalisation" strategies, "Council handbooks", or policy statements on "Recreation and Outdoor pursuits", "Engaging communities", "Economic Growth". These often held valuable information relevant to the vision, mission or strategies. In other cases "inspirational" statements are examined i.e. "a great place to live, work and play" (S9/3)³³.

The analysis involves between 7-10 printed documents from each local authority; the number and type of documents depends upon availability. For example at times it is not clear whether a "visionary" statement is the actual council vision. Therefore further investigation is required of other documents to confirm or deny the finding, or identify from other documents what the actual vision is. Electronic media, where available, is also reviewed.

The content analysis of the 28 local authorities and overall findings from the four studies (Berke & Conroy, 2000; Borrie et al., 2004; B. Evans et al., 2003; IPS, 2002, 2006) and the New Zealand audit report (OAG, 2005) confirms critical issues with local authorities' strategic planning processes. Overall the analysis finds that the statements do not consistently:

1. Reflect a clearly defined long term community "vision" (Berke & Conroy, 2000; Borrie et al., 2004; B. Evans et al., 2003; IPS, 2006);

³³ S9/3 is the coding used for the 28 local authorities' information sets. S=Set, 9= LA 9, 3= the third of three in that set.

2. Reflect the views of all primary stakeholders (Borrie et al., 2004; B. Evans et al., 2003; IPS, 2006; OAG, 2005);
3. Link organisational delivery to longer-term strategic direction (Berke & Conroy, 2000; Borrie et al., 2004; B. Evans et al., 2003; IPS, 2002; OAG, 2005);
4. Allude to direction that is new and out of the historical boundaries of council activities, therefore provide a balanced holistic perspective of the four well beings (Berke & Conroy, 2000; Borrie et al., 2004; IPS, 2002);
5. Link with the other statements from local authorities in that locality (Berke & Conroy, 2000; B. Evans et al., 2003; IPS, 2002; OAG, 2005).

The initial analysis of the 28 local authorities' 2003-2006 documents and media (where available)³⁴ identifies the lack of linkages between the vision, mission and strategies confirming the five concerns raised by the previous studies and audit. The analysis identifies that local authorities' strategic statements are not maintained, written, or represented in a consistent manner. Chapter 6 describes the findings in more detail including those confirmed through face-to-face interviews.

5.3.3 Six Local Authorities In-depth

Twelve local authorities are invited to participate as case studies to identify what actually occurs during planning and decision making. Fifty percent accept. The sample group of six local authorities represents a city, district or regional council reflecting a wide range of attributes i.e. revenue base, geographic area as applied in the previous studies outlined above. Table 5.1 shows the range of attributes of the six participating local authorities.

³⁴ Not all LAs' websites describe a vision, or a mission, while LTCCPs vary in writing, styles and level of strategic versus operational detail.

Table 5.1*Attributes of Case Study Local Authorities in 2006*

Attributes	Range
Public equity (millions)	\$183-\$2,005
Operating revenue (millions)	\$12.1-\$121.3
Operating expenditure (millions)	\$11.7-\$131.5
Capital expenditure (millions)	\$5.1-\$67.1
Rates revenue	\$7.1-\$77.3
Resident population	9,078-129,249
Average annual percentage population change 2001-2006 (All of NZ 1.1%)	-0.5%-2.2%
Land area (square kilometre sqkm)	98 (sqkm) -34,711(sqkm)
People per km 2006 All of NZ 9.7%)	4.3-1,311.5
Medium income (Ave of NZ \$24,400)	\$24,000-\$26,500

Source: LAs' websites

The sample local authorities range from a small rural based district local authority to a medium-sized³⁵ metropolitan local authority. Each local authority draws on different rating bases for servicing funding, have vastly different capacity and capability levels, have different legal duties and responsibilities placed on them and the organisational structures vary. However, all experience similar restrictions, are influenced by three year election cycles which can influence the organisational values and goals, are statute driven, are reliant on a rates base for funding, have a complex range of stakeholders to satisfy and all must work towards achieving sustainable development.

Thus a normative model and modified normative model which takes into account the diversity of local authorities across New Zealand could help improve strategic planning and decision making in New Zealand local authorities.

Documents that state the current vision, mission and strategies and where available describe the processes and methods used by local authorities to complete strategic planning (and decision making) are reviewed. Other broader documents

³⁵ The LA is classed as medium sized relative to NZ as there are larger and smaller metropolitan LAs in NZ.

and electronic media are also reviewed where applicable. Table 5.2 shows the diversity of documents and commonalities of themes across the six local authorities. Appendix 1 lists the documents analysed.

Table 5.2*Local Authority Document Sources*

Documents	Statements or Strategies sourced	LA1	LA2	LA3	LA4	LA5	LA6
Vision	Specifically stated	√	X	√	√	√	X
Mission	Specifically stated	X	√	√	√	x	√
LTCCP	Volume size and quantities varied	Vol 1&2	Vo1 1	Vol 1	Vol 1	Vol 1	Vol 1
Strategies that focused on:	Traditional roles of waste water, utilities and roading	X	√	X	X	√	√
	Transport and Roothing Design	√	X	√	√	√	√
	Health and Well-being	X	√	√	X	√	X
	Education	X	X	X	X	√	X
	Green Themes	√	√	√	√	√	X
	Community Safety	√	X	X	X	√	X
	Economic Development	√	√	√	X	√	X
	Urban Growth	√	X	√	X	√	X
	Culture and Heritage	√	X	√	X	X	X
Community involvement	√	√	X	X	X	X	
Philosophies	Specifically stated	X	X	X	X	X	X
Values	Specifically stated	X	X	√	X	X	X
Goals	Specifically stated	X	√	X	√	X	X

Assessment of the documents from each sample local authority prior to interviews taking place, ensures understanding of the local authority and its operating context.

5.3.4 Individual Interviewees

The interviews are conducted over a two week period in 2006 with follow-up phone calls (during the following month) if further clarification is required. Full transcription of the interviews and key facts relating to the normative model are captured in a spreadsheet form where common issues and points are able to be identified. The analysis of the data is inductive as the “patterns, themes, and categories” come from the data rather than imposed prior to the analysis (Patton, 1990). Comparing and contrasting the descriptive results from each sample organisation against the normative model provides comparisons. The significance of the results, and similarities and differences between them, are sufficient to generate explanations and conclusions in the interpretive phase. Appendix 2

shows the triangulation of the links between the data capture, analysis and final development of a modified normative model.

Interviewees' positions within the sample group range from an individual policy writer, two strategic planners, two managers of a small strategic/policy team and one general manager of a larger strategy and policy team³⁶. The range of professional experience of the interviewees ranges from six to 18 years. There is an even distribution of gender, with three males and three females interviewed. Some interviewees have either not been in their particular role or in their local authority long, therefore the questions need to be flexible enough to allow for these variations. A description of the implications of these variations appears later in the validity and reliability section. Table 5.3 shows the differences between the interviewees' attributes.

Table 5.3

Interviewee Attributes

Attributes	LA1	LA2	LA3	LA4	LA5	LA6
Gender	Female	Male	Male	Female	Female	Male
Years experience in LA	7 years	12 years	18 years	10 years	6 years	6 years
Role Title	Acting Manager of Planning and Policy	Group Manager of Policy and Strategy	Group Manager of Strategy	Acting Group Manager of Strategy and Planning	Manager of Policy and Planning	Manager of Policy and Planning
Age	20-30	40-50	40-50	40-50	30-40	20-30

Each interview moves through three phases. Firstly, it covers general introductions and a reiteration of the study's purpose (Patton, 1990). Secondly, the interviewees describe the processes their council use to form a vision and mission, identify strategic options and assess and prioritise strategic options (the four key steps). The interviewee identifies differences and similarities between the stated processes and the normative model (i.e. characteristics and processes). If there is no mention of the characteristics, additional questions are asked. These additional probing questions provide much richer findings for the development of

³⁶ Interviewees are guaranteed anonymity; therefore LAs are not named to protect confidentiality.

the normative model. There are stark differences arising between what the normative model describes as best practice stakeholder management and engagement, versus what is actually occurring in local authorities.

Thirdly, feedback is requested on the normative model (from local authority interviewees) at the end of the interview. Interviewees are presented with the key characteristics and processes and asked to, 1) rate the level of importance of the characteristic and process of the normative model with that of actual practice, 2) and suggest any additional characteristics and processes to improve local authority strategic planning and decision making processes. All interviewees suggest there is no management “tool” available they could easily use or translate to guide and improve their strategic planning practices.

5.4 Data Analysis and Management

The study requires a set of methods that would enable the integration and formulation that gives understanding about how people, organisations or communities experience and respond to events (Corban & Holt, 2006). Therefore a method of triangulation is required whereby data from at least three different perspectives could be collected on the same issue and be cross validated (Lewin, Somekh, Stonech, M. Nolan, & Stake, 2006). Triangulation involves using more than one method to gather data, such as interviews, observations, questionnaires and documents (Denzin & Lincoln, 2003). The end product of this research is a modified normative model developed from integrating sustainable development and strategic planning literature, applying stakeholder theory and informed by professional practice of local authorities within the New Zealand legislative context.

Cohen et al (2000) define triangulation as an “attempt to map out, or explain more fully, the richness and complexity of human behavior by studying it from more than one standpoint”. Altrichter et al. (1996) contend that triangulation “gives a more detailed and balanced picture of the situation”. According to O’Donoghue and Punch (2003), triangulation is a “method of cross-checking data from multiple sources to search for regularities in the research data”. The next challenge is to identify the most appropriate form of information data coding

(according to the normative model) and scaling i.e. levels of importance. Figure 5.2 shows how the research applied data triangulation.

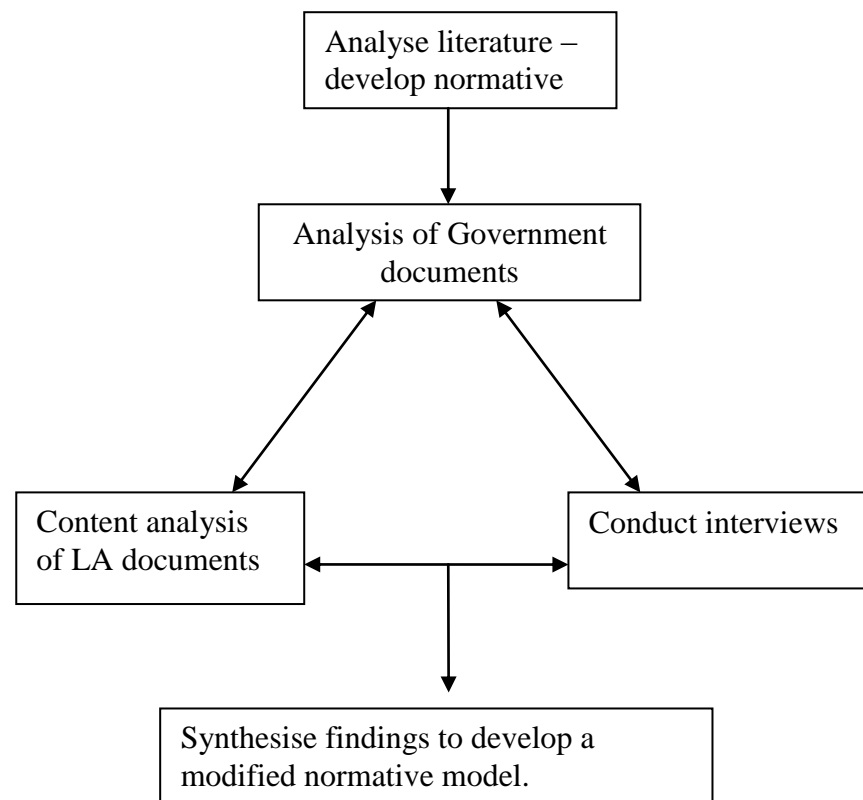


Figure 5.2: Data triangulation.

5.4.1 Content Analysis

While the sets of information i.e. content analysis and interview transcripts, are reviewed using the same criterion (i.e. the normative model), the open-ended nature of the questions provides an opportunity for respondents to describe more fully their local authorities' approaches to strategic planning. There are two different ways that the interview responses are categorised. Firstly, answers describing the processes used to develop the vision, mission and strategic options are compared and contrasted with those of the normative model (using the coding above). Then a comparison between the normative model and actual practice is completed. Appendix 3 provides a list of interview questions.

Secondly, in order to gain feedback on the normative model to inform the further development of the modified normative model, the interviewees comment on the relative importance of the characteristics and processes for creating a

The interview responses are codified from 0 (LA processes having no similarities to the normative model), to 3 (having high similarities to the normative model processes). By overlaying the individual responses, patterns of similarities and differences emerge. Appendix 4 shows how the evidence is captured overall.

5.5 Limitations

Reliability is “the term used to mean that the truth of the findings has been established by ensuring that they are supported by sufficient and compelling evidence” (Lewin et al., 2006). Validity is “the term used to claim that the research results have precisely addressed research questions. In qualitative study, research efforts to narrow the field of study to something that can be measured may have the effect of undermining the extent to which the outcomes can become generalized” (Lewin et al., 2006).

Threats to validity (and reliability) within this research have four main causes 1) selection of cases; 2) relevance of information from the literature search; 3) clarity of information gleaned from the central and local government documentation; and 4) reliability and appropriateness of interviewee responses (Robson, 2002) The use of the normative model as the criterion guide and aid to the investigation, ensures the analysis of the documentation and interview questions stay within the scope of the study.

5.5.1 Selection of Case Studies

Depending upon the research methods applied the case study size chosen has the potential to cause risks to research validity. For example, the sample size should be large (i.e. include all 83 local authorities in New Zealand), thus creating a broad and yet comprehensive study and analysis. Alternatively the study could focus on one local authority and follow its progress through a full strategic planning process. On the other hand, would a sample size of “somewhere in between” be more appropriate and provide greater weight to the research.

The rationale for the approach taken is as follows. Local authorities’ planning processes occur at different times annually and over three years. When this empirical research is conducted in 2006, some local authorities are in their

first year of implementing the Local Government Act requirements, while others are in their third year. Some begin their planning process at the beginning of each calendar year, others during or at the end of the midyear financial year. There are no set time requirements laid down by government. Therefore it is not possible to involve all 83 local authorities. Secondly, testing the model on one local authority (i.e. action research) is not practical (as discussed with local authority experts and practitioners) as this requires recruiting a local authority in the beginning stages of developing a full vision, mission and one or more key strategies. None of the local authorities contacted are at this beginning stage. Local authority interviewees suggest this process would take at least one calendar year and any significant strategies are required (by regulation) to go through a lengthy and extensive consultation process; therefore an in-depth case study (action research) is discounted. They also state that to gain a view of the diverse challenges on each type of local authority in New Zealand, a sample of a regional, district and city local authority would be more representative of the New Zealand context.

The analysis of 28 local authorities helps ascertain the real size and scope of the problem and allows validation of the solutions i.e. creating the rigorous and transparent decision making process required. Selecting the “somewhere in between” involving 12 local authorities with different organisational structures, legal responsibilities and rating bases reflects the diversity of local authorities in New Zealand. Unfortunately only six of the 12 local authorities approached agree to participate. Two further complications arise. It is a local body election year, and the year (one in a three year cycle) where local authorities are required by legislation to review their LTCCP. Therefore election pressures are diverting many local authorities’ time or they are in the middle of their current strategic planning cycle. Only one representative from each local authority is available to meet face-to-face.

5.5.2 Relevance of Information from the Literature Search

A wide range of literature and models are analysed. The disadvantage of researching such a broad collection of models is the risk of losing deep understanding of any one management method and how that method could be adapted to suit local authority strategic planning. During the initial investigation

there is consideration of other more procedural and systematic literature, i.e. soft systems and decision tree methodologies. A key aim of this thesis is to develop a normative model which is easily transferable into the current local authority planning processes without requiring extensive recasting of local authorities' capability and capacity. For this reason these other various forms of constructs are discounted. While the contextual situation warrants many perspectives to add greater weight to the creation of the initial perspectives of a normative model, the result needs to conclude with a relevant normative model.

5.5.3 Local Authority and Government Information

The initial source of information is documents that describe the organisations' visions, missions and strategic options. The use of such reference material in the empirical search adds substance to both the interviews and data analysis. Key points to note with reviewing the written form are those of the local authorities' writing skills, organisational biases, level of community engagement in developing the documents, the age and relevance of the documents and availability of referenced material. The use of the normative models provides the basis for assessment and adds legitimacy and consistency to the empirical investigation.

There are other challenges with conducting this study. Local authorities' documents reflect 1-10 year life spans (to reflect a 10 year period)³⁷ therefore longer term documents or statements have become outdated or are no longer available. Another difficulty with the document search involves locating and accessing referencing information. Only three local authorities have documents readily accessible (on their website or through request) to the researcher or available electronically prior to the interview. This discrepancy is due to many strategies or plans being in various stages of redevelopment or documentation describing engagement processes not available. Even after the interviews, some documents can still not be found. Where possible the most recent statement version is obtained or other relevant statements analysed.

³⁷ LTCCPs are a more recent introduction therefore many were 2-3 years old. Some LAs had bi-annual document review systems in place, but in reality this was not always implemented consistently across LAs or within each LA.

All New Zealand local authorities' documents and processes derive from government legislation (RMA, 1991; LGA, 2002) and the required LTCCP planning framework therefore, this thesis assumes that a level of consistency would be found. This is not the case. The RMA was released in 1991, while the SDPoA was developed between the years of 2000-2003 and released in 2003; the LGA 2002 developed simultaneously by a different government department. The findings highlight gaps in the intervention logic between these first three key directives. Release of the LTCCP and Guidelines shortly afterwards is intended to assist local authorities with implementing the new planning requirements. The analysis finds discrepancies between the documents descriptions of local authorities' accountabilities and responsibilities, leaving room for local authority interpretation and discretion but also allowing ambiguity and slackness.

5.5.4 Reliability and Appropriateness of Interviewees' Responses

The collection of the data from sample cases could come from a number of sources, i.e. documents, archival records, interviews, direct observation and interviewee observation (Yin, 1989). The interviewees' feedback involves a retrospective analysis of the strategic planning processes. Interviewees note that in some cases the staff members involved with developing the earlier statements or managing the planning processes no longer work at the local authority. Therefore half the interviewees' base their commentaries on previous experiences gained in other local authorities and not necessarily in their present employment. As a result descriptions of processes to form vision, mission and strategies are based largely on personal professional experience and reliant on interviewee memory of historical processes.

There are three potential risks to reliability and validity concerning data integrity. Firstly, the accuracy of interviewee memory of the processes, rather than personal biases on the process itself, is a potential risk. Relying on the information being factual i.e. based on previous experience, training and knowledge, versus opinion and emotive responses. Lewis et al (2006) states, "whatever the methodological stance on the important debates that surround notions of subjectivity and objectivity ... research is never truly impartial." Awareness of "opinion related" rather than "fact based" information requires use

of triangulation to check the validity of the data. Interviewees have the opportunity at the interview to give their opinions on what best practice decision making characteristics and processes form a modified normative model.

5.6 Conclusion

A qualitative case study method answers the research question. The research draws from the sustainable development and strategic management (private and public) literature. The initial analysis identifies four key steps required to complete strategic planning (and decision making), consistent with effective stakeholder management and engagement.

Development of a normative model guides the content analysis of government documents and local authorities' documentation, knowledge and experience.

Review of New Zealand government direction in the form of legislation and guidance material substantiates the thesis' applicability to the New Zealand context. An exploration into research design develops an appropriate set of research methods.

The empirical methods take two forms. One consists of documentary research which examines the key statements (i.e. content of vision, mission and strategic options) and the strategic planning processes used within local authorities. The second is through face-to-face interviews of staff involved with managing the relevant processes. These interviews involve two sets of questions. The first includes describing the actual processes used to form vision, mission and strategic options using the normative model. The second set of questions invites interviewees to provide feedback on professional best practice. Once the results are aggregated, the findings help develop a modified normative model for decision making in the public sector. Table 5.4 shows a diagram of the overall data management and processing.

This chapter includes descriptions of details of the development, validation and implementation of the research instruments including the sample size and

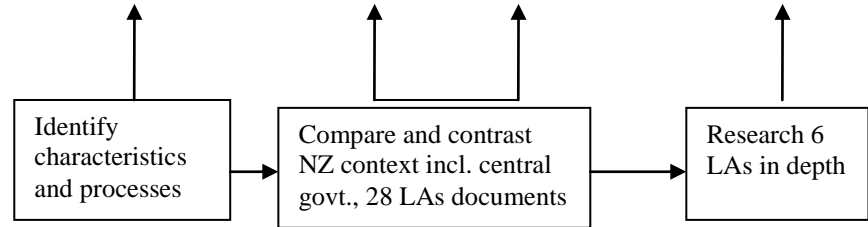
A Normative Model for Strategic Planning

analytical procedures. Findings describing the research content are in Chapter 6, while the findings from the research process are in Chapter 7. Chapter 8 describes the overall findings and the contribution to stakeholder theory and strategic planning literature and practice.

Table 5.4

Overall Data Management and Processing

Stakeholder Theory and the Principles of Effective Stakeholder Management												
Steps for strategic planning	Key Characteristics and processes	Information researched										
	Identified from the strategic management and sustainable development literature.	Literature		Government Documents			28 LAs Documents	Research 6 LAs in-depth				
		Sustainable Development	Strategic Management	Legislation	Policy programmes	Guidelines	Plans, LTCCPs, Strategies	Case study 1	Case study 2	Case study 3	Case study 4	Case study 5
Develop a Vision												
Develop a Mission												
Identify Strategic options												
Assess and Prioritise Strategic options												



Chapter 6. Findings - The New Zealand Context

The examination of stakeholder theory shows decisions are more likely to be supported (and thus successful in their achievement) if the appropriate stakeholder management processes are applied.

Local authorities' strategic planning processes are influenced by government legislation, policy and guidance material. Local authorities are tasked with making decisions within resource constraints (which is dependent upon the local population base and rate of borrowing) and a three-year local body election cycle.

In this chapter, the normative model is applied (from chapter 4) as guidance to assess the New Zealand context. The chapter compares and contrasts the government legislation and guidance material, the 28 local authorities' documents and the six case studies' documents and processes in order to understand the precise nature of strategic planning and decision making in New Zealand local authorities. The analysis includes: 1) government legislation (Resource Management Act, 1991 (RMA); Local Government Act, 2002 (LGA); Long Term Council Community Plan, 2002 (LTCCP); a key programme Sustainable Development Programme of Action, 2003 (SDPoA); guidance material (KnowHow Guidelines, 2004); and 2) local authorities' documents and recall of strategic planning and decision making processes with that of the model. Figure 6.1 shows how the chapter presents each of the information sets.

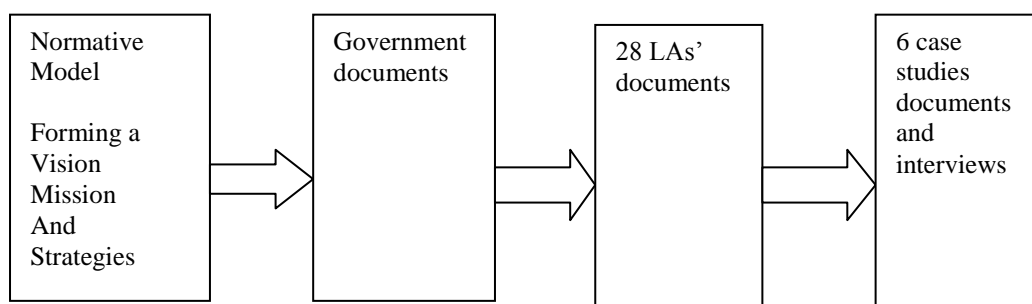


Figure 6.1: New Zealand information sets.

The chapter concludes with identifying the steps and characteristics by comparing the normative model (characteristics and processes) with the written and verbal evidence from local authorities. The chapter starts with the first step of developing a vision.

6.1 Vision

6.1.1 Gives Meaning to the Future

6.1.1.1 Government documents - gives meaning to the future.

The RMA (1991) is limited in that it focuses on future sustainable management of natural resources (rather than the four well-beings); it aims at ensuring the needs of future generations (environmental needs) can be met (Williams, 1997).

The SDPoA intends to provide the conceptual link of long-term sustainability to the public sector, while the RMA and LGA along with the LTCCP provides the meaning based on the geographic, demographic, economic and social needs of each specific locality's need. None of the government documents (RMA, 1991; SDPoA, 2003; LGA, 2002; LTCCP, 2002; and KHGs, 2004) are able to "give meaning" to the future (according to the conceptual definition). For example:

The documents discuss outcomes that are either high-level or broad (SDPoA, 2003 pp.6-11; LGA, s.14) or are very specific (i.e. environmental) or operational in focus (RMA, s.5, 1991; LTCCP Schedule 1, 2002; KHGD Chapter 10, 2003). Therefore the identification of reasonable future outcomes is not able to be qualified.

There is a dearth of intervention logic which links high level or the broader vision to implementation. None of the documents individually, or as a set, describe processes to link the vision or long-term outcomes to mission or strategy. More importantly, the government documents stated aims vary when describing improvements to all stakeholders over time. The SDPoA (2003, p.10) explains that government decision making will take into account long-term implications, work in partnership, decouple economic growth from environmental pressures and

respect human rights, rule of law and cultural diversity. The RMA focuses only on those stakeholders with vested interests in the environment (Van Roon & Knight, 2004); while the SDPoA is at the other extreme and states that all stakeholders from each well-being should be fully involved (SDPoA, pp. 6-10, 2003).

Therefore, by applying the RMA requirement the future may be limited to those involved with environmental concerns rather than those who have a broader interest in economic, social and cultural concerns.

The LGA and KHGs provide a more balanced approach to stakeholder consideration (IPS, 2006; LG, s.79, 2002). The LGA requires that decision making is conducted in the best interests of the future communities, and to take a sustainable development approach (LGA, s.76, 2002). The LTCCP's purpose as defined in the LGA (2002, s. 93 (6), 2002) describes community outcomes that provide for long-term focus. The KHGs encourage the LTCCPs to take "a sustainable development approach" (KHGD 2004, p.27) and are to "take account of the future need of communities" (KHGD 2004, pp. 21-26).

Consequently, while the government documents encourage local authorities to be "visionary", the lack of documented processes to identify reasonable future outcomes that link to the vision, mission and strategy, or that promote improvement for all stakeholders over time, shows the decisions made may not necessarily "give meaning to the future" for all primary stakeholders.

6.1.1.2 Analysis of 28 local authorities' documents - gives meaning to the future.

Of the 28 local authority³⁸ documents analysed, seven do not have a vision statement or alternatively, have a mission statement which they refer to as their vision statement. As management literature shows these technical differences are crucial to the forming of the appropriate statement for the relevant purpose.

More importantly the content of the statements available vary. For example S1/1 states a "mission purpose" in their 2006 LTCCP as:

³⁸ The 28 Local authorities are coded by set number ranging from 1-10 and Local authority number 1-3 i.e. S9/2 denotes the 2nd Local authority in set 9.

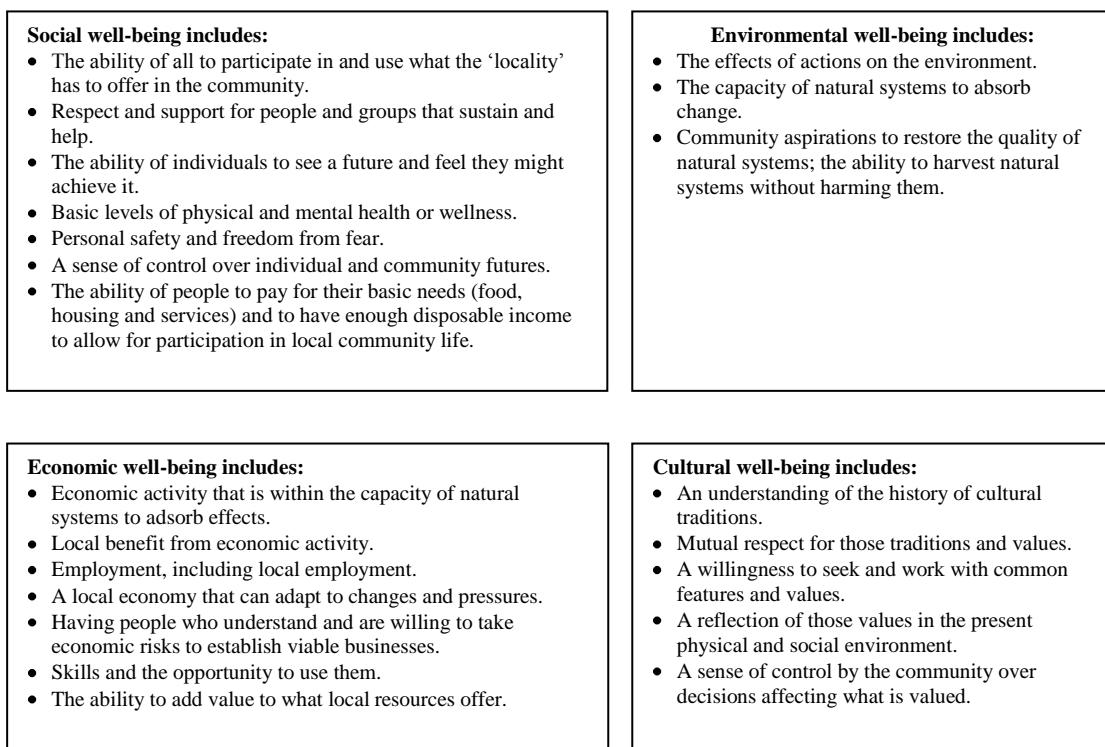
A Normative Model for Strategic Planning

To provide the Facilities and Services and Environment, Leadership, Encouragement and Economic Opportunity.

TO MAKE (name of place) THE BEST PROVINCIAL CITY IN New Zealand in which to live, work, raise a family, and enjoy a safe and satisfying life.

According to the definitions within the normative model this example reflects the characteristics of vision, mission and strategy within the one statement. Many local authorities' vision statements make vague links to areas of need and priority, or highlight only one or two well-beings. For example "a living landscape, rich in natural resource, a flourishing environment that we respect and enjoy" (S2/1).

The way in which local authorities do qualify the four well-beings is to describe what the four well-beings mean to that locality through other statements, charts or lists. Figure 6.2 shows an example of how one local authority takes into account the four well-beings through capability development of the economy, people and society overall.



Source: S9/3

Figure 6.2: Examples of four well-beings.

The example provides a holistic approach to all four well-beings; however it also describes a broad range across each well-being. According to the normative model, specificity introduces more reasonable outcomes.

The local authorities' vision is "Reaffirming the (name of place)³⁹ lifestyle and culture – with a sustainable emphasis" (S9/3). This example shows that while the vision itself may not "give meaning to the future" (according to the criteria) the supporting statements in Figure 6.2 improve the likelihood. However local authority S9/3 is the only one of 28 local authorities where identification of the characteristics and processes is easy. Overall although the 28 local authorities' vision statements may not "give meaning to the future", there are minimal similarities identified between the normative model and local authority documents.

6.1.1.3 Six case studies - gives meaning to the future.

The data collected from the six local authorities reviewed in-depth (written and oral) varies. Only four of the six local authorities have a stated vision or a statement that represents a vision⁴⁰. All vision processes describe that the end goal is to develop a view of "a" potential future state. One vision represents a 50-100 year future state, two visions represents up to a 10 year future state, while one represents the next 3-5 years.

Not all statements clearly articulate reasonable potential outcomes. All interviewees said that local authorities still focus on the traditional roles, but are slowly taking a more proactive leadership role in "other" areas. One interviewee describes the process as asking, "What are we here for and, who are our audience?" The interviewee also said that "local authorities are not necessarily good at considering others when developing a vision as they see themselves as a standalone entity, and aren't good at understanding customers needs". Also, "local authorities have never had to work within competitive models and have a captured funding arrangement" and therefore "often work in isolation intentionally" (LA 6). Two other local authorities make similar statements about the development of

³⁹ (Name of place) represents the name of that locality and is used throughout this chapter to protect the anonymity of LAs.

⁴⁰ The six local authorities researched in-depth are coded by local authority 1 to 6.

the vision, as a traditionally introverted exercise (LA 5 and 1). Two other interviewees state that often the visioning exercise is confused with mission development and strategising (LA 3 and 4).

Overall the process of identifying meaning for a vision is not well developed and relies upon how “inclusive” the local authority chooses to be and to what degree the local authority takes into account primary stakeholders’ views. For the most part (and traditionally) visions are limited to giving meaning to the local authority staff only.

The New Zealand context reflects: 1) that the link to the four well-beings is tenuous; 2) while the documents support long-term outcomes, it is not a consistent practice to take a long-term view; 3) the visionary statements do not show clear links to mission or strategies; and 4) the vision statements that are available are not developed by encapsulating all primary stakeholders’ views. In summary, the New Zealand context shows that the connection between vision, mission and strategic options are absent; moreover the aim to provide improvement for all stakeholders (through considering all four well-beings) over time is not well represented when developing a vision statement.

6.1.2 Need and Priority

6.1.2.1 Government documents - need and priority.

The RMA (1991) primarily focuses on the natural environment and human need, and concentrates on stakeholders who have a direct interest in the environment (Van Roon & Knight, 2004; Williams, 1997). The broad context of the SDPoA (2003, p.12,) (i.e. four well-beings economic, environment, social and cultural) recognises the complexity and interdependencies, but does not describe how to identify the areas of need and priority. The LGA (s.76) requires local authorities to identify “levels of significance” for issues and goes on to say local authorities are the best judge on how they will identify and comply with the “level of significance”.

The LTCCP defines a process that “stimulates debate, informs prioritisation and encourages participation across the community” (KHGD 2004, pp.22-24).

However, the broadness of the LGA and LTCCP (which encapsulates the four well-beings) does not easily translate into specific need and priority. Furthermore the KHGs do not describe how local authorities should define needs and priorities from the broad range of issues.

As a result, while the government documents promote the importance of identifying needs of the broader community, it is at the local authorities' discretion to identify priorities i.e. level of significance. Moreover the documents do not specify how to translate the high-levels of stakeholder complexity and interdependencies into the areas of need and priority.

6.1.2.2 28 Local authorities' documents - need and priority.

The vision statements which identify the areas of need and priority largely reflect the language of the Brundtland statement and the four well-beings. For example one vision statement is “a thriving healthy community whose economic, cultural and social well-being and opportunities are supported by excellent infrastructure, services and amenities within a high quality environment” S7/1.

S9/3 vision states “(name of place) - a great place to live, work and play”. This example of a vision represents approximately one third of the local authority visions analysed. The visions themselves do not identify specific areas of need and priority, or provide an obvious link with needs and priorities later in the mission or strategies.

Another local authority identifies its areas of needs or priorities (where described) by having seven short vision statements linking to priorities. Table 6.1 shows these links.

Table 6.1*Linking Areas of Focus to Vision*

Priorities	Vision
A wealthy community	A city that encourages strong local business growth and employment growth, and attracts increasing numbers of new business and tourists
An accessible city	A city with a transport system that supports economic development and where people move about easily and safely
Safe and healthy people	A city where residents feel safe and enjoy a healthy lifestyle
Sustainable city and environment	A city that makes the most of its natural and built environment
Culture and learning	A city that celebrates and supports culture and excellence in the arts and education
Supportive community	A city where residents feel included and connected with their wider community
Active community	A city that provides and encourages participation in a broad range of sporting, recreational and leisure activities.

Source: S10/2.

Other interlinking statements are difficult to find in the local authority documentation. The lack of clarity and inter-linkages show that local authorities have not well described the identification of needs and priorities across the written documents.

In summary, while the 28 local authorities' documents describe the importance of the broader community, the documents do not specify how to translate the high-levels of stakeholder complexity and interdependencies into specific areas of need and priority.

6.1.2.3 Six case studies - need and priority.

All interviewees consider that local authorities are not good at involving the wider community or stakeholders when developing long-term visions (LA 1-6). One interviewee states the reason is because of the lack of capability in the community and the local authority to think more long-term (LA 2). Another states, it is due to local authorities not understanding how their roles translate into a broader vision (LA 1). While a third interviewee believes that local authorities have difficulty trying to articulate the broad range of community needs and priorities into one vision statement (LA 6). The first notable challenge for local

authorities appears to be one of capability i.e. of how to synthesise the broader longer term perspective into more specific need and priority.

The local population base and local authority capacity across each of the six localities is diverse. However, all the local authorities have a process for identifying the areas of need and priority for the local authority in the short-term. Some have vision statements organisationally focused and derived from questioning techniques similar to that of a SWOT analysis. These visions reflect issues of the day, i.e. roading, waste and water management. Others have broader visions (or related statements) which reflect wider issues such as safety, health, economic and environmental concerns. Five out of six local authorities capture two, three or four well-beings in some form, if at times quite generalised. For example one vision statement states, “To develop (name of place) into an even better place for living, working, investing and visiting” (LA 1).

The interviewees acknowledge the high level of stakeholder complexity and interdependencies make it difficult to identify and prioritise shorter term local authority need and priority over long-term community outcomes. Hence the reason why the vision statements represent a wide range of qualities i.e. they remain either quite broad or generalised, or focus on the local authorities’ operational responses.

Overall, the government and local authority documents and processes acknowledge the high-levels of stakeholder complexity and interdependencies which reflect in broad areas of need and priority. However the analysis shows both the government and local authorities have difficulty translating these into specific need and priorities that provide meaning for primary stakeholders thus creating an effective long-term vision.

The RMA requires a high degree of stakeholder engagement through public participation and a co-operative approach (Ericksen et al., 2003; IPS, 2002). The SDPoA (2003, p.11) requires participatory processes to form decisions and solutions and states, “the purpose of the partnership approach is to: combine efforts and resources towards common aims; share information and expertise;

understand different points of view; make better decision; and create more ‘win-win’ outcomes”. However the SDPoA does not describe processes for government agencies to navigate their way through engagement which requires negotiation and conflict resolution, nor does it explain how to clarify accountability and responsibilities of primary stakeholder groups.

The LGA requires stakeholder engagement with those most affected and interested; local authorities are deemed to be the best judge of how that occurs (LGA 2001, s. 77-84). Stakeholder engagement is required by the LTCCP through consultation with the community to identify future outcomes (LGA 2001, s. 93(6)), while the KHGs define more clearly the processes for dealing with negotiation, conflict and showing clear reasons for prioritising through the “significance policy”. The KHGD (2004, p.21) requires local authorities to take into account the future needs of the communities which may include characteristics “that develop and strengthen community networks and associations”.

6.1.2.4 28 Local authorities’ documents - stakeholder engagement.

All 28 local authorities describe how they consult for the community outcomes through workshops and stakeholder meetings, except none of the local authorities specifically describe how they consult when they are developing the vision, or in fact whether they do. That is whether they a) apply criteria of some form, b) start from a previous stated position, or c) allow the discussions to be open.

One example of a vision that describes stakeholders in some form states, “Thriving, healthy communities whose economic, social and cultural well-being and opportunities are supported by excellent infrastructure, services and amenities within a high-quality environment” (S7/1). While the local authority vision states that the community has aspirations of “a thriving healthy community” the local authorities’ prioritisation (in other documents) remains on its traditional role of infrastructure service provision. Overall none of the local authorities have visions describing any prioritisation processes during development, or the application of processes of conflict resolution or negotiation during vision formulation.

6.1.2.5 Six case studies - stakeholder engagement.

The processes to engage stakeholders in the six local authorities are similar. That is, four of the six local authorities invite those “identified” as primary stakeholders to participate and ask what their views for the future are. However the processes to identify which stakeholders are to be involved, appears to be on an arbitrary basis. Primary stakeholders are sometimes chosen because they are deemed to be those who would want to be consulted (LA 2, 5, 6) regardless of resources, while others are omitted because they are considered to hold opposing views to the local authority’s preferred direction (LA 1, 3, 4). The range of primary stakeholders range from a select few local body elected members⁴¹ or executive members to a wide range of community groups. One interviewee believes that when elected members become involved with the visioning process it become much more difficult to achieve consensus or shared future direction (LA 2). Another respondent states stakeholders need to realise that the community and local authority cannot know everything therefore community visions often become generic (LA 6). For example, one statement promotes a “Collaborative Partnership” as being the ultimate vision, rather than the result or outcome from that collaborative partnership (LA 1). None of the local authorities asks primary stakeholders what their contributions to help achieve the future outcomes are, or describes any links to accountabilities or responsibilities (other than their own).

Although consultation with stakeholders is required on long-term outcomes, local authorities are not obligated to translate those findings into a vision for the community. As a set of directive and guidance material the government documents are useful in describing how to identify stakeholders’ views, and identify areas of significance. However, discussion of the accountability and responsibility to and of primary stakeholder groups is absent. The approach to engage primary stakeholders highlights contradictions. Firstly, government guidance is not clear on how to identify those stakeholders most likely to be interested or affected. Secondly, some local authorities avoid stakeholder engagement that involves conflict or negotiation. Thirdly, there is minimal consensus on the prioritisation of the vision with those “chosen” to participate.

⁴¹ These stakeholders are elected representatives and as such their views deemed important within a democratic process.

Therefore, according to the literature, the processes in local authorities as they stand may not reflect effective stakeholder engagement.

6.1.3 Is Inspirational

6.1.3.1 Government documents - inspirational.

The RMA is deemed to be inspirational (according to the normative model) because of its attempt at addressing impacts rather than activities (1991, s.5). It also directs local authorities to plan for the use and protection of natural resources (Van Roon & Knight, 2004). However Van Roon and Knight (2004) go on to say that the contradiction between the Act and the local authorities' roles and responsibility (i.e. management of natural resources and not specifically sustainable development) means intelligibility and credibility of responses from local authorities may be a risk to an effective vision.

The SDPoA (2003) vision for New Zealand encourages both central and local government to consider more consistently the four well-beings and use information to support long-term outcomes and implementation. The LGA could be classed as promoting inspiration (according to the normative model) as it makes the link between the concept of sustainability (future visioning) and the need for open, transparent, accountable conduct of business (2002, s.14). The LTCCP could be defined as promoting inspiration because of the required link from long-term outcomes, policies and annual plans (2003, s. 93(6)). However the KHGs describe that local authorities must "adopt" a plan in response to the outcomes, but they do not necessarily have to deliver on the outcomes – placing the credibility of the vision at risk.

While the documents promote processes which encourage a new future state to be identified (RMA, 1991; SDPoA, 2003; LGA, 2002), the vision has the potential to lose credibility (and intelligibility) due to the non-action of local authorities. What is more, depending upon the planned actions by of local authorities, the credibility of the vision or decision makers could be diminished.

6.1.3.2 28 Local authorities' documents - inspirational.

The characteristics of an inspirational vision (i.e. something new and positive to look forward to which stakeholders see as credible and intelligible) in the 28 local authorities' documents is challenging to identify. This is due mainly to there not being an obvious link between the vision statements and statements of actions or implementation. For example S5/1 used language that is positive and something to look forward to (see Figure 6.3); however upon further investigation of credible and intelligible statements (i.e. search for strategic options) there are no clearly linked strategies or any obvious way in which the vision overall would be achieved.

<p>Example Vision (S5/1)</p> <p>(name of place) is all about: Being a place that is easy to move around, built to fit our hills, harbour and coast.</p> <p>(name of place) will have: A clean green, valued environment. Vibrant, healthy and diverse communities, and actively involved people.</p> <p>We will have: A strong sustainable economy, while living well, and wasting less.</p> <p>(name of place) will be a great place to grow up.</p>

Source: S5/1

Figure 6.3: Example of positive and forward thinking vision.

The literature highlights the importance for primary stakeholders (who are to be involved with delivering the vision) to be involved with developing the vision and that primary stakeholders need to see actions link to the vision for that vision to be considered credible (Bryson, 1993; Deetz et al., 2000; Duke Corporate Education, 2005; Kaplan & Norton, 2004; Kotter, 1996; Lindblom, 1990; Pezzey & Toman, 2002; Senge, 1994). Overall the 28 local authorities' vision statements show a lack of inspiration according to the normative criteria, i.e. there is no clear link between long-term concepts and desires to implement or action.

6.1.3.3 Six case studies - inspirational.

Inspiration (according to all the local authority interviewees) is important especially given the new LGA long-term outcomes requirement. All interviewees agree it is the local authorities' role to be the main organisation within their respective city/region/district to lead the future of the locality, and more specifically to promote the vision, thus being inspirational. Five out of six interviewees raise leadership characteristics as being a key factor to inspiration (LA 1, 2, 4, 5, and 6) and this is discussed in more depth in Chapter 7. Two local interviewees in particular have strong views as to whether their organisation has the right stakeholder engagement approach to be inspirational (LA 1, and 3). Four of the six doubt whether leaders of local authority organisations in New Zealand understand what it means to be inspirational in that local authorities tend to fall back on their traditional role of managing assets. All interviewees consider that inspiration comes from continual promotion and "selling" of the vision. Only two interviewees state their organisation have the right processes in place to do this (LA 3, 4). In addition interviewees believe it is vital (given the context of community outcomes) to ensure all primary stakeholders contribute to the vision.

In summary, the New Zealand contextual findings identify the key characteristics of inspiration are weak due mainly to the lack of a link or translation of the long-term vision into credible actions. The government documents point to inspiration as a new and positive future underpinned by the principles of sustainability; however there are critical descriptions of processes missing in the direction and guidance material which links mission and strategy. The 28 local authority documents also miss describing these links. What is highlighted is that interviewees consider inspiration and leadership are inexplicitly linked and vitally important to a vision statements' success to ensure stakeholder buy in and support. None of the interviewees comment on the need specifically for the link between broad aspirations to action and implementation.

Overall, the New Zealand data provides a mix of direction and guidance for developing an effective vision. The government documents encourage the need for "meaning", and emphasise the importance of local authorities to be "visionary" but the processes to develop a broad long-term vision and identify the

needs and priorities of the community are absent. Representation of visions across the 28 local authorities' documents and six case studies are erratic, some are vague, and most do not define clearly the areas of need and priority. The interviewees describe a range of processes that are applied to develop a vision and state that they are largely inconsistent from year to year and across local authorities even with the legislative direction and Knowhow Guidelines.

All the government and local authority documents promote the need for visioning processes to engage those stakeholders most affected and interested. The legislation allows for local authorities to best judge how this engagement should occur. The local authorities are inclusive (to a point), when it comes to stakeholder engagement. Primary stakeholder membership is selective. Interviewees describe how at times local authorities channel participation, consultation or negotiation to minimise negative or opposing views to that held of the local authority.

Representation of the critical factor of inspiration within the New Zealand context (and according to the conceptual framework) is tenuous because of the option of whether local authorities and decision makers will deliver on, or contribute to, any of the long-term community outcomes. Thus local authorities' credibility may be diminished and intelligibility of action and implementation may be seen to be vague by stakeholders. These gaps reflect in the range of quality of vision statements found in the participating local authorities. Finally, the interviewees emphasise that leadership is an important quality required for selling and promoting the vision to ensure follow through and support from the broader community.

6.2 Mission

A mission statement defines the organisation's purpose, principles and importantly the organisation's desired outcomes. Within the context of this thesis the mission statement describes how the local authority will operate to support the broader vision within the principles of stakeholder theory.

6.2.1 Creates the Links between vision and strategy

6.2.1.1 Government documents - vision and strategy.

The RMA attempts to devolve decision making to the level closest to where the impacts on the natural environment are perceived, i.e., local authorities (Ericksen et al., 2003). The intention is to bring the conceptual and legislative aspects of sustainable development to a specific organisational strategic and operational level through local authorities' accountabilities and responsibilities (Van Roon & Knight, 2004). The SDPoA (2003) guidance provides the link between high-level international best-practice principles for sustainable development, government legislation and local authority regulation encapsulating the four well-beings. The SDPoA (2003) requires the consideration of long-term implications of decisions and identifying innovative solutions.

The LGA defines the local authorities' power and authority and introduces a new planning framework (Borrie et al., 2004). It requires local authority decision makers to plan for the future while implementing strategies and solutions immediately (LGA 2002, s.14). The LTCCP outlines the processes that decision makers are expected to carry out, which forms the link between the vision (long-term community outcomes) and mission (strategic framework of the LTCCP) and annual plans (Ericksen et al., 2003; Ericksen et al., 2003; IPS, 2002). The KHGs provide advice on how to identify the links between the high-level outcomes, (i.e., the four well-beings) and the implications for the local authority (KHGD 2004).

Overall the government documents encourage linking long-term outcomes with local authority responses; however none of the documents describe actual processes to link vision and strategy through identifying or applying criteria. Therefore while the documents highlight there will be implications for local authorities, there is a dearth on how local authorities identify the impacts on their operations.

6.2.1.2 28 Local authorities' documents - vision and strategy.

Seven out of 28 local authorities do not have a mission statement or alternatively, the mission is reflected in "other" guiding principles or philosophies. The documents describe how (through consultations and

workshops) primary stakeholders could put forward their future hopes and desires for the long-term. The local authorities then translate that long-term vision into operational responses.

Analysis of the documents uncovers discrepancies. For example one local authority (S1/2) asks residents to state the most important outcome which is identified as “A lifetime of good health and well-being”. The local authority’s response under this is to “ensure the development of sewage facilities and services” (S1/2). Another example of a gap in the linkages between vision, mission and strategy is a vision that states, “Having vibrant diverse healthy communities and a sustainable economy” (S5/1). The subsequent mission statement is, “By working in partnership with the community and engaging in meaningful consultation, council will ...

- provide leadership,
- enhance quality of life for current and future residents,
- plan for a provide affordable quality services” (S5/1).

Therefore the main activities of the local authority describe the traditional role of the local authority (S5/1).

Another local authority does not have a mission but has a series of goals, objectives and guiding philosophies as an alternative to a mission (S10/1). Overall the findings highlight significant disconnection between the long-term vision, mission and subsequent strategies in many cases. More specifically, the mission does not recognise the needs and priority identified earlier, or appears to apply any subsequent criteria by which to link the vision and development of an organisational mission.

6.2.1.3 Six case studies - vision and strategy.

The linkages from vision to strategy are not clearly obvious within the six local authority investigations. Two local authorities start their mission forming processes with a question along the lines of “so what does this mean for us?” (LA 3, 5). The question is intended to illicit ideas, moving staff from the broad or a long-term vision to an organisational response. However, because many local

authorities' visions lack identifying the areas of need and priority, this only solicits answers that are either the same operational organisational responses (traditional activities); or vague nondescript responses that lack clear attribution to a particular strategy or function within the local authority (LA 2). One interviewee considers it is much easier for local authorities to develop a mission than a vision statement because it is more understandable and manageable (LA 6). Three of the six interviewees state the local authorities have not yet understood how to link the four well-beings into an organisational mission statement (LA 1, 2, and 4). On the whole the mission statements do not show a relational link between the vision and strategies. Thus no clear criterion is developed or applied.

In summary, evidence of the data and the conceptual findings linking a mission to vision and strategy is sparse. The link between vision and strategy is tenuous because of the absence of criteria or the common threads unifying the statements, i.e. needs and priorities. It appears from the analysis of the data that local authorities are only slowly expanding from the traditional delivery roles to understanding their roles within the broader community visions.

6.2.2 Goals and Aspirations

6.2.2.1 Government documents - goals and aspirations.

The RMA requires local authorities to qualify their responses through regulation and management of natural resources (Ericksen et al., 2003; Van Roon & Knight, 2004). The SDPoA (2003, pp.19-21) does not provide specific guidance to local authorities on how to identify their particular desired outcomes. However, it does acknowledge local authorities may need to pursue activities which could include economic development and competitiveness, improving the provision of infrastructure and services, urban design and social well-being. The LGA (s.14) highlights principles which include "desired outcomes are to be made with the best interests of the community's social, economic, environmental and cultural well-being (now and in the future) in mind". Section 93(6) of the LGA sets out the purpose of the LTCCP as describing the community outcomes; providing a basis for accountability of the local authority and community; and an opportunity for public participation in decision making processes. However the LTCCP requires local authorities to describe information regarding water, sanitary

and waste management but does not provide guidance on how to identify any other desired outcomes in response to the broader locality. “Outcomes are a community judgment and therefore, the local authority does not have to adopt these as part of their activities” (KHGD, 2004), although the LTCCP is expected to be the key mechanism for local authorities to work with their communities (KHGD, 2004).

The KHGs outline a process to identify the community outcomes through consultative processes (KHGG, 2004) but do not provide clarity on how local authorities should identify their specific responses. Overall the government documents promote the importance for local authorities to link their organisational responses to the long-term community need. However there are crucial contradictions between the principles and requirements of the legislation, programme and guidelines. The local authorities are required to lead the development of the outcomes but yet are not required to deliver on any of the outcomes.

6.2.2.2 28 Local authorities’ documents - goals and aspirations.

Many local authorities’ missions have non-specific goals and aspirations like “Working with our communities for a better environment” (S5/3), or “Working together for a better ⁴²(name of place)” (S7/1). Others have goals and aspirations reflecting the traditional role of the local authority like “(name of place) will provide policies, guidance and resources which encourage and enable (name of place) community to manage and enhance its environment in a sustainable manner” (S6/2).

Generally the mission goals and aspirations reflect two types of response to the stakeholders’ goals and aspirations, 1) The stakeholder goals and aspirations are stated as community outcomes, while the local authority goals and aspirations are expressed as a mission along the lines of their traditional role; or 2) The local authority “tailored” the community outcomes to fit in with its own goals and aspirations. For example one local authority wrote, “We recommend the outcomes should be . . .” (S9/1). As well there appears to be a disconnection

⁴² X denotes the name of the locality.

between stakeholder long-term goals and aspirations and the local authority goals and aspirations i.e. mission.

6.2.2.3 Six case studies - goals and aspirations.

The findings from the six local authorities reviewed in-depth shows similar problems. One interviewee states their mission became long and wordy because council staff considers the mission is “just a theoretical exercise” and there is no meaning or attachment to it (LA 6). Three have generic statements such as “to be the best local authority in . . . (a specific area of service)” (LA 2, 4 and 6). This generates quite specific statements that refer to the organisations level of service as being the ultimate desired outcome. That is the desired outcome is to deliver a quality of service to its customers. Another said they use the areas from the vision and community outcomes as a way of deciding what the organisations goals and aspirations should be (LA 3). Consequently, the processes to link to the organisation’s future goals and aspirations (mission) with those of the wider stakeholder groups (vision) are conducted inconsistently across the six local authorities.

In general, the government documents promote the importance of linking goals and aspirations between the local authorities and communities. However, the local authorities’ goals and aspirations stated in their mission statements reflect minimal alignment with those of primary stakeholders. The local authority analysis highlights an alignment exercise between the outcomes with the traditional roles rather than identifying strategic stakeholder goals and aspirations.

6.2.3 Principles and Values

6.2.3.1 Government documents - principles and values.

The RMA (1991) encourages local authorities to set their principles and values by recognising the inter-linkages underpinning sustainable development. However, Borrie et al., (2004) suggest that the RMA assumes local authorities are committed and willing to comply with national planning regulation but may not have the capacity to do so. The SDPoA (2003) states the need for decision makers to recognise the long-term implications of decisions, partnerships, integrated decision making and management of land, water and living resources.

The LGA (2002, s.14) describes a set of overarching principles which direct how the local authority is to set its own principles and values.

The LTCCP and KHGs provide contradictory messages to decision makers when forming principles and values. “Outcomes are a community judgment and therefore, the local authority does not have to adopt these as part of their activities” (KHGD, 2004), although the LTCCP is expected to be the key mechanism for local authorities to work with their communities. The KHGs request that local authorities promote sustainable development (KHGD, 2004) with the assumption the local authority conducts this through their own organisation’s principles, but no direction of that nature is given. The KHGs do state where a conflict of principles occurs; the authority needs to resolve the conflict in an open, transparent and democratic accountable way (KHGG, 2004).

On the whole the government documents encourage local authorities to ensure principles and values align with long-term outcomes, the four well-beings and involve stakeholders, and acknowledge the stresses and challenges when conflict arises.

6.2.3.2 28 Local authorities’ documents - principles and values.

The 28 local authorities’ documents express principles and values in a variety of ways. For example one local authority (S7/1) includes stakeholder engagement within its principles and values (Figure 6.4).

<p>Guiding Principle <i>People First</i></p> <p>Provide social, economic, environment and cultural well-being Effective representation Open and accessible Progressive and innovative Local involvement Exceeding expectations</p>

Source: S7/1

Figure 6.4: Example of guiding principles.

Figure 6.5 shows the guiding principles emphasising people first. Other local authorities express principles that attempt to link their role with that of community aspirations. Another local authority (S10/1) has five guiding philosophies:

1. Through the sharing of knowledge the community will be supported in valuing its resources and using them in sustainable ways.
2. Alternatives to regulatory instruments will be encouraged.
3. The council will strive to minimise transaction costs.
4. User pays will be used where appropriate, equitable and practicable.
5. Natural justice will be observed.

However, none of the 28 local authorities' documents reviewed clearly express principles and values specifically within a mission statement or describe links to the needs and priorities of the long-term outcomes, the four well-beings or primary stakeholders' interests.

6.2.3.3 Six case studies - principles and values.

None of the participating local authorities describe processes to identify the organisations principles or values within the mission statement, but rather, these sit separately as a desired outcome, or as a stated organisational set of principles or values. Half of the local authorities suggest these are derived from executive members rather than other internal stakeholders (LA 1, 3 and 6).

None of the local authorities could attribute the creation of principles or values specifically to the future direction of the organisation or the region/district/city.

One interviewee considers it is important for local authorities to focus on setting the principles and values as they drive behaviour throughout the organisation (LA 4). Three interviewees believe that values and principles are the most important qualities of a mission (LA 3, 4 and 5).

In summary, the principles or values (whether espoused in a mission or separately) from the six case studies reflect the traditional roles of a local authority and do not exemplify the four well-beings, or necessarily reflect value driven decisions.

The New Zealand government documents encourage open and transparent decision making, aligned to the principles and values of sustainable development. However the principles and values in the local authorities' documents are represented as statements or listed items that sit separately from the mission statement. This disjoint is mirrored in the six case studies, that is the process to develop principles and values are completed in isolation of many internal stakeholders, or do not necessarily exemplify value driven decisions.

6.2.4 Role and Main Activities

6.2.4.1 Government documents - role and main activities.

The RMA requires local authorities to consider their roles and main activities through taking a co-operative approach to planning (Borrie et al., 2004) and identifying the main activities including managing human effects on the environment (Van Roon & Knight, 2004). The SDPoA (2003) outlines the local authorities' purpose as involving many stakeholders including communities, regional and district authorities. However, the SDPoA does not go on to describe how the local authorities main areas of activity impact on the wider environment and stakeholders.

Likewise the LGA does not describe how the organisation should identify its purpose within the contextual environment or the local authorities' main activities. The Act also appears to give a contradictory explanation of the local authorities' role (expectation) and position, (i.e. leadership or contributor) (LGA 2002, s. 96). For example, the local authority is expected to "lead the identification of long-term community outcomes" however the local authority does not have to deliver on any outcomes (IPS 2006, p.65). Local authorities are required only to monitor the progress of community outcomes and integrate their planning and service delivery (KHGD 2004).

The KHGs do not discuss the organisation's activities within the contextual environment of the four well-beings, capability development or needs analysis.

In summary, the government documents do not provide clear guidance to local authorities on how to link the organisation's role and main activities with the

impacts of the four well-beings, assess its own capability or conduct an environmental needs analysis. This lack of connection may affect the quality of the final mission statement (according to the framework), and what is more, the ability of the local authority to deliver on any associated strategies.

6.2.4.2 28 Local authorities' documents - role and main activities.

The 28 local authorities' documents (mission statements) describing the organisation's role and main activities vary. At times they are limited to either the traditional roles of the local authority or are bland overarching statements alluding to the four well-beings. For example "we work with communities to develop ways of living that will sustain our locality for generations to come" (S3/1). Another uses a range of terms that explain the different roles of the organisation, S2/1 mission states, "to safeguard, enhance, develop, and promote the physical, economic and cultural environment" of the locality.

In summary, the 28 local authorities' documents reflect traditional roles which predominantly link with long-term outcomes of the natural environment and scarcely take into account the capability development of individuals, organisations or society.

6.2.4.3 Six case studies - role and main activities.

Two interviewees (LA 1 and 3) state that the LGA clearly explains what the local authority should be doing and how it should work with primary stakeholders. Half of the interviewees describe the purpose of a local authority as being a facilitator, direct deliverer, promoter, advocate, or partner (LA 3, 4, and 6). Two interviewees clearly describe the areas of activities services, products or markets relative to the four well-beings (LA 3 and 1). The other four local authorities' mission statements are vague or reflect the traditional roles of water, waste, roads and/or rates management (LA 1, 2, 4 and 6). Two of the mission statements broadly describe the organisations' positioning within the wider context by saying for example that the local authority would promote the four well-beings across the locality (LA 4 and 6). However, none of the local authorities consider how their positions impact on the wider context of the region/district/city and therefore do not appear to consider any co-dependencies or interrelationships. It is "assumed" that all local authority staff understand their

role or position within the wider community environment (LA 1, 6). None of the six local authorities raises capability development as a consideration while developing the mission.

In summary, the analysis shows decision makers consider the local authorities' role and main activities across the wider environment, but not necessarily specifically on impacts to the four well-beings or the community. The government documents assume that local authorities' role and main activities will align (somehow) with the long-term community outcomes. Moreover government documents provide confusing messages to decision makers when forming decisions. Consequently, the organisational direction they follow may not specifically link to the four well-beings, the organisation's (or community) capability development or the environmental context when developing a mission.

Overall the links between the conceptual areas of vision (long-term sustainable outcomes) and strategy by way of a mission is not well defined throughout the New Zealand context. The criteria (key characteristics and processes) to assist the identification of long-term outcomes are absent or vague because of the contradictory expectation of local authorities taking a leadership role i.e. they lead the development of the long term vision but do not necessarily have to deliver anything to contribute to achieving it. Therefore local authorities' goals and aspirations may not always align with the principles of sustainability nor support the broader community outcomes. The ability for local authorities to "opt out" of delivering any outcomes (according to the LGA) also causes legitimacy issues for the external stakeholders and guidance for internal stakeholders.

Clear guidance of how to identify local authorities' role and main activity throughout the government documents is absent as these are not clearly aligned to the external environment or capability development (of individuals, organisations or society). Overall the mission statements range from being vague and/or broad, to being specific reflecting the traditional role of the local authority regardless of what primary stakeholders have defined as the future needs and priorities for the longer term.

6.3 Identifying Strategic Options

The next step (as defined by the normative model) is to identify the range of strategic options available, to support the long-term vision and organisation's overall response (Grant, 1998; Duke Corporate Education, 2005). Strategic options are used by the organisation to leverage assets (human, physical and financial) to create value (Daly, 1996; Kaplan & Norton, 2004). Some strategic options provide greater value than others. Decision makers cannot identify all the alternatives but need to identify those most relevant and appropriate to achieve the desired organisational and long-term outcome (Daly, 1996; Radford, 1980).

6.3.1 Adds Value to the Vision and Mission

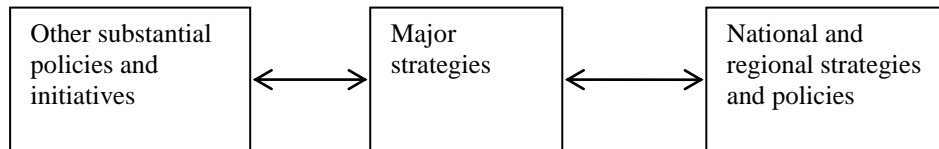
6.3.1.1 Government documents - vision and mission.

Government documents clearly articulate a requirement to identify the strategic options that link with the vision and mission. The RMA (1991, s. 5) compels local authorities to ensure natural resources are protected now and for future generations. Van Roon and Knight (2004) suggest the focus of the Acts priority is on ecological outcomes. Borrie et al., (2004) suggest, "There is an implementation gap between what is said in politics . . . and what gets implemented". The SDPoA (2003, p.10) encourages "linking the future well-beings of communities through seeking innovative strategies that are mutually reinforcing". It does this by directing the local authority to use the best information to support decision making and addressing risk and uncertainty.

The LGA requires that local authorities make decisions in the interests of the community's social, economic, environmental and cultural well-being now and into the future (s.75-90). The KHGs outline processes to link long-term outcomes with annual plan activities (KHGD 2003). On the whole, while all the government documents promote the need to identify and link long-term outcomes, evidence of a process to weigh, assess or value strategic options in accordance with the direction from the vision or mission is absent.

6.3.1.2 28 Local authorities' documents - vision and mission.

Many local authorities' documents reflect strategy and policy maps that provide links between the longer-term vision and more medium-term strategic responses Figure 6.5 provides one example (S2/2).



Source: S2/2

Figure 6.5: Example of a strategy map.

Despite this, the example S2/2 does not show how the strategies map with the vision and mission which means the local authority's specific response is not clearly articulated or linked to vision and strategies.

Another local authority's statements show a link between the vision, mission and strategies (Figure 6.6).



Source: S4/2

Figure 6.6: Example of link between vision, mission and strategies.

S4/2 provides an example of a link between the themes from the vision and mission to inform strategies. Another local authority maps strategies through the vision, values and strategy. The following framework has been adopted to determine Council's aspirations and future direction:

A Normative Model for Strategic Planning

- Vision – a clear statement on what Council aspires to
(*Strong leadership, Strong Future*)
- Values – the foundation for policies and actions
(*Leadership, openness and accountability, fairness and equity, achievement orientated relationships and satisfying expectations*)
- Strategy – a future scenario to help set priorities for Council action
(*Economic growth, quality of life, strong community spirit and environmental quality*)

Source: S5/2.

This example is the only one of the 28 local authorities which could reflect some commonality of the themes or priorities between the vision, mission and strategy. By and large the analysis finds few examples that could show a clear set of themes linking the vision, mission, strategies or any other statements suggesting the criteria (i.e. priorities) is applied. No criteria or weighting system to define the importance of themes or values of strategic options is in evidence in any local authority documents.

6.3.1.3 Six case studies - link to vision and mission.

None of the six case studies examined appears to have included a consideration of the links between vision and mission during the process of identifying strategic options. None of the documents analysed or interviewee responses describe a clear process as to how a strategic option identifiably supports the long-term vision, or more immediate organisation's mission. All interviewees comment this is an important step that is missing. Two interviewees note that strategic options relate to the environment or the traditional roles of a local authority but not the wider four well-beings or future outcomes (LA 4 and 6). One interviewee notes that the local authorities' strategic options are restricted by legislated mandate (LA 6). Five interviewees comment that no obvious or consistent criteria are used to assess the critical themes or issues between vision, mission or strategic options (LA 1, 3, 4, 5, 6). One interviewee states that strategic options are assessed by way of environmental criteria, however the other well-beings are only "assumed" to be included (LA 2). Overall this quality of

considering the vision, mission and applying a criteria to identify strategic options is barely used.

Generally the government documents do not draw relationships between long-term outcomes, mission statements nor identify the potential value of strategic options through applying criteria i.e. creating a link with the themes (needs and priorities) of any kind. The local authorities' documents barely show any link, while the verbal responses indicate it is not a common practice conducted by local authorities. However the interviewees acknowledge its importance. The New Zealand situation illustrates that the vision or mission are not used in any great depth to identify strategic options. Therefore the lack of common themes (i.e. needs and priorities) highlights the lack of criteria to help inform this process.

6.3.2 Consider the Contextual Environment

6.3.2.1 Government documents - contextual environment.

The RMA (1991, s. 5) describes the need to “understand the contextual tensions through controlling the impacts of human actions, rather than activities, while providing for the community’s needs”. Borrie et al. (2004) note the issues with local authority commitment, (i.e. capacity) to form effective decision making. The SDPoA (2003, pp. 9-11) describes the contextual environment as:

- economic development and competitiveness;
- improving provision of infrastructure and services;
- urban design, social wellbeing, cultural identify;
- the quality of the environment.

The local authority is required to consider the contextual tensions before making a decision (LGA 2002, s. 75-90). The LTCCP (2003, p.37) also describes the requirement for the local authority to consider contextual tensions however, “outcomes are a community judgment and therefore belong to the community”.

The KHGs discuss the need for local authorities to take into account the four well-beings and the future needs of the community (KHGG 2004; KHGD 2004). Overall the government documents describe the need to evaluate the full range of

contextual tensions, including primary stakeholder consultation. However they do not describe how local authorities are to consider stakeholders' action, reaction or inaction to the strategic options, nor explain how to evaluate the contextual conflicts or stakeholder responses through any kind of ranking, rating system or criteria.

6.3.2.2 28 Local authorities' documents - contextual environment.

The search of the 28 local authorities' documents becomes difficult. The necessity for the decision maker to have the applicable contextual knowledge to evaluate and rank the range of contextual tensions and themes (i.e. stakeholders and the organisation) and to further identify the most relevant strategic options is not clearly stated. All 28 local authorities could describe how they consider multiple activities through various management plans, district plans and operational plans. However none of the local authorities' documents describe how they evaluate the contextual conflicts from those plans or rank or rate the strategic options earlier identified.

For example, one local authority (S1/2) asks residents to rate the outcomes identified from very important to not important at all. Through consultation "A lifetime of health and wellbeing" is highlighted by the residents as most important (S1/2). However the local authority does not explain how the outcome is rated or ranked, or is then translated into a well assessed strategic response, but rather the local authority's strategy that supports the issue is a traditional one of providing sewage services.

Another local authority states those contextual tensions that are most urgent are ranked as highest priority, but does not go on to describe the ranking system applied (S9/2). Overall it appears the contextual tensions are evaluated in an ad hoc way, while any obvious or consistent form of ranking or rating according to the themes or criteria to inform the identification of strategic options is absent.

6.3.2.3 Six case studies - contextual environment.

All of the local authorities (according to the interviewees) consider the contextual tensions during the identification of strategic options, as a requirement under legislation. Nevertheless the process is completed in various ways. Two

local authorities said it is completed by a staff member completing a “desk top” analysis (LA 1, 4), while the other four cite various forms of consultative forum with internal and/or external stakeholders (LA 2, 3, 5, 6).

Accordingly, while all local authorities consider contextual conflicts in some way, this deliberation is not necessarily always used to inform the identification of strategic options. Three local authorities (LA 3, 4 and 5) consider the contextual conflicts in an ad hoc way depending upon the issues and political sensitivity. One interviewee states that decisions on strategic options are made by way of choosing the strategic options that are more directly in the control of the local authority (LA 4). While another interviewee states the strategic options are chosen because they are more “politically tenable” or easier to achieve, not necessarily because they are more cost efficient or more outcome effective (LA 6). Overall the contextual tensions are considered inconsistently and do not clearly influence the strategy or strategies chosen nor relate necessarily to any themes from the long term vision or mission.

In short, the government documents require environmental scans to be conducted to identify the contextual conflicts. However, they do not provide guidance of how to apply any kind of rating, ranking or setting of criteria to ensure the information gathered and subsequent analysis adds meaning to the priorities or themes identified in the vision or mission. The local authorities’ documents apply evaluation techniques to identify the contextual conflicts but could not say specifically whether these are linked to any priorities or themes identified in a vision or mission. Processes to consider stakeholder action, reaction or inaction is touched on briefly in the KHGs when identifying the “levels of significance” and diversions from the outcomes of delivery by the local authority. Overall the findings show that the contextual conflicts are considered to varying degrees, but the ranking, rating or linking of the strategic options to the themes in the vision and mission is absent.

6.3.3 Stakeholders’ Perspectives

6.3.3.1 Government documents - stakeholders’ perspectives.

The government documents strongly encourage stakeholder engagement by local authorities in order to understand the needs and wants of their communities.

The RMA requires that local authorities consider the range of stakeholders' needs for the environment (IPS 2006; RMA 1991, s. 5; Van Roon & Knight 2004).

Borrie et al., (2004) note that local authority plans meet with community opposition when the methods and rules adopted are not sufficiently discussed with the affected parties. IPS state that (2002) "a local authority should consider all reasonably practicable options and their costs and benefits, consider the views and preferences of people who are likely to be affected by or who have an interest in each decision, explain any significant inconsistency between decisions and implementation and comply with the principles of consultation".

The SDPoA (2003, pp.10-11) provides clear guidance on how to identify stakeholder desires through "participatory processes", and describes cross partnerships and collaboration with sectors (government agencies). The LTCCP guidance describes clear processes for stakeholder engagement. For example, the section discussing *Representation of the Community* involves making decisions for: "1) the promotion of community well-being; 2) keeping in contact with the community; 3) ascertaining their views and putting these forward to council; 4) advocating for the community . . .; and 5) explaining council decisions to affected parties" KHGG (2004, p. 24). Governance principles within the guideline KHGG (2004) include clarity in governance roles and an effective, open and transparent process.

However, the KHGs guidance describing stakeholder engagement only advises local authorities to seek stakeholder desires and not their views specifically on the strategic options and outcomes. More concisely, the government documents do not require decision makers to provide a way to link the stakeholders' perspectives with the needs and priorities from the vision and mission.

6.3.3.2 28 Local authorities' documents - stakeholders' perspectives.

Many local authorities describe how they consult with stakeholders by asking for issues to be prioritised, i.e. ranked from the highest to lowest. For example one local authority provides a list of concerns (assumed to have been generated from previous consultations) (S2/3). At least half of the issues

identified for ranking are those that highlight the traditional activities of the local authority (S2/3). This means the feedback and priorities are more likely to align to the local authority's role of environmental management rather than the sustainable development view of the four well-beings or long-term outcomes from a community vision. None of the 28 local authorities describe how they link stakeholders' needs or wants when identifying and considering the strategic options with the vision and mission.

6.3.3.3 Six case studies - stakeholders' perspectives.

Interviewees state the legislation is quite clear that stakeholder consultation is required. Processes to consider the range of stakeholders' needs and wants are completed in different ways and are regarded or valued by each local authority differently. One interviewee said the organisation consults stakeholders only when it is absolutely necessary (LA 4), another said they would consult other government agencies first and may "consider" whether the community would be consulted after that (LA 5). None of the participating local authorities uses processes to ask what stakeholders' perspectives may be to any strategic options or their views of the links with vision and mission. The statements available only link stakeholders' needs and wants particularly in options that are environmentally linked (LA 4). For example only stakeholders who have a direct delivery role in the environment are considered (LA 4 and 6). In summary, the wider stakeholder group, or those most affected or interested in the other three well-beings, are not necessarily consulted or considered. The local government documents appear to apply a ranking based on what local authorities want to deliver or their traditional roles of water, waste and road management. Primary stakeholders are only those the local authorities "wanted" or deemed necessary to be consulted or whose views considered.

The government documents encourage identifying a broad range of stakeholders' perspectives, however they do not describe how to link stakeholder perspectives, i.e. needs and priorities, with those of the vision and mission or to identify strategic options. The local authorities' processes are selective with who is consulted and for a specific reason, thus at times seem to only canvas views that are aligned with the local authorities' direction or fit their own capacity.

The findings show that New Zealand local authorities consult widely on environmental issues or their traditional roles but not consistently on all four well-beings. Also stakeholders' perspectives are not consistently aligned to, or with, common themes (needs and priorities) from the vision, mission or strategic options.

6.3.4 Partnerships and Collaborations

6.3.4.1 Government documents - partnerships and collaborations.

The nature of the RMA reflects the cross geographic boundary aspects of environmental concerns. However, it does not provide guidance to decision makers as to how to consider partnerships and collaborations when identifying strategic options (Borrie et al., 2004). The SDPoA (2003, p.6) states, "sustainable development requires the leadership from other players including local authorities, iwi/Maori, business, NGO⁴³ and communities". The SDPoA (2003) also requires the consideration of decisions on the wider region, country and international environment but does not give decision makers' guidance on considering partnerships or collaborations when identifying strategic options.

The LGA (2002, s.14) direction for considering partnerships and collaborations is implicit and emphasises the need for co-operation with other bodies. However, the Act (s.79) only requires local authorities to consider its capacity to "perform its role and the costs of doing" so when evaluating the value of partnerships and collaborations rather than to benefit the long-term vision or outcomes. The LTCCP requires integrated decision making and co-ordination, in addition, other government departments and local authorities are encouraged to use the LTCCP process as a way to inform their own planning (KHGD 2004).

The KHGs (2004) describe the need for greater collaboration but do not provide guidance to local authorities as to how to consider the value of partnerships and collaborations when identifying strategic options. In addition, the allowance for local authorities to support (or not) the community outcomes highlights the potential risks of commitment to any partnerships. In summary, the

⁴³ NGO stands for non-government organisation, sometimes referred to as a not-for-profit organisation.

government documents encourage partnerships and collaborations but do not provide guidance to local authorities on identifying potential partners' capacity and capability most valuable to achieving the vision, mission (needs and priorities) and strategic options.

6.3.4.2 28 Local authorities' documents - partnerships and collaborations.

The 28 local authorities' documents reflect the link to, and value of, partnerships and collaborations in various forms. One example states "a strong partnership between the public and private sector is vital to our success in achieving the revitalisation projects and sets priorities throughout" (S2/2). Many local authorities are explicit with their descriptions of partnerships and collaborations, i.e. "we will achieve this by working in partnership with communities . . ." (S2/1). S7/2 defines collaboration as "working together and sharing resources as a positive approach to move our locality forward". In summary, while the local authorities' documents support the use of partnerships and collaborations, there is no evidence as to how or why they are selected including the consideration of partners' capacity and capabilities.

6.3.4.3 Six case studies - partnerships and collaborations.

Local authorities conduct processes to consider partnerships and collaborations predominantly in relation to cross environmental concerns. One interviewee states they consult at the beginning of the financial year, as and when needed (LA 4). Another interviewee notes that the absence of a competitive environment reduces the requirement to consult or collaborate widely (LA 6). Another states good collaborative partnership depends upon the skills and behaviours of each individual staff member (LA 4). All interviewees comment on partnerships and collaborations as based on progressing traditional aspects, i.e. roads, water, waste strategies. The interviewees also comment that local authorities are not good at identifying the value of broader partnerships and collaborations to support the other well-beings. In summary, local authorities are specific and purposeful when deciding who, when and why they would partner or collaborate with. However these processes do not appear linked consistently to the vision, mission and strategic options or the four well-beings.

The process of identifying strategic options in the government documents describe the importance of completing a systematic process to identify the strategic options, however there is a lack of clear guidance for local authorities to ensure the link between the vision (needs and priorities), mission, and through to identifying strategic options.

There is inconsistent completion of the step of identifying the strategic options within and across local authorities even with the guidance from the legislation and other government documentation. What is more, local authorities do not appear to use processes such as a rating or ranking system to assess the contextual conflicts against the longer term needs and priorities. While the government documents encourage considering stakeholders' perspectives, partnerships and collaborations, local authorities' documents and practice appears to consider and involve stakeholders in an ad hoc or selective way. This disjoint suggests that local authorities may miss opportunities to take advantage of stakeholders' capability and capacity and to progress the wider four well-beings.

6.4 Assessing and Prioritising Strategic Options

The previous set of characteristics and processes requires the decision maker to assess the current and potential issues and environment against that of the longer term outcomes to identify strategic options. This next step goes further and asks decision makers to now compare those options against each other and the longer term outcomes.

The normative model earlier describes this step as a process that identifies, defines, considers and prioritises the strategic options. The processes require local authorities to recognise the potential gain that each strategic option presents and to decide on which few will provide the most value to achieving the long term outcomes. These are all assessments that direct a decision maker toward the most effective alternative.

6.4.1 Assess the Links between Vision and Mission

6.4.1.1 Government documents - vision and mission.

The identification of this quality within the government documentation proves challenging. The RMA (1991, s. 5) requires integration between the long-term outcomes with the more immediate strategic responses. However, the Act supports the assessment of environmental effects (from proposed options) and the impacts of the trade-offs on the environment (Van Roon & Knight, 2004). The SDPoA (2003) embraces the need to consider long-term outcomes and planning for innovative solutions across all four well-beings. The document also encourages the use of the best information available to support decision making and the need to consider impacts on all four well-beings and manage tradeoffs.

The LGA requires development of the vision, mission and strategic options in an open and transparent way. Section 76 requires local authorities to explain any significant inconsistency between decisions and implementation and comply with the principles of consultation (IPS, 2006). However the legislation does not describe how to manage trade-offs.

The LTCCP and KHGs require the long-term outcomes, organisational activities and strategic options to be integrated and coordinated by the local authority (KHGD 2004). The Knowhow guidelines also state “the LTCCP does not exist in a vacuum . . . the LTCCP should establish a link between, plans and strategies” (p.75).

In summary, the government documents support the four well-beings and consideration of all reasonable practicable options and further to communicate any inconsistencies of decisions, but does not detail how to manage trade-offs between stakeholders, the internal and external environs, nor to delineate between the areas of needs and priorities or other variables.

6.4.1.2 28 Local authorities' documents - vision and mission.

Evidence of the links between the four well-beings, internal and external environment, is variable across the local authorities. For example S1/2 describes how residents are asked to rate the outcomes from “very important, quite important, just important, not very important, to not important at all”. The local

authority then provides a summary of what each of the outcomes reflects across the locality. Nevertheless there does not appear to be a link to what is identified as the outcomes to the vision, mission or strategies. None of the local authorities' documents discuss how trade-offs are managed during decision making, nor how "other" variables are identified, considered, or rated according to the vision, mission and strategic options.

6.4.1.3 Six case studies - vision and mission.

Two local authorities describe the matching exercise as a "brain dumping" exercise to identify the strategic options available, then a ranking, i.e. considering the pros and cons of each option is conducted (LA 3 and 4). Another local authority states that the "intuition" of the leader or decision maker informs the link between the vision, mission and strategic options (LA 6). No rating exercise to assess the link between long-term vision, organisational responses (the mission) and strategic options, is stated as completed by any of the sample local authorities. One interviewee said, "The only rating exercise conducted is one completed when assessing the environmental impacts specific to development and growth" (LA 4).

In summary the local authorities' matching of the links between vision, mission and strategic options rely on the "knowledge" and "intuition" of those involved. No one local authority appears to consider fully the external or internal contexts or have processes to consider and manage trade-offs or delineate between the needs and priorities and other variables. By and large, the findings show comprehensive completion of external natural environmental assessments but as the levels of complexity rise across more well-beings the assessment and matching processes become less rigorous. The lack of a set of common themes (or criteria) stemming from the vision and mission make it less probable that the strategic options are assessed consistently. This also reflects that the processes for managing trade-offs and the identification of other variables are completed in an ad hoc manner or not at all.

6.4.2 Costs and Benefits

6.4.2.1 Government documents - costs and benefits.

Section 5 of the RMA (1991) requires avoiding or mitigating any adverse effects of activities on the environment which suggests that some form of cost and benefit assessment be completed. Borrie et al., (2004) describe the use of low impact environmental uses technologies. Day et al. (2003) suggests that to improve plan implementation that local authorities develop more detailed policies and assessment criteria. The SDPoA (2003, p.12) states, “we must learn to develop solutions that are better than trade-offs; that improve economic performance, as well as enhancing the quality of the environment and the way we live”. Sections 75-90 of the LGA (2002) asks local authorities to consider all reasonable practicable options and their costs and benefits, including the extent to which they will achieve the community outcomes and their impact on the capacity of the local authority to meet their statutory needs.

The LTCCP expects (specifically) impact assessment on funding to be completed. The KHGs do not provide guidance for assessing the costs and benefits of strategic options but do require local authorities to resolve conflict (disagreement on the importance of strategic options) in an open, transparent and democratic way.

In general, while government encourages processes to assess the consequences of actions (costs and benefits) of decision making (strategic options), there is no clear description or guidance on how to manage the level of complex information. The SDPoA (2003) requires issues or problems to be addressed and the costs and benefits and impacts of options to be considered. The LGA describes the consideration of all reasonable practicable options and their costs and benefits including the extent to which they will achieve the community outcomes and their impact on the capacity of the local authority to meet their statutory needs. The LTCCP describes the use of impact assessment on funding and processes to resolve conflict (disagreement on the importance of strategic options) in an open, transparent and democratic way (KHGG, 2004). In addition

there is no any guidance that explicitly links assessment activity to long-term outcomes, organisation's direction (mission) or strategic options.

6.4.2.2 28 Local authorities' documents - costs and benefits.

The publicly available documents that discuss or highlight costs and benefits are few. S2/2 discusses the costs and benefits by outlining the strengths and challenges of putting in place a revitalisation project that is already underway, rather than considering the costs and benefits of potential strategic options. Many other local authority documents discuss the "need" for a project or activity. For example, S4/2 states, "we all agree that funding public transport improvements is needed". The local authority then goes on to describe why it cannot fund the strategy (because of affordability), but does not describe the positive or negative effect or cost of not doing it. The local authority does not describe the benefit or positive effect of going ahead with the strategy either.

None of the 28 local authority documents make any relational links to the vision or mission statements when assessing costs and benefits. In summary, the local authority documents focus on the financial cost to the local authority rather than the strategic cost or benefit to the community and long-term vision.

6.4.2.3 Six case studies - costs and benefits.

One interviewee states that assessment of costs and benefits relies more on the RMA than the LGA, "ranking is not really done between the options (strategic options, vision and mission), but rather is completed on individual options on a case by case basis" (LA 2). The RMA focuses only on environmental strategies, therefore there does not appear to be a process for considering the other three well-beings in a consistent or logical way (LA 4)⁴⁴. Another interviewee states, "Risks do not really count because local authorities have guaranteed incomes" (LA 6). Costs and benefit assessment is "predominantly completed for operational projects rather than strategic, and is 'done poorly', as a 'have to do' task rather than as a useful way to inform decision making" (LA 6).

⁴⁴ Individual interview skill and experience with RMA training was found to be a precursor to people's levels and knowledge of effective assessment and risk assessment techniques.

In summary, no interviewee could confirm whether cost and benefit assessment is conducted in a consistent and logical manner by considering the four well-beings or by assessing the costs and benefits of the strategic options being considered. Overall the government documents provide unclear guidance to local authorities on how to complete effective cost-benefit analysis (of the strategic options) to align with vision and/or mission statements. The local authorities conduct assessments in an ad hoc way, mainly for environmental strategies, and not necessarily or consistently across all four well-beings. These findings indicate there may be a disjoint between the communities desired long-term outcomes, the local authorities' expected outcomes and the final achieved outcomes.

6.4.3 Risks

6.4.3.1 Government documents - risk.

According to Van Roon and Knight (2004) the RMA does not consider risks to sustainable development as the Act only requires sustainable management. They claim that sustainable development risk assessment requires a trade-off process between the four well-beings. However, the questions arise over how ecological drivers should dominate. The SDPoA (2003) describes how decision makers should use the best information to support decisions, address risks and uncertainty when making choices, and take a precautionary approach when making decisions. The SDPoA (2003, p.12) also states, "a single issue approach to decision making is unlikely to achieve the gains . . .", and discusses important issues of intergenerational effects on well-being, persistent effects in the environment and significant impacts across the social, economic, environmental and cultural spheres that are difficult to disentangle. However the SDPoA (2003) does not describe processes to assess risk to inform decision making.

Section 76 (LGA, 1991) describes council obligations in decision making. In particular a local authority should consider all reasonably practicable options and their costs and benefits; consider the views and preferences of people who affected by or who have an interest in each decision; explain any significant inconsistency between decisions and implementation; and comply with the principles of consultation (IPS 2006, p.60). The LGA asks local authorities to

explain any ‘inconsistency between a decision and any policy or plan’ (s.76-79). The LTCCP allows for the local authority to re-rate a strategic option and make a decision.

The LGA defines a decision as “an agreement to follow a particular course of action, and includes an agreement not to take any action about a particular matter” (KHGD, 2004). The KHGs do not provide guidance to pursue better opportunities or avoid detrimental effects (to achieve sustainable development outcomes). In general, while the government documents provide surface level advice for assessing risk, there is no description of how to assess the risks according to the four well-beings, primary stakeholders’ perspectives, the potential impacts or probabilities, or to minimise personal biases to identify a final decision threshold.

6.4.3.2 28 Local authorities’ documents - risk.

The local authorities’ descriptions of the levels of risk are shown in various ways. S1/3 states, “We must ensure the information on which decisions have been made are reasonable and present minimal risk” (p.64). S1/3 also says, “forecasting assumptions includes: the useful life of significant assets, sources of funds for future replacement, inflation, depreciation, and population growth demand”. Table 6.2 provides a snapshot of the levels of uncertainty and the effects (S1/3).

Table 6.2
Assumptions, Risk and Uncertainty

Forecasting assumption	Risk	Level of Uncertainty	Effect of uncertainty
General assumptions			
Projected population growth	That the population growth is higher or lower than expected	Low due to national population predictions based on births and mortality rates	Will put pressure on council to provide additional services or maintain existing services while rating base falls
Financial assumptions			
Cost characteristics (inflation) Price level adjustment for inflation have been allowed for in the estimates contained within the community plan.	Inflation is significantly higher or lower than projected	Moderate to low	May mean improvement projects will have to be cancelled, or reduce the cost of operations and capital costs on ratepayers.

Source: Adapted from S1/3.

Many of the 28 local authorities' documents have statements or tables explaining the assumptions made and the levels of risk and the characteristics and effects. However there is no clear explanation of how this analysis links to the four well-beings or informs or shapes the final decisions.

6.4.3.3 Six case studies - risk.

Interviewees' descriptions of the processes to assess risk and identify a decision threshold reflect significant inconsistencies. One interviewee cites high-level indicators (i.e. World Health Indicators) as a way of assessing whether a strategy would have a negative effect on outcomes (LA 1). Another interviewee states assessment of strategies and priorities is according to "political risk" rather than risk to achieving the outcomes (LA 3). One interviewee describes the RMA and environmental criteria as the only way of assessing risk, and is used consistently throughout the organisation for environmentally based decisions (LA 5).

One local authority's documents provide an example where risk and probability are assessed against environmental impacts, but this process is not necessarily applied against the other three well-beings, the long-term outcomes or

mission. The local authority interviewees have a range of pertinent comments to make regarding final prioritisation processes for making a final decision. For example one interviewee states, “Strategic options are prioritised through a political prioritisation process” (LA 6). Another interviewee states that “local authorities do not assess strategic risks and benefits or priorities, they are good at operational prioritisation, but not at strategic level assessment” (LA 3). Another states “councils make decisions based on the 80/20 rule, councils spend 80% of their time deciding about 20% of the issues, and that councils should have fewer focused strategies 6-7, otherwise local authorities’ focus becomes scattered and ineffective” (LA 4).

Finally, a further interviewee notes that completion of risk assessment is largely through the intuition of the leader of the organisation.

In summary, there is a lack of consistency of risk assessment that considers the four well-beings, stakeholders’ views, the impact and probability or overall value of the strategic options. Therefore the link to vision and mission to inform a decision threshold is minimal or absent. Overall, this final characteristic of assessing and prioritising of the strategic options provides a consistent method for considering and re-rating the strategic options to make an informed final decision. The government documents describe the importance of assessing risk, however they do not provide guidance for local authorities on how to assess risk against the vision and mission to establish a decision threshold; that is to identify a) stakeholders’ views; b) impacts and probability of risks; c) the value of any strategic options; or d) any criteria to minimise personal biases while decision making.

6.5 Conclusion

The challenges of strategic planning and sustainable development consistent with the principles of effective stakeholder management are not recent phenomena. Local authorities in New Zealand are required to create links between the intent of achieving long term outcomes with the reality of delivering services (mandated through legislation) within resource constraints. Table 6.9

shows the analyses comparing the New Zealand context (the 28 LAs, government documents and six case studies) against that of the normative model.

6.5.1 Who are Primary Stakeholders?

Stakeholder theory promotes that primary stakeholders are those who have shared priorities with the organisation leading the decision making process. The government documents provide varied quality of direction and guidance to local authorities on how to make the link between the intent of sustainable development and developing a community vision through the guise of primary stakeholders. While the documents promote the need for developing “future meaning” through a community vision (LTCCP), the absence of identifying need and priority (reflected in the direction) signals gaps in understanding whom represents primary stakeholders. These findings also validate the criticisms from the earlier studies and New Zealand audit espousing vagueness of decision direction and making.

While the local authority is appointed with the lead decision making role, effective stakeholder management points out that most decisions are made by considering a broad range of stakeholder views (to ensure the outcomes are achieved), ultimately the organisation has final say over the end decision and that stakeholder and organisation legitimacy is important to recognising the value of stakeholder involvement and interaction. Limited or no interaction between the organisation and its primary stakeholders leads to diminished legitimacy.

6.5.2 What are Stakeholders' Interests?

Regardless of whether the primary stakeholder is an individual, group or community, it is important for the organisation to understand the various interests and the impacts of their decisions. Local authorities in their management of the LTCCP process are still coming to terms with identifying who primary stakeholders are and how and for what purposes stakeholders are engaged. The absence of identifying primary stakeholders becomes problematic when an organisation is required to prescribe, explain and predict the actions of primary

stakeholders and furthermore to identify primary stakeholders' preferences during decision making i.e. their interests. Forming an effective LTCCP requires the organisation to understand the impacts of decisions on primary stakeholders as well as their own contributions to the long-term vision.

The absence of defining who primary stakeholders are becomes more problematic when developing a focused organisation mission. The RMA (1991) provides the boundaries in particular to managing the use and development and protection of natural and physical resources which enables communities to use the natural environment for social, economic and cultural well-being. While the LGA (2002) intends to set the requirements for transparent, effective and collaborative decision making and strategic planning through the LTCCP planning framework. The SDPoA (2003) infuses the principles of sustainable development across all the public sector to ensure decoupling of economic growth and pressures for the environment.

However these documents do not clearly make the links between the needs and priorities of the broader community with those of a local authorities' response. The research findings show that the local authorities' values, principles and main functions remain focused on traditional roles rather than as a leadership role to support and promote a long-term community outcomes or vision as intended by the government legislation. Also political priorities influence the mission statements. This could be attributed to a large degree by the absence of decision making criteria created through the identification of long-term needs and priorities. What this means is organisations make decisions in isolation of stakeholder interests in the broader and longer term future of the locality.

6.5.3 What are Primary Stakeholders' Levels of Power and Influence?

Regardless of whether the stakeholders are claimants or influencers the level of power from any primary stakeholder group needs managing by the local authority. Stakeholder theory describes the differences being whether there are "actual" versus "potential" relationships. That is, actual power from current

stakeholders creates more pressure on decision makers than “potential” stakeholders and any associated “potential” relationships.

The analysis finds that government documents are clear on how to consider the contextual tensions and assess the risks and benefits attached to identifying strategic options. However, the documents are not as clear when providing advice on how to assess the potential the risks or benefits of influential stakeholders to the long-term outcomes, including organisations’ mission.

Interviewees note that a “political prioritisation process” leads the decision making. This may be due to either a lack of clear guidance from government documents, or the absence of criteria which reflects long-term community needs and priorities. Stakeholder theory describes how conflicts arise when levels of power, dependence and reciprocity in relationships are unclear and that it is crucial for the success of outcomes. These conflicts highlight the importance of dominance, reliance and give and take between the primary stakeholder and the organisation. The New Zealand context appears to lack the processes to consider these inter-relationships.

Furthermore the perception of legitimacy by stakeholders is influenced through the perceived right of the decision makers to lead (and make) the decisions, the substantive elements of a decision and the procedural steps taken to form that decision. If legitimacy is at risk due to poor understanding of the context and stakeholders’ needs then engagement of primary stakeholders becomes the critical lynch pin to minimising ineffective decision making.

6.5.4 How does a Local Authority engage Primary Stakeholders?

Stakeholder engagement can be described as a sub-process within the broader strategic planning and decision making process. As part of the responsibility toward good governance and to seek improved results an

A Normative Model for Strategic Planning

organisation will develop and maintain effective relationships with its primary stakeholders to ensure quality decisions are made.

Stakeholder engagement as partnerships and collaborations to progress the vision, mission and strategies are not well considered (or noted) in any of the New Zealand local authority literature or commentary.

Stakeholder theory promotes the benefits of stakeholder engagement as an opportunity for capability development for both the organisation and primary stakeholders. When the organisation systematically analyses the relative importance of stakeholders and cooperative potential to achieve the best long term outcome, stakeholder engagement becomes more focused and meaningful for both partners.

The literature describing a normative model of strategic planning (and decision making) provides the criteria for assessing the New Zealand context. Table 6.3 shows the overall comparisons identified. The triangulation of the complete findings, i.e. literature, government documents and local authority practice can now be brought together to form a more relevant and responsive management framework.

Local authorities lead the development of a community vision through the mandated responsibility of legislation. However the reality of forming clear logical direction within the complex environment, together with the tensions of satisfying community and political stakeholders makes the task of setting strategic direction more challenging.

The normative model, while comprehensive in its approach to solve the challenge of aligning long term outcomes with more immediate appropriate strategic responses within the principles of effective stakeholder management, has the potential to be too ambitious. There are many gaps and differences between what could occur (as described by the normative model) to what does occur in

A Normative Model for Strategic Planning

reality (as instructed by government and implemented by local authorities). Consequently, drawing on the local authority interviewees' professional knowledge and expertise helps to develop a more appropriate management tool, i.e. strategic planning framework for New Zealand local authority context.

In the next Chapter the document and interview analyses combine to develop a more appropriate modified normative model.

A Normative Model for Strategic Planning

Table 6.3 Comparison between Normative Model and New Zealand Context
Comparison between the Normative Model and the Government documents

• 0=No similarity, 1=low similarity, 2=medium similarity, 3=high similarity.

Definition	Elements	Definition – Element	Processes should	RMA	SDPoA	LGA	LTCCP	KHG's
<i>Vision- a statement that defines the future, longer-term outcomes across a broad context, and points to specific areas of focus.</i>	Engages primary stakeholders	<i>A process which takes into account stakeholders views especially those who are involved to some degree in the delivery or receipt of outcomes.</i>	• consider all interested and effected stakeholders' views	1	3	2	3	3
			• have clear communication all the way through the vision forming process	0	0	0	0	0
			• involve stakeholder participation, consultation, negotiation and conflict resolution	1	2	2	3	3
			• demonstrate clear reasons prioritisation and	1	1	2	2	1
			identify monitoring and accountability mechanisms	1	2	2	3	3
	Gives meaning to the future	<i>That the vision statement identifies reasonable, potential future outcomes.</i>	• identify reasonable, future potential solutions and links to vision and mission and	1	1	1	1	1
			• aim to provide improvement to all stakeholders over time	1	3	2	2	2
	Identifies needs and priorities	<i>A statement that reflects the broader community context whilst remaining focused on specific topical areas of concern, these interlink and form a longer-term point of focus.</i>	• involve primary stakeholders in identifying current and future purpose, needs and priorities	2	2	2	2	2
			• consider the high-levels of complexities and inter-dependencies	1	3	2	2	2
	Is inspirational.	<i>Direction that is new, positive, and realistic.</i>	• clearly link concepts and desires to implementation and action	1	2	2	2	1

A Normative Model for Strategic Planning

<i>A Mission describes how the organisation supports the long-term vision and provides direction and justification for organisational decisions within the scope (possible strategies) and boundaries (resource constraints).</i>	Describes the organisation's principles and values	<i>It describes the organisations, principles and values within the context in which it operates or participates, what it's willing to do, or not, to achieve the outcomes.</i>	• consider long-term horizons	2	3	2	2	1
			• ensure integration of the four well-beings	1	3	2	2	2
			• involve primary stakeholders	1	2	2	2	2
			• informs more value driven responses from the organisation	1	1	2	2	2
	Shows links to the vision and strategies of importance	<i>Provides the link between the long-term needs and priorities and outcomes of the community.</i>	• make the connections between long-term vision and specific responses of an organisation and	2	1	2	3	1
			• develop criteria and set the organisation's performance targets	0	0	0	0	0
	Describes the organisation's future goals and aspirations	<i>Organisational specific outcomes reflecting intermediate to long-term time frames which provide clarity to internal and external stakeholders</i>	• consider carefully the organisation's longer term outcomes with those of the broader community	2	1	2	1	1
			• defines the organisation's response in a broader sense	3	2	3	2	2
	Describes the organisation's position and main activities	<i>It describes the organisation's participation levels, .i.e., its services, products, or outcomes) relative to the contextual environmental.</i>	• consider the links between purpose, activities and the impacts on the four well-beings	1	2	2	3	3
			• consider the capability development of individuals, organisations and society overall; and	2	1	1	1	1
			• reflect a rigorous environmental scan and needs analysis	1	1	1	1	1

A Normative Model for Strategic Planning

<i>Identifying strategic options- The processing of information which uncovers a range of strategic options, which to varying degrees will add value to the final outcomes.</i>	Adds value to the vision and mission;	<i>The long-term outcomes and organisation's desired outcomes are considered while identifying strategic alternatives.</i>	<ul style="list-style-type: none"> identify the common and critical themes from the vision and mission; and 	1	2	2	2	2
			<ul style="list-style-type: none"> create a weighting system to identify the 'value' of strategic options 	1	0	0	0	0
	Considers the contextual issues;	<i>The decision-maker has the applicable contextual knowledge regarding the environment, capability of both stakeholders and the organisation itself</i>	<ul style="list-style-type: none"> evaluate the range of contextual issues 	1	2	2	2	2
			<ul style="list-style-type: none"> identify stakeholders actions, reaction or inaction; 	1	1	2	2	2
			<ul style="list-style-type: none"> rate or rank these according to the themes identified earlier with the capability of people and the organisation 	0	0	0	0	0
	Considers primary stakeholders perspectives;	<i>The perspectives of stakeholders who are most affected and interested have been considered</i>	<ul style="list-style-type: none"> identify a criteria which links the themes from the vision and mission with stakeholders' perspectives 	1	1	1	1	1
			<ul style="list-style-type: none"> review stakeholders' perspectives according to the themes 	1	1	1	1	2
	Considers the contribution and value of partnerships and collaboration	<i>The value of stakeholder partnerships and collaboration are considered when identifying strategic options</i>	<ul style="list-style-type: none"> identifies the value of partnerships and collaborations 	2	2	2	2	2
			<ul style="list-style-type: none"> canvass the range of partnerships and collaborations available to identify the most beneficial situation for all stakeholders concerned 	1	2	1	2	2

A Normative Model for Strategic Planning

<i>Assessing strategic options - A set of processes that assesses the strategic options to arrive at a clear choice and final decision.</i>	Assess the links between the vision and mission with the strategic options;	<i>A process that rates the link between the long-term vision, the medium-term organisation specific mission, with the strategic options</i>	• assess the effects on the four well-beings	1	2	2	2	2
			• assess the internal and external environment with that of the organisations position;	1	1	1	1	1
			• identify the range of trade-offs; and	0	0	0	0	0
	Assess the costs and benefits of the strategic options;	<i>A process which considers the potential costs and benefits of each relevant high-level strategic</i>	• identify the consequences of actions across the four well-beings	0	2	2	2	2
			• identify the investment costs					
			• identify the expected rate of return of outcomes	0	0	0	0	0
	Assess the risk and decision threshold (arriving at the final set of decisions).	<i>A process that identifies and assesses risk and identifies a decision threshold.</i>	• consider the four well-beings	0	2	1	2	2
			• consider the full range of stakeholders views	0	2	1	2	2
			• consider probability and consequence	1	0	0	0	0
			• identify expected value overall; and	0	0	0	0	0
			• use a weighting or ranking system to minimise personal biases	0	0	0	0	0

A Normative Model for Strategic Planning

Comparison between the Normative Model and 28 Local Authorities' documents

0=No similarity, 1=minimal similarity, 2=medium similarity, 3=high similarity.

Definition	Elements	Definition Element	Processes should	Set 1	Set 2	Set 3	Set 4	Set 5	Set 6	Set 7	Set 8	Set 9	Set 10	
<i>Vision- a statement that defines the future, longer-term outcomes across a broad context, and points to specific areas of focus.</i>	Engages primary stakeholders	<i>A process which takes into account stakeholders' views especially those who are involved with the delivery or receipt of outcomes</i>	• consider all interested and effected stakeholders'	111	231	212	111	311	11	211	112	112	12	
			• have clear communication all the way through the vision forming process	111	111	111	111	111	11	111	111	111	111	11
			• involve stakeholder participation, consultation, negotiation and conflict resolution	111	111	111	111	321	11	211	112	111	12	
			• demonstrate clear prioritisation and	111	131	111	111	211	11	111	111	111	11	
			• identify monitoring and accountability mechanisms	111	321	111	111	211	11	111	111	111	11	
	Gives meaning to the future	<i>That the vision statement identifies reasonable, potential future outcomes</i>	• identify reasonable, future potential solutions and links vision and mission and	101	121	11	111	211	11	111	111	112	11	
			• aim to provide improvement to all stakeholders over time	111	121	112	111	211	11	111	11	111	12	
	Identifies needs and priorities	<i>A statement that reflects the broader community context whilst remaining focused on specific topical areas of concern; these interlink and form a longer-term point of focus</i>	• involve primary stakeholders in identifying current and future purpose, need and priority and	111	231	112	111	311	11	211	111	111	11	
			• consider the high-levels of complexities and inter-dependencies	111	131	113	111	331	11	211	112	111	12	
	Is inspirational	<i>Direction that is new, positive, and realistic</i>	• clearly link concepts and desires to implementation and action	111	231	113	111	311	11	311	112	111	11	

A Normative Model for Strategic Planning

<p><i>A Mission describes how the organisation supports the long-term vision and provides direction and justification for organisational decisions within the scope (possible strategies) and boundaries (resource constraints).</i></p>	<p>Describes the organisation's principles and values</p>	<p><i>It describes the organisations, principles and values within the context in which it operates or participates, what it's willing to do, or not, to achieve the outcomes.</i></p>	<ul style="list-style-type: none"> consider long-term horizons 	111	131	111	111	111	12	111	311	111	11
			<ul style="list-style-type: none"> ensure integration of the four well-beings and 	311	231	121	111	11	11	311	112	111	11
			<ul style="list-style-type: none"> involve primary stakeholders and 	231	331	221	121	211	11	111	312	111	11
			<ul style="list-style-type: none"> informs more value driven responses from the organisation 	112	111	211	111	211	11	211	112	121	12
	<p>Creates the links between the vision and strategies of importance</p>	<p><i>Providing the link between the long-term needs, priorities and the outcomes of the community</i></p>	<ul style="list-style-type: none"> make the connections between long-term vision and the specific response of the organisation and 	211	221	111	111	111	11	111	312	111	11
			<ul style="list-style-type: none"> develop criteria and set the organisation's performance targets 	111	121	121	111	111	11	111	111	111	11
	<p>Describes the organisation's future goals and aspirations</p>	<p><i>Organisational specific outcomes reflecting intermediate to long-term time frames which provide clarity to internal and external stakeholders</i></p>	<ul style="list-style-type: none"> consider the organisation's long term outcomes with those of the broader community and 	331	221	221	131	111	11	111	212	111	11
			<ul style="list-style-type: none"> define the organisation's response in a broader sense 	322	223	222	223	121	12	221	22	221	22
	<p>Describes the organisation's position and main activities</p>	<p><i>It describes the organisation's participation levels, .i.e., its services, products, or outcomes) relative to the contextual environmental.</i></p>	<ul style="list-style-type: none"> consider the links between purpose, activities and the impacts on the four well-beings 	231	231	121	111	112	11	111	11	111	11
			<ul style="list-style-type: none"> consider the capability development of individuals, organisations and society overall and 	211	111	221	111	111	11	111	21	111	11
			<ul style="list-style-type: none"> reflect a rigorous contextual scan and needs analysis 	131	131	121	111	211	11	111	21	111	11

A Normative Model for Strategic Planning

<i>Identify strategic options - The processing of information which uncovers a range of strategic options which to varying degrees will add value to the final outcomes.</i>	Adds value to the vision and mission;	<i>The long-term outcomes and organisation's desired outcomes are considered while identifying strategic alternatives</i>	<ul style="list-style-type: none"> identify the common and critical themes from the vision and mission and 	111	233	111	111	321	11	111	11	111	11
			<ul style="list-style-type: none"> create a weighting system to identify the 'value' of the strategic options 	100	1	1	1	1	11	1	1	1	1
	Considers the contextual issues;	<i>The decision-maker has the applicable contextual knowledge regarding the environment, stakeholders and the organisation</i>	<ul style="list-style-type: none"> evaluate the range of contextual issues; 	331	113	232	211	311	11	212	21	111	12
			<ul style="list-style-type: none"> identify stakeholder action, reaction or inaction and 	221	112	221	211	111	11	111	21	111	12
			<ul style="list-style-type: none"> rate or rank these according to the themes identified earlier with the capability of people and the organisation 	111	111	111	111	111	11	111	11	111	11
	Considers primary stakeholders' perspectives;	<i>The perspectives of stakeholders who are most affected and interested have been considered</i>	<ul style="list-style-type: none"> identify a criteria which links the themes from the vision and mission with stakeholders' perspectives and 	221	112	221	211	321	21	111	111	11	12
			<ul style="list-style-type: none"> review stakeholders' perspectives according to their needs 	111	111	111	111	111	11	111	111	21	11
	Considers the contribution and value of partnerships and collaboration	<i>The value of stakeholder partnerships and collaborations are considered when identifying strategic options</i>	<ul style="list-style-type: none"> identifies the value of partnerships and collaborations and 	231	221	121	111	311	11	211	21	21	12
			<ul style="list-style-type: none"> canvass the range of partnerships and collaborations available to identify the most beneficial situation for all stakeholders concerned 	221	113	112	111	311	11	211	111	12	22

A Normative Model for Strategic Planning

<p><i>Assess and prioritise strategic options - A set of processes that assesses the strategic options to arrive at a clear choice and final decision.</i></p>	<p>Assess the links between the vision and mission with the strategic options;</p>	<p><i>A process that rates the link between the long-term vision, the medium-term organisation specific mission, with the strategic options</i></p>	<ul style="list-style-type: none"> • assess the effects on the four well-beings 	111	111	111	111	111	11	111	211	111	12
			<ul style="list-style-type: none"> • assess the internal and external environment with that of the strategic options; 	111	111	111	111	111	11	111	211	111	12
			<ul style="list-style-type: none"> • identify the range of trade-offs and 	111	111	111	111	111	11	111	211	111	12
	<p>Assess the costs and benefits or the strategic options;</p>	<p><i>A process which considers the potential costs and benefits of each relevant high-level strategic options</i></p>	<ul style="list-style-type: none"> • identify the consequences of actions across the four well-beings 	111	111	111	111	111	11	111	211	111	12
			<ul style="list-style-type: none"> • identify the investment costs; and 	111	111	111	111	111	11	111	111	111	11
			<ul style="list-style-type: none"> • identify the expected rate of return 	111	111	111	111	111	11	111	211	111	12
	<p>Assess risk (arriving at the final set of decisions).</p>	<p><i>A process that identifies risk and assesses risk and identifies a decision threshold.</i></p>	<ul style="list-style-type: none"> • consider the four well-beings 	111	111	111	111	111	11	111	211	111	12
			<ul style="list-style-type: none"> • consider the full range of stakeholders views 	111	111	111	111	111	11	111	211	111	12
			<ul style="list-style-type: none"> • consider probability and consequence 	111	111	111	111	111	11	111	211	111	12
			<ul style="list-style-type: none"> • identify expected value overall; and 	111	111	111	111	111	11	111	211	111	12
			<ul style="list-style-type: none"> • use a weighting or ranking system to minimise personal biases 	111	111	111	111	111	11	111	211	111	12

A Normative Model for Strategic Planning

Comparison between the Normative Model and 6 Local Authorities' Documents and Practice
0=No similarity, 1=low similarity, 2=medium similarity, 3=high similarity.

Definition	Elements	Definition – Element	Processes should	LA1	LA2	LA3	LA4	LA5	LA6
<i>Vision- a statement that defines the future, longer-term outcomes across a broad context, and points to specific areas of focus.</i>	Engages primary stakeholders	<i>A process which takes into account stakeholders views especially those who are involved in delivery or receipt of outcomes</i>	• consider all interested and effected stakeholders'	1	2	1	2	1	2
			• have clear communication all the way through the vision forming process	1	1	1	1	1	1
			• involve stakeholder participation, consultation, negotiation and conflict resolution	1	2	1	2	2	1
			• demonstrate clear prioritisation; and	1	1	1	2	2	1
			• identify monitoring and accountability mechanisms	1	1	1	1	1	1
	Gives meaning to the future	<i>That the vision statement identifies reasonable, potential future outcomes</i>	• identify reasonable, future potential solutions that link to the vision, mission and strategic options	2	1	1	2	2	1
			• aim to provide improvement to all stakeholders over time	1	1	2	1	1	12
	Identifies areas of needs and priorities	<i>A statement that reflects the broader community context whilst remaining focused on specific topical areas of concern, these interlink and form a longer-term point of focus</i>	• involve primary stakeholders in identifying current and future purpose, need and priority;	1	1	2	1	2	1
			• consider the high-levels of complexities and inter-dependencies	2	1	2	2	2	1
	Is inspirational.	<i>Direction that is new, positive, and realistic</i>	• clearly link concepts and desires to implementation and action	1	1	2	1	1	2

A Normative Model for Strategic Planning

<p><i>A Mission describes how the organisation supports the long-term vision and provides direction and justification for organisational decisions within the scope (possible strategies) and boundaries (resource constraints).</i></p>	<p>Describes the organisation's principles and values</p>	<p><i>It describes the organisations, principles and values within the context in which it operates or participates, what it's willing to do, or not, to achieve the outcomes</i></p>	<ul style="list-style-type: none"> consider long-term horizons 	1	1	1	2	2	1
			<ul style="list-style-type: none"> ensure integration of the four well-beings 	1	1	2	1	2	1
			<ul style="list-style-type: none"> involve primary stakeholders; and 	1	1	2	2	2	1
			<ul style="list-style-type: none"> informs more value driven responses from the organisation 	1	1	1	1	1	1
	<p>Creates the links between the vision and strategies of importance</p>	<p><i>Providing the link between the needs and priorities, outcomes of the community and the organisational specific outcomes</i></p>	<ul style="list-style-type: none"> make the connections between long-term vision and the specific responses of an organisation and 	0	1	1	1	1	0
			<ul style="list-style-type: none"> develop criteria and set the organisation's performance targets 	0	1	2	1	2	0
	<p>Describes the organisation's future goals and aspirations</p>	<p><i>Organisational specific outcomes reflecting intermediate to long-term time frames which provide clarity to internal and external stakeholders</i></p>	<ul style="list-style-type: none"> consider carefully the organisation's goals and aspirations with those of the broader community and 	1	1	2	1	2	1
			<ul style="list-style-type: none"> defines the organisation's response in the broader sense 	2	1	2	1	1	1
	<p>Describes the organisation's role and main activities</p>	<p><i>It describes the organisation's participation levels, .i.e., its services, products, or outcomes) relative to the contextual environmental</i></p>	<ul style="list-style-type: none"> consider the links between purpose, activities and the impacts on the four well-beings 	2	1	2	1	1	1
			<ul style="list-style-type: none"> consider the capability development of individuals, organisations and society overall and 	1	1	2	2	2	1
			<ul style="list-style-type: none"> reflect a rigorous environmental scan and needs analysis 	1	1	1	1	1	1

A Normative Model for Strategic Planning

<p><i>Identifying strategic options - the processing of information which uncovers a range of strategic options, which to varying degrees will add value to the final outcomes.</i></p>	<p>Adds value to the vision and mission</p>	<p><i>The long-term outcomes and organisation's desired outcomes are considered while identifying strategic alternatives</i></p>	<ul style="list-style-type: none"> • identify the common and critical themes from the vision and mission and 	0	0	1	0	0	0
			<ul style="list-style-type: none"> • create a weighting system to identify the 'value' of the strategic options 	0	1	1	0	1	0
	<p>Considers the contextual issues</p>	<p><i>The decision-maker has the applicable contextual knowledge regarding the environment, and the capability of both stakeholders and the organization itself</i></p>	<ul style="list-style-type: none"> • evaluate the range of contextual issues 	0	1	1	1	2	1
			<ul style="list-style-type: none"> • identify stakeholder action, reaction or inaction and 						
			<ul style="list-style-type: none"> • rate or rank these according to the themes identified earlier with the capability of people and the organisation 	0	0	0	0	0	0
	<p>Considers primary stakeholders' perspectives</p>	<p><i>The perspectives of stakeholders who are most affected and interested have been considered</i></p>	<ul style="list-style-type: none"> • identify a criteria which links the themes from the vision and mission with stakeholders' perspectives and 	0	0	1	1	0	0
			<ul style="list-style-type: none"> • review stakeholder perspectives according to their needs 						
	<p>Considers the contribution and value of partnerships and collaboration</p>	<p><i>The value of stakeholder partnerships and collaborations are considered when identifying strategic options</i></p>	<ul style="list-style-type: none"> • identifies the value of partnerships and collaborations and 	1	1	2	1	2	1
			<ul style="list-style-type: none"> • canvass the range of partnerships and collaborations available to identify the most beneficial situation for all stakeholders concerned 	1	1	1	1	2	1

A Normative Model for Strategic Planning

<p><i>Assessing strategic options - A set of processes that assesses the strategic options to arrive at a clear choice and final decision.</i></p>	<p>Assess the links between the vision and mission with the strategic options</p>	<p><i>A process that rates the link between the long-term vision, the medium-term organisation specific mission, with the strategic options</i></p>	<ul style="list-style-type: none"> • assess the effects on the four well-beings 	2	1	2	2	1	1
			<ul style="list-style-type: none"> • assess the internal and external environment with that of the organisations position 	1	1	1	1	1	1
			<ul style="list-style-type: none"> • identify the range of trade-offs and 	0	0	0	0	0	0
	<p>Assess the costs and benefits to the strategic options</p>	<p><i>A process which considers the potential costs and benefits of each relevant high-level strategic</i></p>	<ul style="list-style-type: none"> • identify the consequences of actions across the four well-beings 	1	1	1	1	1	1
			<ul style="list-style-type: none"> • identify investment costs and 	1	2	2	1	1	1
			<ul style="list-style-type: none"> • identify expected rate of return 	1	1	1	1	1	1
	<p>Assess risk (arriving at the final set of decisions)</p>	<p><i>A process that identifies and assesses risk and identifies a decision threshold</i></p>	<ul style="list-style-type: none"> • consider the four well-beings 	2	1	1	1	2	1
			<ul style="list-style-type: none"> • consider the full range of stakeholders views 	1	1	1	1	2	1
			<ul style="list-style-type: none"> • consider probability and consequence 	0	0	0	0	0	0
			<ul style="list-style-type: none"> • identify expected value overall and 	0	0	0	0	0	0
<ul style="list-style-type: none"> • use a weighting or ranking system to minimise personal biases 			0	0	0	0	0	0	

Chapter 7. The Modified Normative Model

Defining a broad-based sustainable world is easy. Figuring out how we get there is much harder ... It depends on whether we see the glass as half full or half empty (Weaver et al., 1997).

This thesis started with examining the issues related to strategic planning (and decision making) for local authorities in New Zealand through the lens of stakeholder theory.

The research aim is to develop a normative model from sustainable development and strategic management literature and use that as the criterion for examining the New Zealand local authority context. The previous chapter exposes stark differences between what could occur (the normative model) to what currently does occur in local authority strategic planning practice (directed by government legislation, programme and guidance material).

Chapter 7 integrates the analysis from the literature review (Chapters 4 and 5), the New Zealand context (Chapter 6) and supplements this with interviewees' responses to the normative model. The research draws on their range of professional knowledge and experiences to modify the normative model.

To assess the original normative model the interviewees identify the level of importance of the key characteristics and processes to local authority strategic planning processes (ranging from 0 being not important at all, to 5 being of utmost importance). They are also asked to provide any additional characteristics and processes they consider are needed to make the normative model more robust and transparent for stakeholders.

The common feedback from interviewees is that the framework would benefit from the introduction of lead questions to better inform effective strategic planning and stakeholder management in New Zealand local authorities. The lead questions affect either the quality of the content of the statement (the vision,

mission or relational strategy) or the questions provide guidance to the quality of the processes to develop the statements.

This chapter presents methodically the four steps of strategic planning revealed by the normative model. The chapter concludes with a summary of the changes to the normative model and then presents the implications for effective stakeholder management.

7.1 Vision

7.1.1 Engage Primary Stakeholders

7.1.1.1 The New Zealand context - engages primary stakeholders.

The analysis of the government documents finds stakeholder engagement is required through consultation with the community to identify future outcomes (LGA, 2002, s. 93(6)). The KHGs define more clearly the processes for dealing with conflict and negotiation showing clear reasons for prioritising through the “significance policy” (KHGD, 2004). However, while consultation with stakeholders is required on what they think the long-term outcomes are, this does not necessarily translate into a vision for the community (LGA, 2002, s. 77-82). The documents are useful in describing the purpose of stakeholder engagement i.e. “take into account the future needs of the community which may include characteristics to develop and strengthen the community” (KHGD, 2004); however processes to identify accountability and responsibility of stakeholder groups are not clear.

The local authority interviewees point to quite complex conflicts surrounding stakeholder engagement. The main point made is that the more elected members are involved with stakeholder engagement, the less likely a full and rounded stakeholder consultation or engagement takes place due to voter reaction or inaction (LA 2). Two interviewees raise the problem of local authorities not understanding their roles clearly; therefore when developing a vision with stakeholders they need to be clearer as to what role they play and what they as an organisation contribute to achieving the outcomes (LA 2, 6). However, local authority interviewees suggest that by engaging stakeholders fully, those that

will or can contribute to the outcomes will have “buy-in” to the vision (LA 3, 4, 5).

7.1.1.2 Local authority critique - engages primary stakeholders.

The interviewees are then asked to rate the characteristic of stakeholder engagement. They suggest that it is slightly too very important as a quality to ensure a more comprehensive and responsive community vision. The processes rate accordingly:

- Slightly important to consider all interested and affected stakeholders;
- Slightly important to ensure clear communication all the way through the vision development processes;
- Slightly important to include stakeholders participation, consultation and negotiation;
- Critical to demonstrate prioritisation that is clear and;
- Critical to identify monitoring and accountability mechanisms.

Overall the interviewees consider that stakeholder engagement helps reduce politically influenced decision making and ensures the vision’s potential of being consistent with the principles of sustainable development (LA 1, 2, 3, 5, 6). The interviewees believe that if clear prioritisation processes and the identification of monitoring and accountability are in place and the local authority communicates clearly its role in achieving the community vision, it would encourage full engagement of primary stakeholders and introduce a more robust process (LA 1, 5, 6).

Only two interviewees comment on the level of capacity of local authorities to consult extensively (LA 1, 3). These are both district local authorities who have a rate base reflecting a wide geographic spread. Thus, stakeholder engagement across a wide geographic distance with limited resources is a major challenge for these two local authorities.

The local authority feedback on these processes means that the organisation is aware of primary stakeholders’ views and potential reactions and therefore identifies their level of support and contributions to achieving the vision (Deetz et

al., 2000; Shenkman, 1996; Snyder et al., 1994). In addition local authorities are clear in their contributions to that vision (LGA 2002, s.71).

The definition of this characteristic highlights a process which considers primary stakeholders' views and their contributions to the potential future outcomes. The overall analysis from the research highlights two lead questions:

1. What do primary stakeholders believe are the future outcomes? *The answer to this question informs the content of the vision.*
2. What part can local authorities and stakeholders play in achieving the future outcomes? *The answer to this question ensures primary stakeholders (including LAs) understand the part they play in achieving the vision).*

As a result processes are in place to engage stakeholders and to identify reactions and actions to potential decisions (Howlett & Ramesh, 1995; Johnson & Scholes, 1999; OECD, 2001e; Snyder et al., 1994). In addition decisions are made with knowledge and understanding of stakeholders views consistent with the long-term outcomes.

7.1.2 Gives Meaning to the Future

7.1.2.1 The New Zealand context - gives meaning to the future.

The government documents encourage local authorities to be “visionary” and “give meaning to the future” (RMA, 1991; LGA, 2002; SDPoA, 2003). However, the lack of processes to identify what specifically the future might hold (reasonable outcomes), link mission and strategy and promote improvement for all stakeholders over time shows that there may be a disjoint between government direction and local authorities' actual visions in particular to “give meaning to the future”. Of the 34 local authorities (28 local authorities and six case studies) nine do not have a vision statement or alternatively, have a mission statement which they refer to as their vision statement. Local authorities' vision statements are both broad and vague as criticised by writers (Deetz et al., 2000; Shenkman, 1996; Young, 1992) or link to traditional operational roles (LA 1-6). Few local authorities highlight all four well-beings in their vision statements and where they

do, these are bland and generic reflecting the WCED (1987) statement (LA 1, 3, 4, 5).

The overall processes for identifying “meaning” for a vision within the six local authorities are not well developed and rely upon how inclusive the lead authority chooses to be. The findings of the New Zealand context highlight that 1) the link to the four well-beings is tenuous; 2) while the central and local government documents require long-term outcomes, there is no consistent direction or practice to take a long-term view; 3) vision statements do not show clear links to mission or strategies; and 4) vision statements are not developed by including all primary stakeholders’ views.

7.1.2.2 Local authority critique - gives meaning to the future.

Local authority interviewees are asked how important it is for a vision to “give meaning” to primary stakeholders. Interviewees rank it from being absolutely critical to not important at all. However, the feedback from interviewees notes that often consideration of the four well-beings is tokenistic which stems from local authorities’ traditional roles of environmental management or short-term political interests (LA 3). Two interviewees acknowledge that the legislation presents opportunities for local authorities to have involvement and influence over the other three well-beings (LA 2, 6). One local authority suggests that visions should reflect 10-50 years to include the inter-generational implications (LA 1). The interviewees are then asked to rate the three processes on importance. The interviewees rate the processes as:

- Absolutely critical for inspiration to effective vision development;
- Very important to link vision and strategy; and
- Moderately to identify reasonable future outcomes.

Interviewees consider the characteristics of inspiration and linking to mission and strategy are the most important for effective visions. Interviewees’ criticisms of visions are similar to those of the literature. For example “visions are long-term and that identifying what should realistically be achieved ends up being an ‘educated best guess’, so many visions end up being broad and vague” (LA 3). One interviewee notes of all the vision characteristics “to give meaning

to stakeholders” is the most important because it allows a ten year view and consistent consideration of the four well-beings in the forthcoming years (LA 5). Finally, one interviewee states visioning for local authorities is difficult as “they didn’t yet understand the nature of their roles with those of the ‘customer’, and traditionally never really needed to prove that they added value” (LA 6). “Visions were inwardly focused and therefore this led to stakeholders becoming disengaged with supporting the achievement of the vision” (LA 6).

In summary, the local authorities’ critique highlights the need for a vision to give meaning and that the processes should be outward looking, involve primary stakeholders, look out past ten years and include the four well-beings.

In order to develop an effective vision that “gives meaning to the future” the process needs to identify intergenerational needs across all four well-beings that are clearly achievable to create and maintain stakeholders support (Deetz et al., 2000; OECD, 2001c; Shenkman, 1996; Willard, 2002). The characteristic of “giving meaning to the future” identifies reasonable, future outcomes for the broader community; it reflects the four well-beings and is supported by mission and strategy. In this way, the four well-beings are captured and a future desired state is identified by primary stakeholders. The two lead questions are:

1. Taking into consideration the environment, economic, social and cultural well- beings what does the community (primary stakeholders) want the future to look like in 10-50 years time? *The answer to this question describes the future outcomes that reflect the four well-beings.*
2. What can realistically be achieved? *This question provides the boundaries to ensure the vision is realistic and meaningful.*

These two lead questions would ensure reasonable potential is identified across a broad context for up to 50 years (Abaza & Baranzini, 2002; Laszlo, 2003; WCED, 1987; Willard, 2002). The questions help to develop realistic goals and milestones consistent with the longer-term outcomes (Doherty, 2002; N. Haines, 2002; Kaplan & Norton, 2004). Finally, the inclusion of primary stakeholders’ needs and priorities requires local authorities’ planning to reflect overall, focused forward thinking for the broader community.

7.1.3 Needs and Priorities

7.1.3.1 The New Zealand context - needs and priorities.

The analysis of the New Zealand government documents identifies that the broadness of the SDPoA (2003) and RMA (1991) do not translate well the principles of sustainable development into easily recognisable areas of need and priority (according to the criteria from the literature). Furthermore the LGA (2002) and KHGs (2004) do not describe how to link the broad range of issues and the complexities and interdependencies into focused areas of need and priority. The vision statements of local authorities which identify the areas of need and priority largely mirror the broad language of the Brundtland statement (WCED, 1987) i.e. the four well-beings rather than any actual (or perceived) need and priority from the four well-beings of that locality.

7.1.3.2 Local authority critique - needs and priorities.

Local interviewees rate this characteristic as moderately important to critical. Interviewees rate the processes as:

- Moderately important to involve primary stakeholders in identifying current and future need and priority;
- Critical to consider the high-levels of complexity and inter-dependencies.

Two interviewees state local authorities visions are quite “inward looking” and have yet to link visions traditionally with outcomes (LA 2, 6). Three interviewees believe that focusing on areas of “significance” (LGA 2002, s. 79) remove the more short-term political aspects to vision forming (LA 1, 3, 6). One interviewee notes that needs and priorities may rely on timing, i.e. timing for when something needs to be done, and timing that it may only be important at that point in time (LA 6). This interviewee said, “if an organisation has a rigorous strategic framework that sits ‘around’ the vision then ad hoc reactive statements or actions are avoided or minimised” (LA 6).

This characteristic emphasises that the vision needs to reflect the broader community context whilst remaining focused on long-term needs and priorities (areas of significance) which interlink.

The refining of the summary definition removes the short-term tensions evident in local authorities' visions (i.e. the short-term reactionary nature of visioning). The analysis highlights two lead questions:

1. Taking into account the four well-beings what do stakeholders believe are the long-term needs and priorities? *The answer to this question identifies the content of the vision.*
2. Considering the needs and priorities, what inter-linkages between the four well-beings are immediately evident? *The answer to this question ensures the inter-linkages and inter-dependencies of the four well-beings are considered; thus the answer is again refined and improved.*

As a result of applying the lead questions the vision statement would indicate the areas of need and priority over the next 10-50 years (Pezzey & Toman, 2002; WCED, 1987). These key areas are deemed to influence the broader environment (Dunphy et al., 2000; Elliott, 2006; Rao, 2000; Willard, 2002). The vision would provide a "sign post" for developing the subsequent mission and strategic options (Bryson, 1993; Johnson & Scholes, 1999; Kaplan & Norton, 2004). In addition the vision statement would reflect an understanding of the inter-relationships across all four well-beings (Common, 1995; Laszlo, 2003).

7.1.4 Is Inspirational

7.1.4.1 The New Zealand context – inspirational.

The government documents vary in their description of how to develop an effective vision that is inspirational. Promotion of processes which encourage a new future are outlined (Borrie et al., 2004; Ericksen et al., 2003; LGA 2002, s.14; RMA, 1991; SDPoA 2003, p.10) but the vision has the potential to lose credibility due to the tension with the roles of local authorities (LGA 2002, s.75-79). Therefore depending upon the planned actions by of local authorities, diminished credibility of the vision may occur. Local authorities' documents reflect this where there is often no clear link between long-term concepts and action.

7.1.4.2 Local authority critique – inspirational.

The interviewees rate the characteristic of inspiration as absolutely critical to a vision. The interviewees note the processes of linking the concepts and desire

to implement and action as being very important to developing a vision. Interviewees state that a vision should be able to stand the test of time (LA 2, 3) and motivate people to gain momentum (LA 4, 5, 6). However, interviewees consider the most important aspect of inspiration is that of leadership in the form of continued promotion of the future state (LA 1, 2, 3, 5) and is strongly linked to the characteristic of “leadership” (LA 1, 2, 4, 5, 6).

The analysis shows while the characteristic remains substantially unchanged it aims to deliver an intelligible and credible vision to stakeholders. The vision reflects how the long-term outcomes connect to stakeholders’ contributions and more immediate actions. This characteristic points to direction that is new, positive and something to look forward to, in which stakeholders see the vision to be credible and intelligible. The analysis from data highlights two key questions:

1. What needs to change for the better? *The answer to this question informs the content of the vision.*
2. What actions will show stakeholders the vision is being acted on? *The answer to this question provides a check for the follow-up action to support the vision.*

The actions identified from the second question may include the continuous promotion and leadership of the vision as well as those actions that show implementation activities. As a result the vision signals the long-term outcomes while providing signposts to stakeholders (Abaza & Baranzini, 2002; IUCN, 1980; OECD, 2001a; WCED, 1987), shows tangible actions and behaviours support the proposed outcomes (Deetz et al., 2000; Elliott, 2006; Kotter, 1996; Senge, 1994) and is credible to the community (Beckerman, 1999; Bryson, 1993; Joyce, 1999). In addition stakeholders are stimulated and engaged in the process of developing and contributing to the vision (Doherty, 2002; Ericksen et al., 2003; N. Haines, 2002; Senge, 1994). Table 7.1 below shows the final steps, characteristics, and subsequent processes to develop an effective vision.

Table 7.1*Overview of Step 1: Vision*

Characteristics	Lead questions	Outcomes
Gives meaning to the future	<ol style="list-style-type: none"> 1. Taking into consideration the environment, economic, social and cultural well- beings what does the community (primary stakeholders) want the future to look like? 2. What can realistically be achieved? 	Identification of reasonable potential and goals for out years. Achievement of goals, milestones and longer-term outcomes.
Identifies the areas of need and priorities	<ol style="list-style-type: none"> 3. Taking into account the four well-beings what do stakeholders believe are the long-term needs and priorities? 4. Considering the needs and priorities, what inter-linkages between the four well-beings are immediately evident? 	Identification of areas of significance; they are specific but have broad scope. Provides a 'sign post' for the developing mission and strategies. Reflects the understanding of the inter-relationships across well-beings
Engages primary stakeholders	<ol style="list-style-type: none"> 5. What do primary stakeholders believe are the future outcomes? 6. What part can local authorities and stakeholders play in achieving the future outcomes? 	Processes are in place to engage stakeholders (recipients and contributors) and to identify reactions about potential decisions. Decisions are made with full and complete knowledge and understanding of stakeholders desires for long-term outcomes.
Is inspirational	<ol style="list-style-type: none"> 7. What needs to be changed for the better? 8. What actions will show stakeholders the vision is been acted on? 	Outcomes and goals are credible and tangible, actions and behaviors support the proposed outcomes. Stakeholders are stimulated and engaged in the development and delivery.

Overall, the findings indicate the processes reflect a set of lead questions which guides the development of effective vision content, i.e. consistent with the principles of sustainable development, while the follow-up question provides the basis for decision makers to create a vision and identify actions appropriate to the local authority and stakeholders.

7.2 Mission

7.2.1 Principles and Values

7.2.1.1 The New Zealand context - principles and values.

The government documents provide contradictory messages to decision makers when forming principles and values. As discussed earlier, “outcomes are

a community judgment and therefore the local authority does not have to adopt these as part of their activities” (KHGD 2004, p.37) although the LTCCP is expected to be the key mechanism for local authorities to work with their communities (KHGD 2004, p.26). The documents require local authorities to promote sustainable development. The government direction assumes that the consideration and integration of the principles of sustainable development occurs through local authorities’ principles but no direction of that nature is given. The KHGD (2004) state that where a conflict of principles occurs, the authority needs to resolve the conflict in an open, transparent and democratic accountable way. Overall the documents require local authorities to ensure principles and values align with long-term outcomes, the four well-beings and involve stakeholders but acknowledge tension and challenges when conflict arises.

The local authority documents and processes express to varying degrees principles and values (in various forms), however none of the 28 local authorities’ principles and values could be clearly attributed to long-term outcomes, needs and priorities or the four well-beings. In addition none of the participating local authorities describe processes to identify the organisation’s principles or values in the mission statement, but rather these sit separately as a desired outcome or as a stated organisational set of principles or values. One interviewee considers it is important for local authorities to focus on setting the principles and values as it drives behaviour throughout the organisation (LA 4). Three interviewees affirm the principles and values are the most important quality of a mission (LA 3, 4 and 5). Overall the principles or values (whether espoused in a mission or separately) reflect the traditional roles of a local authority and do not reflect the four well-beings, or necessarily reflect value driven decisions.

7.2.1.2 Local authority critique - principles and values.

Interviewees rate the characteristic of principles and values (for a mission) as absolutely critical. They rate the processes as:

- Moderately important to consider long-term horizons;
- Moderately important to ensure integration of the four well-beings;
- Critical to involve internal stakeholders;
- Critical to inform more value driven responses.

The local authority interviewees suggest that organisational current principles and values align with local authorities' traditional roles rather than the principles of sustainable development (LA 1, 5, 6). The setting of principles and values by the executive team often happens without the consultation of staff or with the long-term outcomes in mind (LA 1, 2, 3, 5, 6). None of the local authorities could attribute the creation of principles or values specifically to the future direction of the organisation or the region/district/city. The local authority interviewees maintain that even though the development of principles and values appears to be ad hoc, they are crucial to the cohesion of the organisation (LA 1, 4, 5, 6).

This characteristic describes the organisation's principles and values within the context in which it operates or participates, including what it is willing to do, or not, to achieve the outcomes.

The analysis from the research highlights two lead questions of all internal stakeholders:

1. What is important to the organisation? (*This requires the organisation to be succinct about the principles on which it bases operating practices and how they align to organisational values*).
2. What is the organisation's relationship to the natural environment, community and stakeholders? (*This provides clear expectations of, and for, both internal and external stakeholders*).

7.2.2 Creates the Links

7.2.2.1 The New Zealand context - create the links.

The government documents reflect long-term broad direction (Ministry for the Environment, 1993; SDPoA, 2003; Williams, 1997) that do not necessarily link mission with vision and strategy (RMA 1991, s. 5); LGA 2002, s.71-79). In addition, the LTCCP is at the heart of the new planning framework (Ericksen et al., 2003) and outlines the strategic planning and decision making processes that local authorities are expected to carry out (KHGD, 2004; IPS, 2006). Overall the government documents require linking long-term outcomes with local authority

decisions derived through strategic planning, however none of the documents clearly articulates ways of linking vision, mission and strategy or create or use criteria to do this. In addition, local authority documents and processes do not provide clear links between vision and strategies or criteria for making the link occur.

7.2.2.2 Local authority critique – create the links.

Interviewees rate the characteristic of linking vision to mission and strategy as critical. All interviewees state that local authorities do not consider the four well-beings consistently when developing the organisation's future direction and attribute this mainly to the unclear understanding of their own roles within the community. The interviewees rate the processes as:

- Critical to make the connections between long-term purpose, need and priority with the functional responses of an organisation; and
- Critical to develop criteria that links these components.

Interviewees describe both processes as critical to developing an effective mission. Only one interviewee (LA 6) could describe a process for setting criteria and which links the vision, mission and strategies. However this example is in a previous role and not within the current local authority. No other interviewee could describe a consistent process for creating criteria to inform decision making, although all six interviewees acknowledge this an important factor local authorities need to develop. However, not all the local authorities involved have a vision and/or a mission statement, therefore links to long-term outcomes and the organisational direction or specific outcomes are often absent or difficult to analyse. Of those local authorities who have mission statements or interviewees who have been involved with developing missions, aligning the organisation with the long-term vision is considered critical (LA 1, 4, 5). One interviewee explains there is often conflicts between the vision (set by elected members) and the mission (set by the executive team) and at times these two perspectives do not align (LA 6). Interviewees state creation of criteria at the onset which links the vision and mission would help the identification of the organisation's performance targets and this process would also serve as a "tool" to communicate to the broader community the decision making process.

This characteristic describes the link between the areas of significance, the long-term outcomes and the organisational specific outcomes. The analysis from the overall data highlights two lead questions:

1. How do the areas of needs and priorities from the vision direct the organisation's current and future outcomes? *The answer to this question informs the content of the mission.*
2. What common themes are there to inform the development of criteria? *The answer to this question ensures development of a criterion aligned to the vision and mission statements.*

As a result the links between the long-term areas of significance and future organisational decisions are identified (Elkington, 1998; Kaplan & Norton, 2001; Laszlo, 2003; Sharma & Starik, 2002; Willard, 2002), as well as an understanding of the impacts of those links across the four well-beings (OECD, 2001a; SDPoA, 2003; WCED, 1987). Organisational direction supports the long-term outcomes and cross well-being impacts through the use of criteria (Hunger & Wheelan, 1996; Inkson & Kolb, 1995; Johnson & Scholes, 1999; Kaplan & Norton, 2004) to enable decision makers to be fully informed, competent and knowledgeable about the broad impacts of cross policy decisions for benefits to occur (Amann, 2001; United Nations Conference on Environment and Development, 1992; WCED, 1987).

7.2.3 Goals and Aspirations

7.2.3.1 The New Zealand context - goals and aspirations.

The government documents outline processes to identify the community outcomes through consultative processes (Borrie et al., 2004; Ericksen et al., 2003; IPS, 2002) but do not provide clarity on how local authorities should identify their specific responses through a mission. The government documents promote the importance of local authorities linking their organisational responses to the long-term community need (LGA 2002, s.14). The LGA (2002, s. 93(6) requires local authorities to describe information regarding water, sanitary and waste management but does not provide guidance on how to identify any other desired outcomes in response to the broader locality. "Outcomes are a community judgment and therefore, the local authority does not have to adopt these as part of

their activities” (KHGD 2004, p.37), although the LTCCP is expected to be the key mechanism for local authorities to work with their communities (KHGD 2004, p.26).

The actual results from the local authorities’ vision statements mirror this contradiction. The goals and aspirations are non-specific or broad, vague and therefore not linked to any external or internal needs or priorities. In addition they are often “tailored” to reflect the traditional role of the local authority. Many local authorities’ missions have non-specific goals and aspirations like “Working with our communities for a better environment” (S5/3) or “Working together for a better X”⁴⁵ (S7/1). Others goals and aspirations reflect the traditional role of the local authority like “X will provide policies, guidance and resources which encourage and enable X community to manage and enhance its environment in a sustainable manner” (S6/2). Overall this highlights a disconnection between long-term community aspirations with that of the local authorities’ goals and aspirations.

7.2.3.2 Local authority critique - goals and aspirations.

Interviewees rate this characteristic as moderately important to developing a mission. Interviewees also rate considering the organisation’s long-term outcomes with those of the broader stakeholder group as a moderately important and defining the organisation’s functional direction in the broader sense as moderately important. Local authority interviewees said this characteristic has the ability to pull all the various functional areas of the organisation together in the same direction (LA 1, 4, 6). In addition local authority interviewees comment that few local authorities have this shared direction (LA 4, 6). The interviewees who have been involved with developing a mission (and in particular considering the organisation’s specific outcomes) state that the mission itself is a generalised global statement that does not provide any meaning or direction to staff (LA 1, 4, 5, 6).

⁴⁵ X denotes the name of the locality.

This characteristic emphasises the importance of organisational specific outcomes aligned to the long-term outcomes of the vision. The analysis from the overall data highlights three lead questions:

1. What does the organisation want to achieve in the next 3-10 years? *The answer to this question forms the content of the mission.*
2. How do these (goals) align with the long-term vision? *The answer to this question checks the alignment of the vision and the mission content.*
3. What are the specific organisational areas of need and priority to be focused on? *The answer to this question informs the local authority's role in contributing to the long-term vision.*

7.2.4 Role and Main Activities

7.2.4.1 The New Zealand context - role and main activities.

The government documents provide mixed messages to decision makers when forming organisational decisions on what direction they should follow. For example the LGA (2002, s. 7-82) describes how local authorities are to lead and develop community outcomes but not necessarily delivery of any. None of the government documents analysed individually or collectively promotes the consideration of the four well-beings, internal capability development and the external environmental context when developing a mission. The analysis of the government documents shows a gap in aligning the broad community outcomes with the local authorities' role and main activities. The local authorities' documents reflect this lack of linkages also.

The 28 local authorities' documents (mission statements) describing the organisation's role and main activities are varied. Statements describing role and activities are either bland overarching statements (SDPoA, 2003) or reflect the traditional roles of local authorities (RMA 1991, s. 5; IPS 2006). At times statements are limited to either the traditional roles of the local authority or they vaguely allude to the four well-beings. For example "we work with communities to develop ways of living that will sustain our locality for generations to come" (S3/1). Another uses a range of terms that explains the different roles of the organisation. S2/1 mission says X mission is "to safeguard, enhance, develop and

promote the physical, economic and cultural environment” of the locality. The six local authority case studies reflect similar results. Two local authorities clearly describe the areas of activities services and products or markets relative to the four well-beings (LA 3 and 1). The other four local authorities’ mission statements are vague or reflect the traditional roles of water, waste, roads and/or rates management (LA 1, 2, 4 and 6). Two of the mission statements broadly describe the organisation’s positioning within the wider context by saying for example it would promote the four well-beings across the locality (LA 4 and 6). However none of the local authorities consider how their role impacts on the wider context of the region/district/city and therefore do not appear to consider any co-dependencies or interrelationships. It is “assumed” all local authority staff understand their role or position within the wider community environment (LA 1, 6). None of the six local authorities raise capability development as a consideration while developing the mission.

7.2.4.2 Local authority critique - role and main activities.

Interviewees rate the characteristic of identifying the role and main activities within a mission as moderately important. They also rate the processes as:

- Critical to consider the links between purpose, activities and impacts of the four well-beings;
- Moderately important to consider capability development; and
- Critical to reflect a rigorous environmental scan.

Again the views of local authority interviewees’ are divided. Two respondents believe local authorities need to keep their roles and main activities simple to what they know and do well traditionally (LA 1, 5). The other four interviewees believe local authorities have the opportunity to understand their roles better as advocates, partners and direct deliverers and that local authority must take a bigger view of what is traditionally expected of them (LA 2, 3, 4, 6). There is also caution with all interviewees that the higher expectation within communities for local authorities’ main activities to expand may cause pressures on capacity and delivery (LA 1, 3, 4, and 6). Interviewees state local authorities

have a major role to play in influencing the future direction of the environment. One interviewee states most local authorities have yet to understand and realise the full scope of their influence and are even in an “identity crisis” (LA 6).

This characteristic describes the organisation’s role and main activities in the medium to long term and the areas of focus in the vision.

The analysis from the research highlights four lead questions:

1. Given the contextual environment what is the organisation’s current role? *The answer to this first question informs the content of the mission.*
2. How will future long-term outcomes (from the vision) alter this role? *The answer to this question provides a checking of the implications of the roles identified.*
3. What impacts on the organisation will occur? *The answer to this question ensures the decision maker understands the implications of the future roles.*
4. What will be the organisation’s main activities to pursue in the future? *The answer to this final question will provide clarity of what the organisation will do which specifically supports the broader vision.*

As a result the organisation understands its current role, while future activities are defined to support the operating environment (Bird, 2000; Daneke, 2001; Elkington, 1998; Laszlo, 2003; OECD, 2001a); the organisation acts and reacts appropriately to the environment and impacts (David, 1993; Johnson & Scholes, 1999; Kaplan & Norton, 2004).; the main activities are well planned and show clear links to the longer-term areas of significance (LGA 2002, s.77); and short-term output results contribute to the longer-term outcomes (Bryson, 1993; Kaplan & Norton, 2004; Steiss, 2003). The analysis identifies a more effective process for developing a mission statement.

7.2.5 New Quality – Reflecting on Previous Decisions and Activities

The interviewees are asked if there are any other characteristics required to ensure a more effective mission is developed. Local authority feedback notes that organisations need to consider previous decisions and actions to avoid repeating mistakes. Therefore an additional question is added that requires local authorities to “consider past lessons from previous decisions” as a further quality for developing an effective mission. The definition is the process requires the decision maker to consider previous decisions made and the subsequent impacts of those on the four well beings. The key questions are:

- What main activities did we do in the past? *The answer to this question requires review of the content of previous missions as well as previous actions implemented as a result of that mission.*
- What were we trying to achieve? *The answer to this question confirms the purpose and reason for the original decision.*
- What were the results? *The answer to this question confirms the results as being negative or positive to supporting the previous mission and vision*

As a result, repetition of negative outcomes from previous decisions is avoided, while positive results are supplemented and expanded. Table 7.2 shows the final model for developing an effective mission through the application of a consistent, logical process and secondly, through the creation of a more applicable mission statement which communicates clearly the organisation’s future direction and intentions.

Table 7.2*Overview of Step: Mission*

Characteristics	Lead questions	Outcomes
Links the vision and strategies	<ol style="list-style-type: none"> 1. How do the areas of needs and priorities from the vision direct the organisation's current and future outcomes? 2. What common themes are there to inform the development of criteria? 	<p>Links to long-term areas of focus are evident in future organisation decisions, or if not, are well understood.</p> <p>Organisational changes are informed by the long-term outcomes.</p>
Describes the organisations goals and aspirations	<ol style="list-style-type: none"> 3. What does the organisation want to achieve in the next 3-10 years? 4. How do these (goals) align with the long-term vision? 5. What are the specific organisational areas of need and priority to be focused on? 	<p>The organisations intent/focus is clearly defined.</p> <p>The organisation's desires align to the vision and longer term outcomes and where they do not clear justification is evident.</p>
Describes the organisations principles and values	<ol style="list-style-type: none"> 6. What is important to the organisation? 7. What is the organisation's relationship to the natural environment, community, and stakeholders? 	<p>Sets clear expectations for what the organisation is doing and why and communicates these to stakeholders. Stakeholders understand the organisation's stance, i.e. what they are doing and why. Actions and behaviors within the organisation reiterate the purpose and operating principles.</p>
Describes the organisation's role and main activities	<ol style="list-style-type: none"> 8. Given the contextual environment what is the organisation's current role? 9. How will future long-term outcomes (from the vision) alter this role? 10. What impacts on the organisation will occur? 11. What will be the organisation's main activities to pursue in the future? 	<p>The organisations understand the current position, and the future position is defined within the operating environment. The organisation acts and reacts appropriately to the environment and impacts.</p> <p>The main activities are well planned and show clear links to the longer-term areas of focus. Short-term output results contribute to the longer-term outcomes.</p>

7.3 Identifying the Strategic Options

7.3.1 Adds Value (to the Vision and Mission)

7.3.1.1 The New Zealand context - adds value.

Descriptions in government documents range from promoting one area, in particular the environment (RMA 1991, s. 5), to many well-beings (SDPoA 2003, p.21-26; LGA 2002, Section 93(6)). The direction outlined in these documents is for the local authority to use the best information to support decision making and addressing risk and uncertainty (LGA 2002, s. 75-90). Local authorities are encouraged to make decisions based on the “interests of the community’s social, economic, environmental and cultural well-being now and into the future” (KHGD, 2004). However, overall, there is little evidence of a process to weigh, assess or “value” the strategic options against common or critical themes of the vision and mission, from any of the information in the government documents.

Local authority documents reveal various forms of strategy maps as one way of attempting to link national and regional strategies and policies. However, only one local authority shows how themes from a vision mission and strategies link (S4/2). Local authority interviewees’ description of practice to identify strategic options also reflects this gap; furthermore there is also a lack of consistent processes used to consider the value of strategic options. Local authorities apply a form of criteria based on traditional roles and environmental assessment, rather than the four well beings or any long-term outcomes.

None of the local authorities’ examined in-depth include a consideration of the links between vision and mission during the process of identifying strategic options.

None of the documents or interview responses is able to show a clear correlation to a process or statement that appears to describe strategic options that are broadly identifiable to support the long-term vision or more immediate organisation desired outcome. Five interviewees comment that no obvious or consistent criteria is used to assess the critical themes or issues between vision, mission or strategic options (LA 1, 3, 4 5 6). One interviewee states that strategic

options are assessed by way of environmental criteria, however the other well-beings are only “assumed” to be included (LA 2).

Overall this characteristic of considering the added value to vision, mission and applying a criteria to identify strategic options is barely used.

7.3.1.2 Local authority critique - adds value.

Interviewees rate this quality as moderately important to critical. They also rate the processes as:

- Critical to identify the common and critical themes from the vision and mission;
- Critical to create a weighting system to identify the “value” of the strategic options.

Local authority interviewees state it is difficult for local authorities to consider strategic options that are outside of their mandate or sphere of control (LA 1, 2, 5, 6) mainly because of the “traditional view” of the role of local authorities. Four out of six interviewees consider local authorities need to reduce their strategic options and focus on fewer areas (LA 3, 4, 5, 6). They also note that the legislation and regulation limits consideration of many strategic options (LA 1, 6). None of the interviewees could cite the application of criteria attached to critical themes during the exercise of identifying strategic options and all suggest that the process of weighing up the value or worth of strategic options is an important aspect missing from local authority strategic planning and decision making.

The characteristic identifies the value of the strategic options with that of the long-term community outcomes and organisation’s responses.

The synthesis highlights two lead questions:

1. What strategic options will support the organisation’s mission? *The answer to this first question identifies the range of relevant strategic options that is relevant to the organisation’s future goals and actions.*

2. What value will the strategic options provide to the vision and four well-beings? *This second question identifies a “value placing” on the strategic options to that of the vision and the four well-beings.*

As a result, the range of strategic options identified reflect links to the areas of significance (LGA 2002) or critical themes (Bryson, 1993; Elkington, 1998; OECD, 2001e; WCED, 1987) and a value for each strategic option is identified (Boston et al., 1996; Forgang, 2004; Kaplan & Norton, 2006).

7.3.2 Contextual Environment (tensions)

7.3.2.1 The New Zealand context - contextual tensions.

Government documents describe the need to understand the contextual tensions through controlling the impacts of human actions (RMA 1991, s. 5) and considering the:

- economic development and competitiveness;
- improving provision of infrastructure and services;
- urban design, social wellbeing, cultural identify; and
- the quality of the environment.

(SDPoA, 2003)

The local authority is required to consider the contextual tensions before making a decision (LGA 2002, s.75-90). The KHGs discuss the need for local authorities to take into account the four well-beings, future needs and the community (KHGG, 2004). However, while the government documents describe the need to evaluate the full range of contextual tensions, how to apply these to identifying strategic options through a ranking or rating of themes or any other criteria is not explained.

As highlighted earlier, the search of the 28 local authority documents for this characteristic and the relevant processes becomes difficult (Chapter 6). All 28 local authorities could describe how they considered multiple activities through various management plans, district plans and operational plans. However, none of the local authorities' documents describe how they evaluate the contextual tensions from those plans, or rank or rate the strategic options earlier identified.

The local authorities' processes identify contextual tensions according to the roles pre-determined by the local authority, predominantly roles reflecting the traditional services. Neither the external nor internal contextual tensions identified are ranked or rated in a consistent manner against any long-term outcomes or specific organisational direction.

7.3.2.2 Local authority critique - contextual tensions.

The interviewees rate the quality of considering the contextual environment when identifying the strategic options as moderately important. They rate the processes as:

- Moderately important to evaluate the contextual tensions;
- Moderately important to identify stakeholders action, reaction or inaction;
- Critical to rank or rate these according to the themes in the vision and mission.

Local authority interviewees suggest most of local authorities key strategic options can be placed squarely in the traditional roles of managing the natural environment, water, roads and waste (LA 1, 2, 3, 5, and 6). The interviewees note that processes to rank or rate any strategic options are conducted according to the requirements of the RMA (1991, s. 5) and therefore only focus on impacts to the environment. The local authorities complete the process in various ways. Two said a staff member completes the process with a "desk top" analysis (LA 1, 4), while the other four cite various forms of consultations with internal and/or external stakeholders (LA 2, 3, 5, 6). Accordingly, while all local authorities consider contextual conflicts in some way, they do not necessarily always use them to inform the identification of strategic options (LA 1, 2, 3, 5). The local authorities' consider the contextual conflicts in an ad hoc way depending upon political sensitivity, those conflicts more directly controllable by the local authority, those more "politically tenable" or easier to achieve, not necessarily because they are more cost efficient or more outcome effective (LA 1-6).

The interviewees suggest local authorities have yet to understand the implications or inter-relationships between the four well-beings and identifying

strategic options and therefore use a process to critique strategic options against these.

The characteristic highlights that the decision maker has the applicable contextual knowledge of the four well-beings, stakeholders' perspectives and the organisations' capability and capacity.

The analysis highlights two lead questions:

1. What are the internal and external tensions concerning stakeholders, and impacting on the four well-beings? *The answer to this question provides the decision maker with a clear understanding of the main tensions with stakeholders and therefore signal potential challenges that may affect the outcome of future decisions.*
2. What strategic options arise from the contextual environment (including stakeholders' action, inaction or reaction)? *The answer to this question presents a broader range of strategic options that relevant to stakeholders (internal and external).*

As a result the relationships between the organisation and context are evaluated (Dunphy et al., 2000; Kaplan & Norton, 2004; Lemons & Morgan, 1995; OECD, 2001a; Weaver et al., 1997), stakeholder concerns are identified (David, 1993; OECD, 2001a) and the range of alternatives reflect links to vision and mission (Forgang, 2004; Kaplan & Norton, 2004; Johnson & Scholes, 1999).

7.3.3 Stakeholders' Perspectives

7.3.3.1 The New Zealand context - stakeholders' perspectives.

Government documents encourage stakeholder engagement by local authorities in order that they understand the needs and wants of their communities through "participatory processes" (SDPoA, 2003) and describe cross partnerships and collaboration with sectors (government agencies) (SDPoA, 2003). The KHGs describing stakeholder engagement advise local authorities only to seek stakeholder desires and not their views on the strategic options and outcomes (KHGD, 2004). Overall the government documents do not describe how decision makers can link the stakeholders' needs, wants or agendas with the themes from the vision and mission.

Many local authorities describe how they consult with stakeholders by asking for issues to be prioritised, i.e. ranked from the highest to lowest, according to a list generated by the local authority. This means that the priorities (and rankings) are more likely to be aligned to the local authorities' role or perspective of the community's needs and priorities. None of the 28 local authorities describe how they link stakeholders' needs or wants when identifying strategic options or considering the strategic options with the vision and mission.

Processes to consider the range of stakeholders' needs and wants are evaluated by each local authority differently. One interviewee said the organisation consults stakeholders only when it is deemed absolutely necessary. None of the participating local authorities uses processes to ask what stakeholders' perspectives may be to any strategic options or their views of the links with vision and mission. The local authorities' describe consultation practices as selective and these are completed in a variety of ways. Consultation "topics" are directed by local authorities to ensure the responses are limited to those of the traditional roles of the local authority. In addition the prioritisation of the feedback is not consistently ranked or rated against any long-term outcomes, themes and priorities.

7.3.3.2 Local authority critique - stakeholders' perspectives.

Interviewees rate the characteristic of seeking stakeholder perspectives when identifying strategic options as moderately important. They also rate the processes as:

- Critical to identify a criteria which links the themes from the vision and mission (where relevant);
- Moderately important to review stakeholders' perspectives when necessary.

All local authority interviewees state that stakeholders are engaged "as and when" deemed necessary, therefore their desires or responses (positive or negative) are not always considered during the identification of high-level strategic options (notwithstanding electioneering). Most local authorities assert this level of stakeholder consideration is acceptable and feasible given the time

and resource constraints on local authorities. Earlier comments from interviewees also note the greater the pressure from the higher “political” influence on the process, the more selective stakeholder engagement occurs. However, they also consider that it is up to the integrity of each local authority to consult stakeholders who are most affected and interested.

This characteristic highlights that the processes for identifying the strategic option has taken into account the desires and responses of stakeholders who are most affected and interested.

The analysis from the research highlights two lead questions:

1. What do key internal and external stakeholders want in the long-term?

The answer to this question provides alignment between the strategic options and the long-term vision.

2. What relationships are there to the needs and priorities within the

vision? The answer to this question provides focus to the strategic options by providing the link to the areas of purpose, need and priority identified in the visioning process.

As a result, the range of strategic options identified reflect the potential actions and reactions of stakeholders (Deetz et al., 2000; Duke Corporate Education, 2005; Kaplan & Norton, 2006; Shenkman, 1996) and the link with the needs and priorities (Howlett & Ramesh, 1995; Kaplan & Norton, 2004).

7.3.4 Partnerships and Collaborations

7.3.4.1 The New Zealand context - partnerships and collaborations.

Government documents require the consideration of cross geographic boundary aspects of environmental concerns (RMA 1991, s. 5) and decisions on the wider region, country and international environment (SDPoA, 2003) but do not give decision makers guidance on considering partnerships or collaborations when identifying strategic options. The LGA (2002, s. 76-82) direction for considering partnerships and collaborations is implicit and emphasises the need for cooperation with other bodies. The purpose is to assist local authorities in their capacity to perform their role (to gain both effectiveness and efficiencies) rather than to benefit the long-term vision or outcomes.

The KHGs describe the need for greater collaboration but do not provide guidance to local authorities as to how to consider partnerships and collaborations when identifying strategic options (KHGD, 2004). In addition, the allowance for local authorities to support or not, the community outcomes highlights the potential risks of commitment to any partnerships (LGA 2002, p.76-82). Overall the government documents require partnerships and collaborations but do not provide guidance on identifying those most valuable to achieving the vision and mission.

The 28 local authorities' documents reflect the link to, and value of partnerships and collaborations in various forms through project partnerships, collaborative consultations and resource sharing and strategy development across many community stakeholders. While the local authority documents support the use of partnerships and collaborations there is no evidence as to how or why they are selected. Processes to consider partnerships and collaborations are conducted predominantly in relation to cross environmental concerns, or at the beginning of the financial year, as and when needed. The absence of a competitive environment is thought to be one reason why reduced consultation or collaboration might occur (LA 6). Another is because good collaborative partnerships depend upon the skills and behaviours of the individual staff and community members (LA 2, 3, 4, and 6). Partnerships and collaborations are based on progressing traditional aspects, i.e. roads, water, waste strategies (LA 1, 2, 3, 5, 6). Interviewees state local authorities are not good at identifying the value of broader partnerships and collaborations to support the other well-beings (LA 1-6). The interviewees comment local authorities are specific and purposeful when deciding who, when and why they would partner or collaborate with, but this choice is at times decided upon by the "political" arm of the local authority (LA 1-6). Overall these processes do not appear to be linked consistently to the vision, mission and strategic options or the four well-beings.

7.3.4.2 Local authority critique - partnerships and collaborations.

Interviewees rate partnerships and collaborations as critical, but with the proviso that they have yet to understand the value of extending these further to achieve the community outcomes. The interviewees rate the processes as:

- Very important to critical to identify the value of partnerships and collaboration with the themes and issues from the vision and mission;
- Moderately important to canvass the range of potential partner's capacity and capability to identify the most beneficial situation for all stakeholders concerned.

Local authority interviewees suggest the size and scale of the organisation is a deciding factor as to how rigorously assessment and consideration of partnerships and collaborations occurs (LA 4, 5, 6). The smaller local authorities said internal collaboration happens regularly and as a matter of daily interaction (LA 1, 2, 4, 5), while bigger local authorities suggest that unless rigorous communication systems from executive to team leaders is in place, internal collaborations are not readily considered when identifying strategic options (LA 3, 6). Local authority interviewees also note consideration of partnerships and collaborations only happens within the confines of the natural environment (LA 1, 2, 3, 5, 6). Local authorities do not consider the other three well-beings during option identification and therefore partnerships and collaborations from the wider social, economic or cultural stakeholder groups does not occur regularly. Local authority interviewees also remark that because of the absence of a competitive environment (i.e. economic) or accountability (social or cultural) in any other areas partnerships and collaborations are less important (LA 3, 6).

This characteristic requires that the organisation considers both internal and external capacity and capability (of potential partners) when identifying strategic options to identify the best outcomes for all involved.

The analysis from the information highlights three lead questions:

1. What potential partnerships and collaborations are there? *The first of these answers identifies the potential partnerships that link with the four well-beings.*
2. What is the capacity and capability of potential partners required to support the strategic options? *The second answer to these sets of questions identifies the link between the potential partnerships capacity and capability to support the strategic options.*

3. How may the capacity and capability affect the organisations' strategy and structure? *The last answer in this set identifies how any capacity and capability may affect the strategy and resourcing of the local authority itself.*

The range of strategic options identified matches partnerships and collaborations decisions appropriately with the needs and priorities (Elkington, 1998; Friedman & Miles, 2006; United Nations Conference on Environment and Development, 1992) and the capacity and capability of partners and internal stakeholders (where possible) and identifies the most beneficial solution for all stakeholders (David, 1993; Johnson & Scholes, 1999; Kaplan & Norton, 2004).

7.3.5 New Characteristic - Considers Past Lessons from Previous Decisions

The interviewees are asked at the end of the interview if there are any other characteristics essential to informing the identification of strategic options. Interviewees also note that local authorities are not good at considering what they have done in the past when considering future strategic options (LA 2, 3, 4, 6, 7). In particular local authorities will repeat mistakes by re-instigating a strategy from earlier years without considering the previous impacts and consequences. Therefore the interviewees suggest the inclusion of a new characteristic during strategy identification is necessary and rate it as critical to identifying strategic options.

This characteristic requires decision makers to consider past decisions and the consequent outcomes that reflect similar contextual circumstances.

The synthesis from the theories highlights four key questions:

1. What have we done previously? *The answer to this question identifies previous outcomes of strategies which are similar to the ones currently under consideration.*
2. What went well, what went wrong? *The answer to this question highlights the success or failure of the strategy.*
3. What caused these things to occur? *The answer to this question provides an understanding of the causes of the success or failure.*

4. How do these historical situations liken to the current and future potential environment(s)? *The answer to this question provides a comparison of the previous situation, strategy and result with the current known situation and potential strategic options.*

As a result, an understanding of previous lessons from past organisation's decisions is gained, repetition of negative results from previous decisions is avoided and positive results are complimented and expanded. In summary, the framework for identifying effective strategic options requires the application of several key questions which will lead to measures and indicators of success.

Table 7.3 summarises the normative model for identifying strategic options below.

Table 7.3

Overview of Step 3: Identifying Strategic options

Characteristics	Lead questions	As a result...
Links the vision and mission	<ol style="list-style-type: none"> 1. What strategic options will support the organisation's mission? 2. What value will the strategic options provide to the vision and four well-beings? 	There is a range of options reflecting the range of value linking to the areas of focus. The four well-beings and longer-term areas of focus are considered during option identification.
Describes the contextual tensions	<ol style="list-style-type: none"> 3. What are the internal and contextual tensions concerning stakeholders, and the four well-beings? 4. What strategic options arise from the contextual environment (including stakeholder action, reaction or inaction)? 	The relationships between the organisation and context are recognised i.e. stakeholders and environment is consider when identifying options. The range of options reflects the contextual tensions.
Considers stakeholders perspectives	<ol style="list-style-type: none"> 5. What do key internal and external stakeholders want in the long-term? 6. What relationships are there to the needs and priorities within the vision? 	There range of options identified reflects the potential actions and reactions of stakeholders. The options reflect the range of stakeholders' actions and reactions.
Partnerships and Collaborations	<ol style="list-style-type: none"> 7. What potential partnerships and collaborations are there? 8. What is the capability and capacity of potential partners? 9. How may these partnerships and collaborations affect the organisations' strategy and structure? 	The range of options is reflective of the cross geographic boundary issues. Cross geographic boundary issues are understood and mitigated.
Lessons from previous decisions	<ol style="list-style-type: none"> 10. What have we done previously? 11. What went well, what went wrong? 12. What caused these things to occur? 13. How do these historical situations liken to the current and future potential environment(s)? 	A clear indication of organisations' internal strengths and weaknesses reflect in the options. Internal environmental conditions are well understood and planned for in relation to the options.

7.4. Assessing and Prioritising Strategic Options

7.4.1 Assess the Links

7.4.1.1 The New Zealand context - assess the links.

Government documents require the consideration of the long-term outcomes and planning for innovative solutions across all four well-beings (SDPoA, 2003). The LGA (2002, s.76) describes councils' obligation in decision making, in particular a local authority should consider all reasonably practicable options and their costs and benefits; consider the views and preferences of people who are likely to be affected by or who have an interest in each decision; explain any significant inconsistency between decisions and implementation; and comply with the principles of consultation (IPS, 2002). The LTCCP and KHGs require integration and coordination of the long-term outcomes, organisation activities and strategic options by the local authority (KHGD, 2004). Overall descriptions of how to manage trade-offs between stakeholders, the internal and external environs, to delineate between areas need and priorities or other variables is absent throughout all government documents.

Local authority documents do not show links indicating integrated assessment between the four well-beings or internal and external environment has occurred. For example S1/2 describe how residents are asked to rate the outcomes from “very important, quite important, just important, not very important, to not important at all”. The local authority then provides a summary of what each of the outcomes reflects across the locality, but then does not appear to link with what is identified as the outcomes of the vision, mission or strategies. This is a common gap in all but one set of documents.

Local authorities describe the matching exercise as a “brain dumping” exercise to identify the strategic options available, then a ranking, i.e. considering the pros and cons of each strategic options, is conducted, or that the “intuition” of the leader or decision maker (executive) forms the link between the vision, mission and strategic options. There is no evidence of completion of a rating exercise to identify the link between long-term vision, organisational responses (the mission) and strategic options, by any of the sample local authorities. Or

even that a rating exercise might be completed when assessing the environmental impacts specific to development and growth. No one local authority appears to consider fully the external or internal contexts or has processes to consider and manage trade-offs or delineate between the needs and priorities and other variables.

7.4.1.2 Local authority critique - assess the links.

Interviewees rate this quality as critical to effective assessment of the strategic options. They rate the processes as:

- Moderately important to assess the effects on the four well-beings;
- Moderately important to assess the internal and external environments;
- Critical to identify the range of trade-offs;
- Critical to delineate between the end statements (outcomes) with 'other' variables.

All interviewees state this is a critical area of decision making and that local authorities do not complete this type of comparative assessment while deciding on what strategic options to favour. The only type of assessment discussed by three interviewees is that of short- to-medium or long-term views (LA 2, 4, 5, 6). In addition, the only form of consistent analysis raised is the consideration of potential impacts on the environment by one interviewee (LA 4). However, again these do not align to a long term vision, outcomes or organisational specific outcomes.

This characteristic highlights a process that rates the link between the long-term vision, the medium-term organisation specific mission and the strategic options.

The synthesis highlights one lead question:

1. To what degree does each strategic option support the vision and mission? *The answer to this question provides a rating which aligns the strategic options with the vision and mission.*

The requirement to assess the strategic options with the vision and mission statements suggests a triangulation method would provide the most useful method.

As a result the options are assessed on the effects of the four well-beings (Risbey et al., 1996; W. Stead & J. Stead, 2004) with those of the internal and external environments (David, 1993; Johnson & Scholes, 1999; Nagel, 1990). In addition a consistent way to assess trade-offs is conducted (Davey & New Zealand Planning Council., 1987; Lindblom & Woodhouse, 1993). This allows a delineation of “other” issues with those of the long-term outcomes to be clear to reduce ethical dilemmas of decision makers (Mercer, 1991; Nagel, 1990). Overall, clear understanding is gained of which strategic options will provide value between potential long-term and organisational capacity and capability.

7.4.2 Assess the Costs and Benefits

7.4.2.1 The New Zealand context - costs and benefits.

Government documents present a range of processes for assessing the costs and benefits of options. The RMA (1991, s. 5) requires avoiding or mitigating any adverse effects of activities on the environment, while the SDPoA (2003) highlights the assessment processes to assess:

- economic development and competitiveness;
- the provision of infrastructure and services;
- urban design, social wellbeing, cultural identify;
- the quality of the environment.

Assessments require issues or problems to be addressed and the costs and benefits and impacts of options to be considered (SDPoA, 2003); the consideration of all reasonable practicable options and their costs and benefits, including the extent to which they will achieve the community outcomes; and their impact on the capacity of the local authority to meet their statutory needs (LGA); the use of impact assessment on funding (LTCCP); and processes to resolve conflict (disagreement on the importance of strategic options) in an open, transparent and democratic way (KHGs).

The documents that discuss or highlight costs and benefits are few. S2/2 discusses the costs and benefits by outlining the strengths and challenges of putting in place a revitalisation project that is already underway, rather than considering the costs and benefits of potential strategic options (Revitalisation Strategy, p.10). Many other local authority documents discuss the “need” for a project or activity. For example, S4/2 states, “we all agree that funding public transport improvements is needed”. The local authority then goes on to describe why it cannot fund the strategy (because of affordability), but does not describe the positive or negative effect or cost of not doing it. The local authority fails to describe the benefit, or positive effect of going ahead with the strategy either. None of the 28 local authority documents make any relational links to the vision or mission statements when assessing costs and benefits. Overall the local authority documents focus on the organisational cost rather than the strategic cost or benefit to the community and long-term vision.

7.4.2.2 Local authority critique - costs and benefits.

Interviewees rate the quality of assessing the costs and benefits of strategic options as absolutely critical to effective assessment and prioritisation of strategic options. They rate the processes as:

- Moderately to very important to identify the consequences of strategies across the four well-beings;
- Critical to identify the expected rate of return;
- Very important to critical identifying the trade-offs.

All interviewees suggest carrying out this form of analysis or assessment is not consistent or conducted with any rigour in any organisations they have worked in. Only one interviewee could describe some form of formal assessment of risk and benefit applied to environmental strategies, as the RMA (1991) legislation requires (LA 3). One interviewee states that “assessment of costs and benefits relies more on RMA than LGA, ranking is not really completed between the options (strategic options, vision and mission), but rather on individual options” on a case by case basis (LA 2). As the RMA focuses only on environmental strategies, there does not appear to be a process for considering the other three

well-beings in a consistent or logical way (LA 4)⁴⁶. Another interviewee states, “Risks don’t really count because local authorities have guaranteed incomes” (LA 6). Costs and benefit assessment is predominantly completed for operational projects rather than strategic, and is “done poorly” as a “have to do” task rather than as a useful way to inform decision making (LA 6). Overall no interviewee could confirm whether cost and benefit assessment occurs in a consistent and logical manner by considering the four well-beings or by assessing the costs and benefits, or acting on a relational strategy. The characteristic introduces a process which considers the potential costs and benefits of each strategic option.

The analysis from the theories highlights two lead questions:

1. What is the cost and benefit assessment for each high-level strategic option relevant to achieving the vision and mission? *The answer to this question provides an understanding of the potential cost and benefit of each strategic option to achieving the long-term vision and mission.*
2. What trades-offs are necessary for each strategic option? *The answer to this question provides an understanding of the consequences of the strategic options should they be actioned or not.*

The analysis further identifies a process from the range of theories that would build on the previous process. This process asks decision makers to identify a cost and benefit rating.

⁴⁶ Individual interview skill and experience with RMA training was found to be a precursor to people’s levels and knowledge of effective assessment and risk assessment techniques.

Figure 7.1 shows how this may be applied.

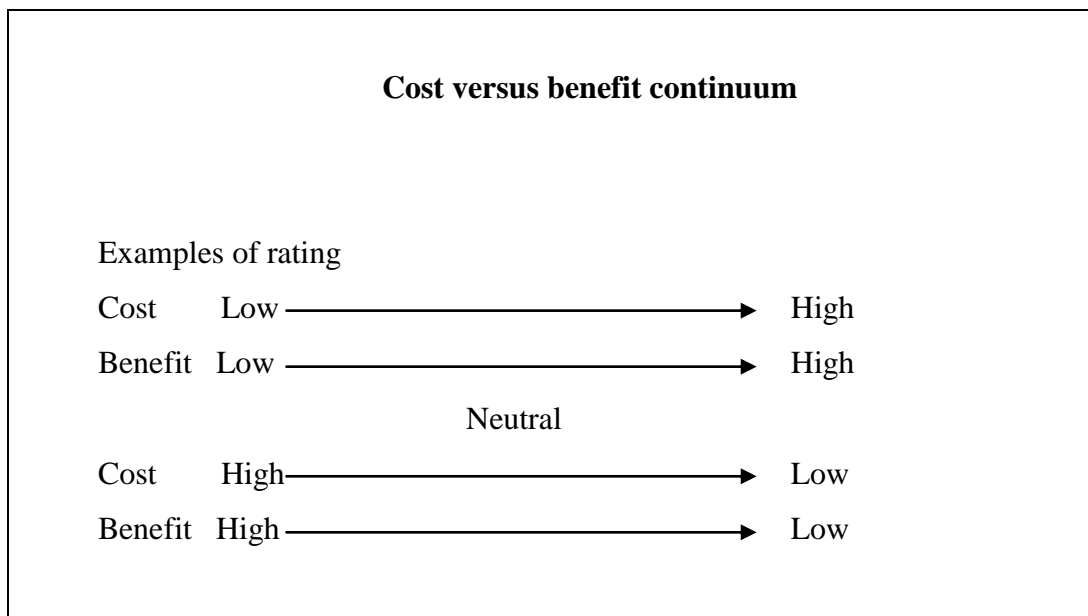


Figure 7.1: Costs and benefit rating.

This process provides a consistent simple method for assessing viable strategic options that are closely aligned to achieving the vision and mission.

This process is restricted to only those strategic options identified in the identification exercise earlier. Following this consideration the score originally applied to a high-level strategic option may be increased or decreased, thus moving it into the discounted group of options (9 or below). Alternatively, a previously medium weighted option may now reflect a higher likelihood of achieving the vision and mission. The strategic options singled out in the identification exercise rated earlier (for example, as total score of 10 or more and have at least a medium to high possibility of achieving the vision and mission) are assessed and scored along the continuum. From this consideration the score originally applied to a high-level strategic option may be increased or decreased, thus moving it into the discounted group of options (9 or below). Alternatively, a previously medium weighted option may now reflect a higher likelihood of achieving the vision and mission. Finally, should a decision

maker choose to continue pursuing a relational strategy with a high-level of cost, they do so with full knowledge and understanding.

In summary, the process applied shows the level of cost and benefit attached to each potential high-level relational strategy. The decision maker is then fully aware of the impacts and prepared for the costs and benefits of the high-level relational strategy. As a result analysis shows the costs and benefits and impacts on the four well-beings and long-term outcomes (Elkington, 1998; Laszlo, 2003; W. Stead & J. Stead, 2004). This builds an awareness of impacts and preparedness for risks and negative consequences (Howlett & Ramesh, 1995; Johnson & Scholes, 1999; Kaplan & Norton, 2004).

7.4.3 Assess Risks

7.4.3.1 The New Zealand context - assess risks.

Government documents do not outline risks or trade-offs, as the RMA 1991 only requires sustainable management (Van Roon & Knight, 2004) and the best use of information to support decisions, address risks and uncertainty, and take a precautionary approach when making decisions (RMA 1991, s. 5). In addition the LGA (2002, s. 77) asks local authorities to explain any “inconsistency between a decision and any policy or plan”. The LGA defines a decision as “an agreement to follow a particular course of action and includes an agreement not to take any action about a particular matter” (KHGD, 2004). The KHGs do not provide guidance to pursue better opportunities or avoid detrimental effects (to achieve sustainable development outcomes). Overall the government documents do not describe how to assess the risks taking into account the four well-beings, stakeholders, impacts or probabilities, for value or to minimise personal biases.

The local authorities reflect the levels of risk in various ways. S1/3 states, “We must ensure the information on which decisions have been made are reasonable and present minimal risk” (p.64). S1/3 states that forecasting assumptions includes the useful life of significant assets, sources of funds for future replacement, inflation, depreciation and population growth demand. Many of the 28 local authority documents have statements or tables explaining the

assumptions made, the levels of risk and the characteristics and effects, however there is no clear explanation of how these link to the four well-beings and stakeholders' views, to assess the impacts and probability and overall value and inform or shape the final decisions.

7.4.3.2 Local authority critique - assess risks.

Interviewees rate the quality of identifying the risks and a decision threshold as very important to critical. Interviewees also rate the processes as:

- Moderately important to consider the four well-beings;
- Moderately important to consider the full range of stakeholders' views;
- Critical to consider impact and probability;
- Critical to identify the expected value overall;
- Critical to use a weighting or ranking system to minimise personal biases.

Local authority interviewees suggest political influence affects the re-consideration of strategic options in a logical or consistent manner according to long-term outcomes (LA 1-6). The re-prioritisation does not consider the implications of longer-term outcomes or the impacts on the organisation's strategy or structure (LA 1-6).

Interviewees' descriptions of the processes to assess risk and identify a decision threshold highlight inconsistencies. Various criterion include high-level indicators i.e. World Health Indicators, sensitivity to "political risk", the intuition of the leader of the organisation, or environmental outcomes rather than risk to achieving the outcomes. Interviewees state that some local authorities are more proactive in assessing the risk to sustainability principles than others and often it is a resourcing issue (LA 2, 3, 4, 5). Clarity of government leadership is required to help local authorities assess risk and form decisions for the longer-term as decision making requires tactical considerations. Overall there is a lack of consistency of risk assessment that considers the four well-beings, stakeholders' views, the impact and probability or overall value of the strategic options. Therefore the link to vision and mission to inform a decision threshold is minimal or absent.

In summary this final factor of assessing and prioritising of strategic options provides a consistent method for considering and re-rating the strategic options to make a final informed decision. The government documents describe the importance of assessing risk, however do not provide guidance for local authorities to assess risk against the relational strategy thus identifying the potential value to the vision and mission (to establish a decision threshold). Therefore the final characteristic introduces a process that identifies the level of value of the strategic options to the vision and mission with that of the perceived risks.

The analysis of the vast bodies of knowledge highlights one lead question:

1. When taking into account the risks and the potential value to the vision and mission (including the four well-beings), what priority rating will be given to the strategic options? *The answer to this final question provides an understanding of the potential risks and benefits of the strategic options on achieving the long-term vision and mission.*

The definition suggests a simple re-rating method will provide a consistent approach to assess the four well-beings (Abaza & Baranzini, 2002; Laszlo, 2003) and consider the impacts on stakeholders (Laszlo, 2003). It also allows the decision maker to consider the probabilities of the potential risks (Bhat, 1996) and the expected value overall of the strategic options (Ansoff, 1994; Hussey, 1994; Weimer & Vining, 2005). The process concludes with identifying the most beneficial high-level strategic option(s) to achieve the vision and mission and aligns the two methods from the earlier elements to complete the prioritisation of the strategic options.

Figure 7.2 shows an example of how a re-rating exercise could occur.

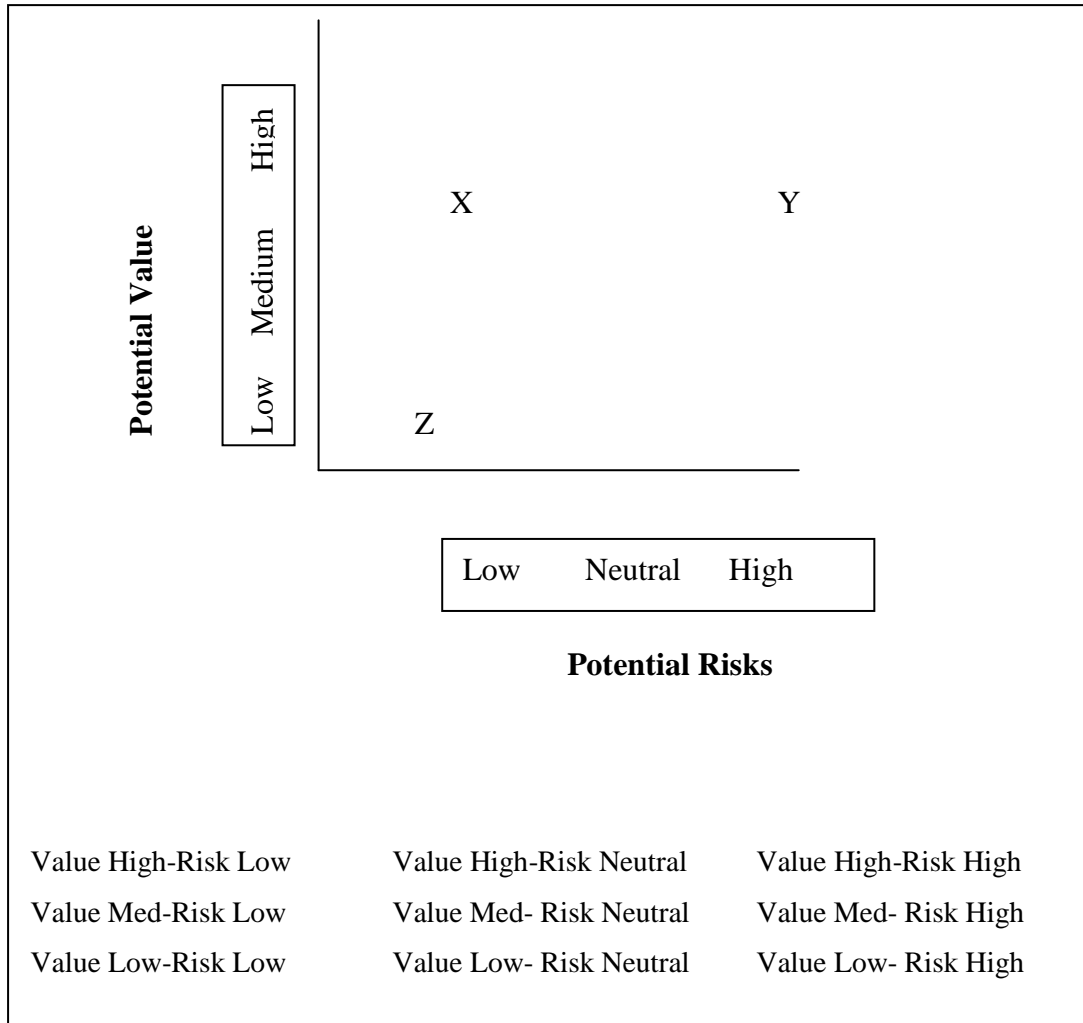


Figure 7.2: Processes to assess potential risk and identify potential value.

This simple process shows that option X (top left of the figure) reflects medium-to-high levels of perceived value to the vision and mission outcomes and also contains low-levels of potential risk. Option Z shows low levels of potential risk and but low perceived value to achieving the vision and mission. Option Y at the top right hand of the figure shows high-levels of perceived value to the vision and mission and potential high levels of risk. The decision maker after taking the information into consideration would place option Y as a higher priority, while option X may be a second choice, and option Z the third choice, or even discounted. The decision threshold is set depending upon the risks takers sensitivity to risk. Key points with this process include:

A Normative Model for Strategic Planning

- a) Assessment of all strategic options according to their perceived value to the vision and mission and potential risk.
- b) Decisions promulgated in a consistent and logical manner.
- c) The most important, relevant and appropriate strategic options chosen according to the sensitivity to risk of the decision maker, thus setting a decision threshold.
- d) Therefore, actions and changes are practicable and achievable through a well constructed and planned set of responses.

Table 7.4 shows the final overview of Step 4 Assessing and Prioritising the Strategic options.

Table 7.4

Overview of Assessing and Prioritising Strategic Options

Characteristics	Lead questions	As a result...
Rate the link between the vision, mission and strategic options.	1. To what degree does each relational strategy support the vision and mission?	The options are rated from showing strong to weak correlations between the areas of focus and organisation's desired outcomes Clear understanding gained of which options will provide value between potential long-term and organisational capacity and capability.
Considers the costs and benefits	2. What rate of cost and benefit for each relational strategy is there to achieving the vision and mission? 3. What trades-offs are necessary for each relational strategy?	Analysis shows risks and benefits and impacts of the options identified to achieve the long-term outcomes. Awareness of impacts and preparedness for risks and negative consequences.
Assess risk and form a decision-threshold	4. When taking into account the risks and potential value to the vision and mission (including the four well-beings), what priority rating will now be given to the remaining strategic options?	Decision reflects the concern of stakeholders, the long-term outcomes and decisions promulgated accordingly. The most important, relevant and appropriate options or set of options/strategies chosen. Actions and changes are practicable and achievable through a well planned set of responses.

7.5 Conclusion

In conclusion the complete analysis, including feedback from interviewees on the normative model, establishes it is deficient in areas critical to effective stakeholder management in New Zealand local authorities. The interviewees also note that for applicability, the model requires a range of questions to guide local authorities' strategic planning (and decision making) consistent with the principles of sustainable development. The key changes as presented in table 7.5 provide interviewees' suggestions to improve the original model.

Table 7.5*Interviewees' suggestions on improvements to the original normative model*

To improve the normative model	The framework needs to
Vision process	<ul style="list-style-type: none"> ● Increase emphasis on decision makers remaining focused on the areas of longer term importance (significance), to minimise reactionary approach to decision making. ● Temper long term expectations with what is achievable. ● Emphasise that local authorities need to be seen to implement actions that support the vision to remain credible and tangible. ● Emphasise the interdependencies and inter-linkages between the four well beings. ● Emphasise the need for leadership that is inspirational i.e. continual promotion of the future state.
Mission process	<ul style="list-style-type: none"> ● Emphasise the need to link the areas of significance (New Zealand local authority term) with overall long term outcomes and how the local authority will respond. ● Place greater emphasis on the importance of local authority staff being involved in the development process and continual communication of how their roles support the longer term community outcomes. ● Be clearer about defining and communicating what the local authority is willing to do and what it is not to support the long term outcomes. ● Identify and communicate the expanding role required of local authorities to staff to support the long term outcomes. ● Introduce a new characteristic whereby the local authorities reflect on previous decisions and activities and the impact that those decision have on achieving the long term outcomes.
Process to identify strategic options	<ul style="list-style-type: none"> ● Increase the emphasis and importance of identifying critical themes (areas for focus) and applying a weighting system to assess the potential value to achieving the long term outcomes and affects on the four well beings. Reinforce the consistent application of the system. ● Increase emphasis on local authorities broadening their contextual analysis and understanding past their traditional roles of roads, water and waste management. ● Emphasise the importance of identifying primary stakeholders through the critical themes (above), and use those to manage stakeholders expectations including the political element. ● Place greater importance on local authorities needing to understand the value that partnerships and collaborations can provide to local authorities, and apply greater rigour to choosing these. ● Introduce a new characteristic whereby the local authority considers the lessons from previous decisions to ensure negative results are minimised and positive results are expanded.

Process to assess and prioritise strategic options to form a decision criteria	<ul style="list-style-type: none"> • Emphasise the importance for comparative assessment of options to ensure alignment between vision, mission and activities. • Emphasise the importance of applying cost benefit analysis in a consistent way that identifies the potential rate of returns and trade offs for each option. • Emphasise the importance of assessing potential value of the options, impacts and probability of risks in a consistent way to identify a decision threshold and use that to communicate to stakeholders the final decision.
--	---

The final framework attempts to provide a strategic planning framework which aligns the long-term outcomes of a community vision with the organisation's direction (mission) and strategic responses.

7.5.1 Who are Primary Stakeholders?

Primary stakeholders can be claimants or influencers on decision making and can have a wide range of interest levels from causal, to being affected by decisions or they may have a legal or moral claim which is interconnected (not necessarily in agreement). The nature of the New Zealand context reflects that both claimants and influencers' roles of primary stakeholders is still evolving.

The New Zealand context (both central and local sectors) describes processes to define the organisation's direction which reflects the transitional nature of the local authorities' role and therefore its relationships with primary stakeholders. In addition the legislative documents span a twelve year period that directs the traditional role of the local authority, while more latterly reflecting the new emerging complex task of leading the development of long-term community outcomes. This raises challenges and contradictions for "role definition", decision making processes for local authorities and therefore applying a primacy approach to identifying stakeholders.

Local authorities who are further along the transition (i.e. expanding their role and understanding of how to identify primary stakeholder) reflect a wide range of potential roles i.e. facilitator, direct delivery, educator, or regulator and are better at managing the fluid and changing nature of primary stakeholder groups.

The responsibility of the organisation is to identify what motivates stakeholders, identify common concerns, priorities and interests to build a primary stakeholder group.

Internal stakeholders: The analysis of the New Zealand context describing processes to complete strategic planning highlights the importance of ensuring the organisation's mission provides the links between the long-term outcomes from the vision with the strategic responses. The literature describes processes which ensure the mission statements are purposeful. However, the lack of internal stakeholder involvement in the strategic planning process (in the New Zealand context) reflects the potential for a lack of buy in or understanding for staff of their purpose and role. Both normative model and framework highlight the importance for an organisation to identify its purpose, place and position in the broader context and the implications of its actions or inaction on the broader context through involving staff throughout the strategic planning process.

External stakeholders: New Zealand local authorities have the mandate to lead the process of developing a LTCCP by way of identifying the community's concerns and priorities. The discrepancy between this leadership role (of developing a LTCCCP) while not necessarily having to deliver on any aspects lack of the plan creates contradictions and potential for confusion between the local authority and stakeholders.

This reflects in the dearth of linkages between the broad community perspective or vision, to a more defined organisational mission and subsequent local authority activities. This discrepancy has the potential to effect perspectives of legitimacy of external primary stakeholders on decision makers.

The strategic planning process within a local authority can span a year and reflects a complex level of environmental, economic, social and cultural areas. Membership of this group continues to be fluid throughout the strategic planning process as priorities emerge. New Zealand government (both central and local) shows it is not adept at monitoring, reviewing or managing the dynamic membership changes well.

7.5.2 What are Primary Stakeholders' Interests?

Primary stakeholders' interests are multifaceted and interconnected. The findings point to the importance of assessing and prioritising the strategic options to then form a decision as one way of managing complex stakeholder interests. Identifying and applying themes (needs and priorities) from the vision is used in the mission as a way of identifying the strategic options, to continue and complete the assessment exercise in a methodical or logical way, in particular by applying a rating or ranking consistently to assess all relevant strategic options. The literature highlights how this minimises the influence of personal biases through the use of lead questions and methods (i.e. cost-benefit and risk assessments) to identify a decision threshold.

Regardless of their interest levels primary stakeholder are concerned with common needs to achieve future long term outcomes. This creates a process which aligns the long-term outcomes with organisational mission and strategic responses (consistent with the principles of effective stakeholder management).

Local authorities cannot please all stakeholders but must determine priorities to support the achievement of long term outcomes through aligning common concerns and interests. The findings identify the importance for decisions to impart a shared sense of striving toward a positive "future state" by reflecting the common needs and priorities of stakeholders (both internal and external). More importantly to identify the future needs and priorities, aligned with an organisation's mission requires the extraction of all relevant information to ensure understanding of the contextual environment and issues. The findings then highlight the importance for the development and application of criteria which is the basis to link the contextual environment and issues.

7.5.3 What are Their Levels of Power and Influence?

Whether primary stakeholders are claimants or influencers, each has their own potential associated relationships with the organisation. Stakeholders can be claimants or influencers of decisions. The findings stress the challenges and conflicts involved in effective consultation and notably the implications of political involvement in the process. Interviewees and theorists highlight that the

greater the political input into the visioning process, the less likely a full and complete consultation may occur, this includes those consulted, when they are consulted and for what purposes stakeholders are consulted.

There are levels of interdependence between the organisation and primary stakeholder and varying levels of potential value in forming partnerships and collaborations. The literature also underscores the value of identifying partnerships and collaborations. The government documentation glosses over the importance of partnerships and collaborations and does not describe to what effect and purpose these could add real value to both achieving the long-term outcomes and supporting the local authorities in their newly emerging roles. This quality is one that has yet to be well understood and utilised within local authorities in New Zealand.

The model emphasises the perception of legitimacy for stakeholders in three ways, the right of the decision makers to lead (and make) the decisions, the substantive elements of a decision and the procedural steps taken to form that decision. The New Zealand context has yet to understand the importance of the role in legitimacy in strategic planning. These tensions emphasise the risks to the development and implementation of an effective vision and its ongoing credibility.

7.5.4 How do Local Authorities Engage with Primary Stakeholders?

Sub process improves accountability and transparency of decision making. The findings from the normative model and framework highlight the importance for the decision to be credible and the future state supported through actionable strategies. The New Zealand context promotes a positive futuristic state and the implementation of that future through logical strategic planning and consultation with stakeholders. However, these two critical aspects are not logically linked either by the various pieces of policy, legislation or guidance material, or actual practice by local authorities.

Legitimacy in New Zealand is represented from two perspectives. First is the legitimacy of the organisation to lead the engagement and secondly to what

degree the primary stakeholder is acknowledged as being important enough that they are enabled to participate. The New Zealand local authority sector is transitioning from being a traditional provider of water, waste and roading management services, to leading the development of long-term sustainable community outcomes. This means that for now the local authorities' processes for developing a community vision still reflect to a high degree consultation which skews responses toward the traditionally known roles, with the vision remaining one that reflects the local authorities' role rather than that of the broader community.

In some cases where a local authority has moved more from its traditional comfort zone and expanded its strategic planning processes to reflect the broader community, decisions have highlighted the four well-beings of sustainability, the cross sectoral nature of the community and the broad range of government agencies, businesses and community groups involved with developing a future direction more closely aligned to that of the literature. However, that is where the similarities between actual local authorities' process and theory end. New Zealand local authorities have yet to come to terms with how a decision impacts on their role and subsequent delivery. Thus credibility of the local authority is at risk. Table 7.6 shows the overall summary of the final strategic planning framework.

Table 7.6

Framework for Strategic Planning (and decision making) in Local Authorities - Summary of Definitions from the Triangulation

Steps	Definition	Characteristics	Definitions	Lead Questions	Why is it important
Vision	<i>A statement that draws together the broader community. It defines the positive outcomes for the current community and future generations and highlights long-term needs and priorities.</i>	Engages primary stakeholders	<i>A process which considers primary stakeholders' views and their contributions to the potential future outcomes.</i>	<ol style="list-style-type: none"> 1. What do primary stakeholders believe are the future outcomes? 2. What part can local authorities and stakeholders play in achieving the future outcomes? 	Implies that the decision maker takes into consideration stakeholders' views when formulating the vision statement, and that the stakeholders are involved to some degree in the delivery, or receipt of the outcomes.
		Gives meaning to the future	<i>Identifies reasonable, future outcomes for the broader community; it reflects the four well-beings and is supported by mission and strategy.</i>	<ol style="list-style-type: none"> 1. Taking into consideration the four well-beings what does the community want the future to look like? 2. What can realistically be achieved? 	This characteristic reduces the risk of vagueness and prevents decision makers from being bound by past situations and present circumstances. The process identifies long term need across all four well-beings that are achievable and supported by stakeholders.
		Signifies needs and priorities	<i>The vision reflects the broader community context whilst remaining focused on long term needs and priorities which interlink.</i>	<ol style="list-style-type: none"> 1. Taking into account the four well-beings what do stakeholders believe are the long-term needs and priorities? 2. Considering the needs and priorities, what inter-linkages between the four well-beings are immediately evident? 	Criticism of sustainable development theories that suggests that visions often become meaningless because of their vagueness and a lack of apparent linkage to 'real world' issues. This characteristic seeks to alleviate those concerns and that the vision acts as a sign post for further decisions.
		Is inspirational	<i>Direction that is new, positive and something to look forward to, in which stakeholders see the vision to be credible and intelligible.</i>	<ol style="list-style-type: none"> 1. What needs changing for the future? 2. What actions will show stakeholders the vision is being acted on? 	According to theories, the vision has to be intelligible and credible by being linked strongly to behaviors and actions of decision makers or leaders.

A Normative Model for Strategic Planning

Mission	<i>It describes how the organisation supports the broader community vision and provides direction and justification for decisions within the organisation's scope (possible strategies) and boundaries (resource constraints)</i>	Describes the organisation's principles and values.	<i>It describes the organisations' principles and values within the context in which it operates or participates, including what it's willing to do, or not, to achieve the outcomes.</i>	<ol style="list-style-type: none"> 1. What is important to the organisation? 2. What is the organisation's relationship to the natural environment, community, and stakeholders? 	It requires the organisation to be succinct about the principles and values on which its operating practices are based and how they align to organisational values. Provides a clear set of expectations of, and for, both internal and external stakeholders.
		Create the links between vision and strategy.	<i>Describes the link between the areas of significance, the long-term outcomes, and the organizational specific outcomes.</i>	<ol style="list-style-type: none"> 1. How do the areas of need and priorities from the vision direct the organisation's current and future outcomes? 2. What common themes are there to inform the development of criteria? 	Ensures that the organisational decisions (resource allocation) are not made in an ad hoc manner without any understanding of the long-term outcomes. This also ensures that organisational decisions will support those areas of focus from the vision statement.
		Goals and aspirations.	<i>Organisational specific outcomes are aligned to the long-term outcomes of the vision.</i>	<ol style="list-style-type: none"> 1. What does the organisation want to achieve in the next 3-10 years? 2. How do these (goals) align with the long-term vision? 3. What specific organisational areas of need and priority are to be focussed on? 	Organisation's intermediate to long-term timeframes, as opposed to the outcomes of the vision statement which reflects a longer-term view and a broader range of desired outcomes. The mission communicates the organisation's direction to external stakeholders which informs high-level strategies, and provides guidance to internal decision makers who make lower-level functional, product or service specific decisions.
		Describes the organisation's role and main activities.	<i>It describes the organisation's role and main activities in the medium-to longer-term which support the organisation's desired outcomes and the areas of focus from the vision.</i>	<ol style="list-style-type: none"> 1. Given the contextual environment, what is the organisation's current role? 2. How will the long-term outcomes from the vision alter this role? 3. What impacts on the organisation will occur? 4. What will be the main activities the organisation will need to pursue in the future? 	The characteristic supports the organisation's position within the context in which it operates or participates; reduces the organisational likelihood of perceiving itself to be participating in a vacuum; and confirms the inter-relationship between the organisation and the contextual environment.
		Reflects on previous decisions and activities.	<i>The process requires the decision maker to consider previous decisions and actions and the impacts on these on the four well beings.</i>	<ol style="list-style-type: none"> 1. What are the main activities we did in the past? 2. What we were trying to achieve? 3. What were the results? 	Consideration of outcomes (both positive and negative) from previous activities when developing the organisation's future direction and potential responses.

A Normative Model for Strategic Planning

Identify strategic options	<i>The processing of information which uncovers a range of strategic options, which to varying degrees will add value to the final outcomes.</i>	Adds value to the vision and mission.	<i>Identifies the value of the strategic options with that of the long-term community outcomes and organisational response.</i>	<ol style="list-style-type: none"> 1. What strategic options will support the organisation's mission? 2. What value will the strategic options provide to the vision and four well-beings? 	Requires that the long-term outcomes and organisation's desired outcomes are considered while identifying options to ensure relevance and appropriateness of the strategic options available
		Considers the contextual tensions.	<i>The decision maker has the applicable contextual knowledge of the four well-beings, stakeholders' perspectives and the organisation's capability and capacity.</i>	<ol style="list-style-type: none"> 1. What are the internal and external tensions concerning stakeholders, and impacting on the four well-beings? 2. What strategic options arise from the contextual environment including stakeholder action, reaction or inaction? 	Requires decision makers to be aware of, and conversant with, issues that could potentially influence the success or failure of the vision and mission (i.e. relevant to the organisation's position in the environment). These include the natural and manmade environments; external stakeholders' responses; and internal issues of organisational capacity and capability.
		Considers primary stakeholders' perspectives.	<i>The strategic options have taken into account the desires and responses of stakeholders who are most affected and interested.</i>	<ol style="list-style-type: none"> 1. What do key internal and external stakeholders want in the long-term? 2. What relationships are there to the needs and priorities within the vision? 	Ensures only those most interested and affected by the options are considered (through their direct participation or response). It identifies what primary stakeholders would receive, or can expect from the strategic options, and secondly, what responses (contributions or support) are likely from the stakeholders that the organisation can expect in return.
		Considers the contribution and value of partnerships and collaborations.	<i>The decision maker considers potential partnerships and collaboration including the capacity and capability of potential partners to identify the best outcomes for all involved.</i>	<ol style="list-style-type: none"> 1. What potential partnerships and collaborations are there? 2. What is the capacity and capability of potential partners? 3. How will the capacity and capability affect the organisation's strategy and structure? 	Consideration of the capacity and capability of stakeholders when identifying the range of strategic options.
		Considers past lessons from previous decisions.	<i>The decision maker considers past decisions and the consequent outcomes that reflect similar contextual circumstances.</i>	<ol style="list-style-type: none"> 1. What have we done previously? 2. What went well, what went wrong? 3. What caused these things to occur? 4. How do these historical situations liken to the current and future potential environments? 	Requires the identification of considerations which cross the range of internal functionary units within an organisation whether private or public. It may be associated to staff, products, services, or business processes. This concerns the organisation's internal capability and capacity of its staff and systems and processes, and the consequence on products and services delivered by the organisation.

A Normative Model for Strategic Planning

Assess and prioritise strategic options	<i>A set of processes that assesses the strategic options to arrive at a clear choice and final decision.</i>	Assess the links between the vision, mission with strategic options.	<i>A process that rates the link between the long-term vision, the medium term organisational mission, and the strategic options.</i>	1. To what degree does each high-level strategic option support the vision and mission?	Requires the assessment takes into account the information from the vision, aligned with the organisation’s mission and provides the essential link to the strategic options identified.
		Assess the costs and benefits of the strategic options.	<i>A process which considers the potential costs and benefits of each relational strategy.</i>	1. What is the cost and benefit assessment for each strategic option relevant to achieving the vision and mission? 2. What trade-offs are necessary for each strategic option?	Ensures full consideration of each applicable rated option and equally and draws on the information from the previous steps. The decision maker must (at times) make assumptions about the potential impacts of decisions, therefore, some risks and benefits are only <i>perceived</i> , while others are more readily discernable. Reflection on previous decisions (as conducted in earlier steps) may also provide information to identify future potential levels of risks and benefits.
		Assess the potential risks and value of the strategic options to identify a decision threshold.	<i>A process that assesses risk and identifies level of value of each strategic option to the vision and mission.</i>	1. When taking into account the risks and potential value on the vision and mission, what priority rating will be given to the (remaining) strategic options?	Requires a consistent method for re-rating the strategic options in order to <i>prioritise</i> and identify the final best high-level strategic option(s) to achieve the vision and mission. It is important because it ensures the validity and reliability of the analysis regarding the preferred option(s). Requires the organisations to apply a logical, rigorous prioritisation technique to the previously rated strategic options and identified level of risk and value.

Chapter 8. Conclusion

“Good conversationalists not only know how to listen and interact, they also know how to tell a damn good story ... it should unfold, it should engage, and it should tell an interesting story” (O’Leary, 2004).

This thesis studies the challenge of strategic planning by drawing on the literature from sustainable development and strategic management underpinned by stakeholder theory. The act of forming a vision, mission and strategies is an unfolding one that leads those involved through a maze of analysis of factual data, experience from previous lessons learned, ad hoc occurrences and sometimes intuition. Judgments are then formed and decisions made.

The research explores how the concept of sustainable development becomes translated into strategic planning processes through the application of effective stakeholder management and engagement within the context of New Zealand local authorities. The research results in the development of a normative model describing what “could be” (in terms of best practice strategic planning) and the further development of a modified normative model which points to what “should be”.

The thesis research discovers there are key conflicts and challenges for local authorities to implement rigorous strategic planning processes within the contextual environment, i.e. operating within a local political and community context. This final chapter describes the knowledge gained from completing the research, its contributions to theory and practice and discusses the implications of applying the research design and methods. It concludes by highlighting further areas for research

8.1 The Research Proposal

The primary thesis question is:

How can stakeholder theory inform the development of a normative model to improve the quality of strategic planning in the New Zealand public service?

In order to answer the main research question, three supporting questions are posed:

1. According to the literature from sustainable development and strategic management what characteristics and processes could help improve strategic planning through effective stakeholder management?
2. How does the New Zealand context (i.e. government directives and local authority practice) compare with the literature (i.e. normative model)?
3. Drawing from the findings what modified normative model can help improve the New Zealand public sector strategic planning processes through effective stakeholder management?

To answer the research questions stakeholder theory is examined together with the literature from sustainable development and strategic management.

8.2 Contributions

8.2.1 Stakeholder Theory

Stakeholder theory describes stakeholder management as behaviour that is pragmatic and pluralistic (Freeman et al., 2004). Stakeholder management requires an organisation to facilitate an understanding of complex environments including a wide range of stakeholder needs to reach an agreed decision (Du et al., 2010; Freeman et al., 2004; Wolfe & Putler, 2002).

Stakeholder engagement goes further than stakeholder management and requires ethical behaviour that draws on two way dialogue to facilitate mutual social learning (Mathur et al., 2008). According to theory, stakeholder management and engagement of core stakeholders creates a shared sense of value (Freeman et al., 2004). Stakeholder theory highlights the importance of identifying primary stakeholders, their interests, levels of power and influence, and how to engage with these individuals and groups (Carroll, 1996; Freeman, 2007; Golembiewski, 2000; Lorca & Garcia-Diez, 2004). The core attributes of effective stakeholder management and engagement underpin the literature search.

8.2.2 Who are Primary Stakeholders?

Stakeholder theories highlight primary stakeholders as those most interested and effected by the decisions (Carroll, 1996; Freeman, 2007; Golembiewski, 2000; Lorca & Garcia-Diez, 2004). The label “primary” stakeholder is an oxymoron, for in fact primary stakeholders can represent a wide range of perspectives including deliverers or recipients of goods and services, be either internal or external, those who have broad interests or those who have specific concerns, either individuals or groups. It is difficult to separate who is key or more significant, or more importantly who takes the responsibility to make these distinctions.

Stakeholder theory also describes communication and interaction as a two way process, that the quality of interaction improves when stakeholders feel a sense of shared interest and legitimacy. Regardless of whether the primary stakeholders are an individual, group or community, it is important to understand the various active interests of primary stakeholders (Freeman, 2007; Golembiewski, 2000; Mathur et al., 2008; Walker et al., 2008). The main point to make is that the interests of stakeholders must be active. Stakeholders’ interests vary, but the emphasis is on identifying an agreed, common way forward to achieve a shared outcome. The sustainable development literature describes concerns of those less vocal becoming marginalised (Abaza & Baranzini, 2002; Elliott, 2006; OECD, 2001d). Also those most actively interested (or vocal) may not be those affected at all and strategic management literature describes this predicament (Frooman, 1999; Joyce, 1999; Majone, 1989). Stakeholder theory focuses on those who are actively interested (Freeman, 2007; Golembiewski, 2000; Mathur et al., 2008; Walker et al., 2008). While primary stakeholders might be those most affected, they may not be ones who are most actively interested. Managing the disconnect between those more actively interested but not necessarily affected, versus those less vocal but more affected is a challenge for stakeholder theorists to debate.

8.2.3 What are Primary Stakeholders' interests?

Stakeholder theory also describes communication and interaction as a two-way process with the quality of interaction improving when stakeholders feel a sense of shared interest and legitimacy. Stakeholder theory describes the importance of the legitimacy of the process and actors involved (i.e. the organisation and stakeholders) within the processes of decision making creating the perception that the actions of stakeholders and decision makers are desirable, proper or appropriate (Suchman, 1995; Wallner, 2008). Macmillan and Jones (1986) describe that when an organisation applies a high level of interaction and cooperation with stakeholders, it chooses to behave ethically and therefore build legitimacy. Ali (2000) describes trust in the authenticity, transparency and openness of communication as requirements of both the organisation and stakeholders to develop and maintain legitimacy.

While stakeholder theory requires a broad range of stakeholder interests to be recognised, the important result is that the organisation and stakeholders recognise the value of the interaction and agree a shared outcome. On the other hand, much of the sustainable development literature encourages building the capability and capacity of stakeholders as a key interest; however stakeholder theory describes this more as an outcome of effective stakeholder engagement and this is discussed in the engagement section below.

8.2.4 What are the Levels of Power and Influence?

The different levels of power and influence can affect exchanges between the organisation and primary stakeholders over the process. Much of the sustainable development and strategic management literature describes the importance of identifying stakeholders' levels of support or opposition to decisions. These levels are deemed to be a fair indication of support and success (or not) of potential decisions (Friedman & Miles, 2006; Frooman, 1999; Radford, 1980).

Stakeholder theory describes the importance of power and influence and emphasises that stakeholder power relates to the level of congruence (or incongruity) between the levels of power, dependence and reciprocity in

relationships (Golembiewski, 2000; Mitchell et al., 2007; Sims, 2003; Wallner, 2008). This procedural explanation is useful and provides a clearer explanation on how organisations can further assess stakeholders' power bases. There is a dearth of models in the sustainable development and strategic management literature that describe how public sector organisations manage the conflicts between levels of power, dependence and reciprocity in relationships and thus is raised again in the section describing further study.

8.2.5 How does an Organisation Engage Effectively?

Stakeholder engagement is a form of stakeholder management which provides a deeper level of interaction within the broader strategic planning process and key to effective stakeholder management (Freeman, 1984; Mathur et al., 2008; Maurrasse, 2003; Wolfe & Putler, 2002). It assumes the involvement of primary stakeholders in a systematic strategic planning process.

As earlier defined, stakeholder theory expresses that regardless of whether the primary stakeholder is an individual, group or community, it is important to understand the various active interests of primary stakeholders (Freeman, 2007; Golembiewski, 2000; Mathur et al., 2008; Walker et al., 2008). Stakeholder theory also emphasises that the implementation of a decision can be made more successful with the involvement and buy-in of stakeholders (Duke Corporate Education, 2005; Walker et al., 2008; Wolfe & Putler, 2002). Strategic management literature points out that these perspectives rely a great deal on the willingness of the organisation and stakeholder to be part of an interactive relationship (Radford, 1980; Johnson & Scholes, 1999; Friedman & Miles, 2006).

The sustainable development and strategic management literature describes collaboration and inclusiveness as empowering forms of stakeholder engagement (Elliott, 2006; Laszlo, 2003; OECD, 2001a; Rao, 2000) to ensure decisions have some form of meaning for stakeholders (Bryson, 1993; Deetz et al., 2000; Duke Corporate Education, 2005; Kotter, 1996; Shenkman, 1996).

Stakeholder engagement is also attributed with developing the capability of stakeholders and organisations which is reflected as an outcome (Healy, 1997;

Innes & Booher, 1999). Whereas, the sustainable development and strategic management literature promote capability and capacity development as being one reason for partnerships, alliances and collaborations (Bird, 2000; Elkington, 1998; Meadows et al., 1972; Pezzey & Toman, 2002; Scollay et al., 1993; WCED, 1987). Whether stakeholder capability or capacity building is an outcome of, or reason for stakeholder engagement, they are both equally valuable and the approaches that an organisation would use during engagement will differ. These differences are discussed in the section on areas for further study.

Overall the use of stakeholder theory provides a strong foundation for investigation of the research question.

8.2.6 Literature Models (Sustainable Development and Strategic Management)

Strategic planning to achieve sustainable development reflects a high-level of contextual complexity. The initial investigation of the concepts of sustainable development and strategic planning together highlight that sustainable strategic planning encompasses those challenges of organisational responsibility (Elkington, 1998; Laszlo, 2003; Rao, 2000; Sharma & Starik, 2002).

In addition, strategic planning involves considering more than just financial performance but also social and environmental performance and stakeholder relations (Laszlo, 2003; Sharma & Starik, 2002). Sharma and Starik (2002), Willard (2002) and Elkington (1998) describe effective strategic planning and decision making as using a “triple bottom line” approach, that is to harmonise economic prosperity, environmental quality and social equity (or justice). Government organisation’s strategic planning focuses on the concerns and priorities of a broad range of stakeholders, the direct and indirect interdependencies, including with other government organisations, non government organisations, the general public and the current elected members (Majone, 1989; Bryson, 1993; Boston et al., 1996). In addition government organisations must take into account the satisfaction of the services received (by stakeholders) including quality of engagement (Deetz et al., 2000; Elkington, 1998; Joyce, 1999; Kaplan & Norton, 2004).

While the literature to date argues for strategic planning that is informed by stakeholders' needs and priorities for the long-term, the emphasis is on the requirement for clear monitoring and accountability mechanisms (Deetz et al., 2000; Elliott, 2006; OECD, 2001d; W. Stead & J. Stead, 2004; Willard, 2002). The analysis of the strategic planning literature shows that a systematic model which considers all four well-beings equitably is required to form effective strategic planning (and decision making) consistent with the principles of sustainable development.

This research discovers that for successful integration of sustainable development into strategic planning (using an effective stakeholder management approach) in the 2000's, a more systematic, equitable model of strategic planning needs to occur. Figure 8.1 shows an extension of Hussey's 1994 model of strategic planning.

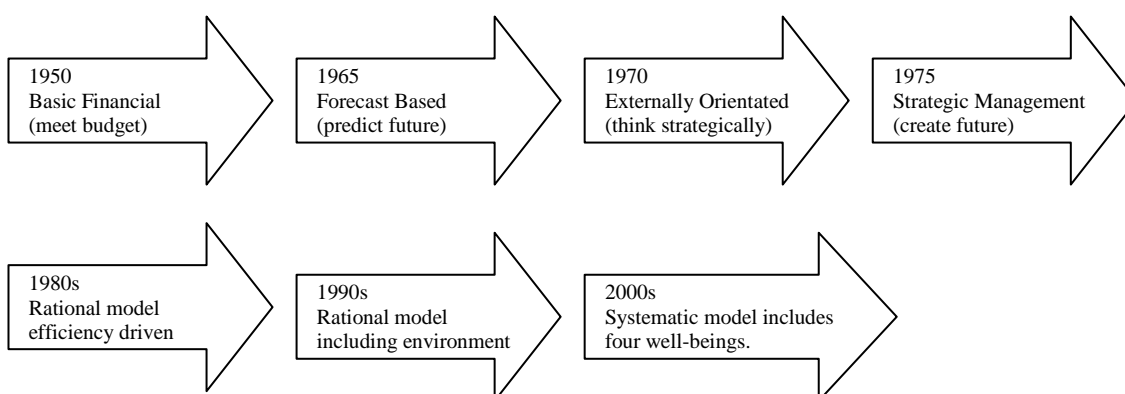


Figure 8.1: The stages of strategic planning for sustainable development.

New Zealand context. (1950-1975 adapted from Hussey (1994) 1980-2000 created through triangulated analysis)

The research includes analyses of New Zealand government documentation relevant to local authorities. The research finds that while legislation and policy (RMA, 1991; LGA, 2002; SDPoA, 2003) are designed specifically to improve stakeholder management and engagement by local authorities during strategic planning, there is very little assistance, even in the guidance materials, directing or advising local authorities on how to make the transition from their traditional roles, responsibilities and ways of communicating, to establish meaningful relationships. This is signalled through earlier studies (Berke & Conroy, 2000;

Ericksen et al., 2003; B. Evans et al., 2003; IPS, 2006) and a formal audit (OAG, 2005).

This study finds two significant barriers to effective strategic planning contained in the New Zealand government documents. Firstly, analysis of the government documents draws attention to areas of contradiction and confusion for local authorities and communities. For example, local authorities are required to lead the development of the LTCCP, but are not required to, or be responsible for, delivering on any of the outcomes to help support the achievement of the long-term goals (LGA 2002; KHGD 2004). Secondly, the emphasis is in the main put on the traditional role of environmental impact assessment. Assessment of the three other well-beings is not described by the guidelines in any depth. Thus local authority practitioners are not well supported to complete a holistic assessment and analysis. What these conflicts reflect is the lack of alignment between the old and new forms of legislation designed to aid local authorities in strategic planning and decision-making.

While the principles of sustainable development and legislation define the intent, the explanation of how to translate intent (and concepts of long-term outcomes) into logical, achievable, direction through local authority practice is not easily recognised. There are five key implications for New Zealand strategic planning underpinned by effective stakeholder management.

8.2.6.1 Government documents and direction.

The first key implication for New Zealand strategic planning relates to the analysis of the government documentation which highlights that the range of legislation and guidance material is developed over a period of 12 years. The RMA (1991) focuses on environmental management; the LGA (2002) introduces a broader perspective being the four well beings but still focuses on the management of natural resources under the mandate of local authorities. The SDPoA (2003) intends to bring a more substantial set of responses by decision makers across the four well beings, acknowledging the fact that strategic planning processes need to take greater account of the four well beings. However, the analysis highlights discrepancies allowing local authorities to opt out of

participating in any community planned actions. The findings show an alignment of the legislation and guidance material is required to reduce the contradictions and ensure government, local authorities and communities understand what the principles of sustainable development mean to New Zealand. However, the challenge lies in the ability of the local authorities to create the links between long-term vision to focus more on directive strategies across all four well-beings. Local authorities will benefit from guidance documents that provide the logic and rigour to support strategic planning.

8.2.6.2 Engagement and participation.

Secondly, the LGA (2002) presumes communities themselves are willing and able to participate in the planning process and through facilitation by the local authority a common understanding and general consensus on the future community needs can be reached. PUCM (2004) finds that consultation needs to be inclusive and timely and include effective communication and information dissemination networks. The PUCM study notes plans are weakened through consultation being timed wrongly or through poor issue definition, objective setting and provision of monitoring. This study finds a breadth of issues canvassed in local authorities (to varying degrees) but how that information is used and how it informs strategic planning is less clear. This study also discovers local authorities in New Zealand have not yet fully come to terms with identifying the potential value of partnerships derived from interdependencies.

8.2.6.3 Managing stakeholder expectations.

Thirdly, the context creates concerns regarding managing diverse stakeholders' expectations, that is, managing the balance of expectations between political will and other stakeholders' wants and needs. The challenge arises from decision-makers not fully understanding the issues and the impacts of the more immediate organisational vision and strategic options impact on the environment (social economic, environmental and cultural) and subsequently the effects on the long-term goals. The formal process of setting criteria (according to the long-term needs and priorities) and understanding the environment, allows for the potential effects on the issues in a consistent and logical way. Figure 8.2 shows a representation of this complex dynamic.

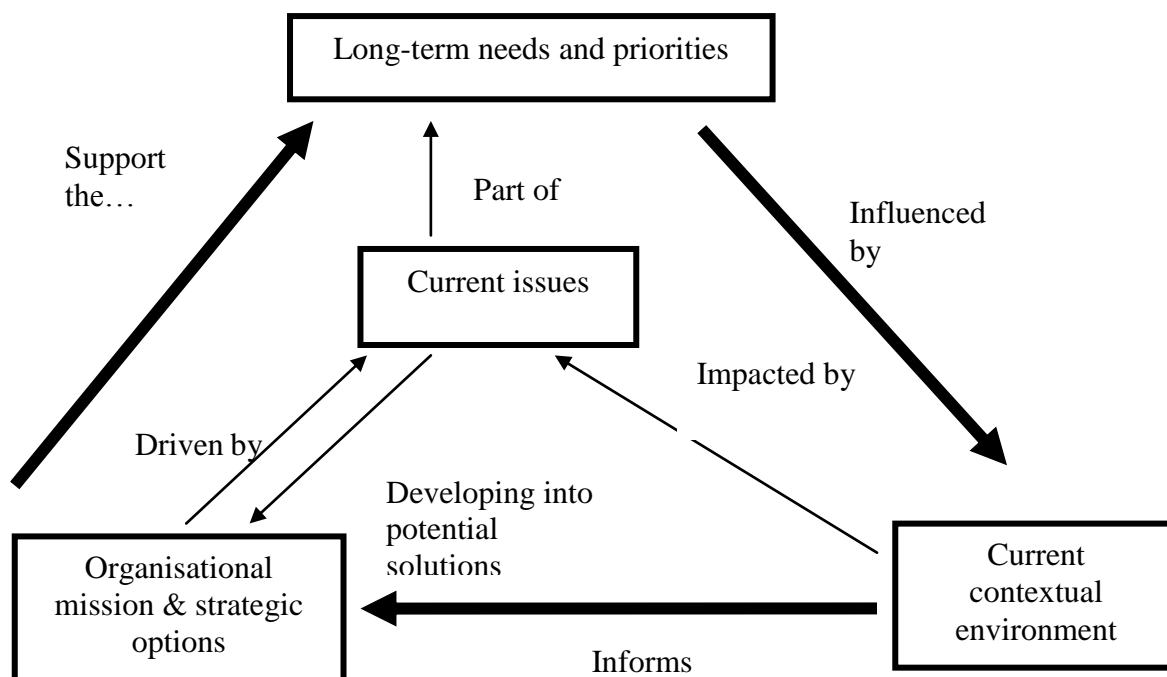


Figure 8.2: The complex dynamic of long-term needs and priorities with current issues.

Figure 8.1 shows long-term needs and priorities are set by current understanding of the past, present and future context.

8.2.6.4 Setting priorities.

Fourthly, the long-term goals of a community involve having a clear vision providing a “sign-post” to minimise the influence of short-term individual interests who may set priorities that do not necessarily contribute to the long-term community goals. Short-term priorities are often influenced by the three yearly local authority election cycle and are reactions to interest or pressure groups using the election cycle to achieve their particular end. A key challenge highlighted by both the literature and practice is one of clearly defining the issues and prioritising these to form a decision. The local authority or broader community cannot hope to solve every single issue, therefore identifying those who have the greatest positive and negative impact on achieving the long-term goal with limited resources is essential.

8.2.7 Capability and Capacity

Fifthly, the study acknowledges the challenges of capacity and capability of the local authorities. There is a diverse range of local authorities across New

Zealand consisting of small rural, district, city, metro and regionally based authorities. They have three common challenges; they all must implement legislation, they all rely on a rating base for funding operations and they are all bound by a political governance board (i.e. elected representatives). However, each local authority has their own unique set of community pressures and diverse levels of capacity and capability which causes challenges for the development and implementation of strategic planning. The OAG report (2005/06) finds that delivering on their statutory obligations makes an extensive call on local authorities' expertise and resources. The formal findings from the previous research reports and audit identifies the need for a process which could assist local authority strategic planners carry out their mandated duties through effective stakeholder management and engagement.

The normative model supports these challenges in two ways. Firstly, the model harnesses the diverse range of stakeholders' resources and interests through engaging stakeholders and more strategically provides opportunities to identify contributing roles. This will have a greater impact on the overall achievement of the long-term goals. Secondly, the model provides a logical stepped approach to identifying and communicating long-term goals, the organisational mission and strategic options, including identifying the various roles and contributions of the organisation and stakeholders.

8.2.8 Research Limitations

The thesis aims to be both scholarly and professional in its design and findings. According to Murray (2002) a scholarly PhD contributes to scholarly knowledge, while a professional PhD contributes to professional practice and development. Murray (2002) also describes the tensions between the two, which are defined in the forms of assessments and learning outcomes of the research topic. The professional part of this PhD draws dialogue and critical reflection from local authority practitioners managing strategic planning processes. The dual purpose though presents challenges and limitations from the point of view of the theory chosen, literature reviewed, New Zealand context and methods applied and more specifically the researcher and interviewee biases.

8.2.9 The New Zealand Context

The research method reflects two key limitations relevant to the New Zealand context. The first limitation relates to the inclusion of only six case studies (even though 12 are invited). However, the broad content analysis of 28 local authorities mitigates this limitation.

The second New Zealand specific limitation is the single geographical area of the study. Ensuring the local authority case studies reflect a regional, district and city organisation mitigates this second limitation. Other regions throughout New Zealand mirror this composition.

8.2.9.1 Methods and approaches.

While this study focuses on identifying and analysing content and processes, there is a certain level of interpretation that can influence the findings. Punch (1998) suggests, “different questions require different methods to answer them ... the wording of questions is also important, since some words and wording carry methodological implications”. Use of the characteristics, processes and supporting interview questions as guidelines minimises any methodological and contextual bias. This ensures the focus on content and procedural matters is maintained whilst minimising the interviewees and researchers interpretive influences.

8.3 Further Research

The findings point to two areas for further study for effective stakeholder engagement. First, the appropriateness and value of partnerships and collaborations and multi-dialogue to ensure the breadth of issues is canvassed (Bird, 2000; Pezzey & Toman, 2002; Sharma & Starik, 2002). Second, the reliance on other business units, or stakeholders (both internal and external) and the importance of these inter-relationships and inter-dependencies of policy delivery (Boston et al., 1996; Bryson, 1993; Johnson & Scholes, 1999; Joyce, 1999; Kaplan & Norton, 2004; Majone, 1989). While stakeholder theory touches on both these points, further examination and discussion on the interplay of interests and power and influence over these dynamic engagements would be a focus for theorists to debate.

The research identifies strategic planning models i.e. Kaplan and Norton (2004). However, Balanced Scorecards, and the Boston Consulting Group⁴⁷ both use models of analysis that could be explored in more depth for local authority practice and critiqued against stakeholder theory.

In addition an action research project applying and testing the normative model would add further rigour to the result. As the normative model presently stands, it provides a series of questions to support local authorities develop a vision, mission and strategic options consistent with the principles of sustainable development. Further examination of the New Zealand literature and current environment could help to improve the alignment between government direction and guidance material provided to support local authority strategic planning.

Lastly, further research could explore the linkages between vision, mission, strategic options and setting performance measures through a longitudinal study. This would allow assessment of the impact on longer-term outcomes.

8.4 Concluding Remarks

Stakeholder theory emphasises the importance of identifying primary stakeholders, their levels of interest, power and influence, and how to engage with them effectively. This thesis is challenging and complex. To attempt to identify a strategic planning and decision making process “hybrid” from the vast range of literature and models is ambitious. The approach attempts to identify the appropriate characteristics and processes that represent effective strategic planning by developing a normative model (i.e. what could be). The research then proceeds to apply the model to identify the alignment between the characteristics and processes, and the New Zealand context (documentation and practice) to identify what does happen in reality. Interviewees review the original normative model and provide feedback on further improvements to create a modified normative model i.e. what should be.

⁴⁷ www.BCG.org

The thesis identifies some pressing conflicts and challenges for New Zealand local authorities to be able to complete strategic planning consistent with the principles of sustainable development. The research identifies where these conflicts and challenges lie and attempts to alleviate or solve these by developing a normative model. The thesis findings acknowledge local authorities have to make their own decisions as to how to conduct their strategic planning processes within the constraints of limited resources. The study also acknowledges that the (LA) legislation studied is only one part of the New Zealand government's range of sustainable development levers designed to meet New Zealander's expectations while keeping up to date with developing international best practice. The model goes some way to answering these conflicts and challenges.

The New Zealand public service generally is similar to local authorities in that organisations need clear direction from legislation and require the open participation of stakeholders and organisations. Clear stakeholder expectations and communication is vital, as both stakeholders and the organisation need to be transparent in conveying their needs and priorities.

While there remains an extensive field yet to be explored, the final normative model proposed goes some way to creating the links between vision, mission and strategic direction and focus, integrating the inter-temporal issues and providing appropriate responses to the legislative requirements thus improving sustainable development outcomes at the community level. The purpose of the thesis is to identify a normative model to support strategic planning in local authorities, consistent with the principles of sustainable development. Only time (through implementation and use) will show if there is an improved result in sustainable development outcomes.

In the final year of the thesis the modified normative model is implemented as the basis for developing a Performance Improvement Framework (PIF). Appendix 5 is a copy of the PIF.

Appendix 1. List of Local Authorities' Documents Analysed

List of documents analysed from the 28 LAs

Set	No	Name of doc
1	1	City: Annual Plan, District plan, Strategic Plan, Inner City Security Plan
1	2	District: LTCCP, District Plan, Coastal Plan
1	3	Regional: Coastal Plan, Land Transport Plan, Pest Management Plan, LTCCP, Annual Plan
2	1	Regional: LTCCP, Annual Plan, Coastal Plan, Passenger Transport Strategy
2	2	City: LTCCP, City Plan, District Plan
2	3	District: District Plan, Annual Plan, LTCCP
3	1	Regional: LTCCP, Annual Plan, Land Transport Strategy, Coastal Plan, Pest Management Strategy, Road Safety Plan, Passenger Transport Strategy
3	2	District: Annual Plan, LTCCP
3	3	City: Annual Plan, LTCCP, Triennial Agreement, Economic Strategy, Recreation and Leisure Plan, Integrated Transport Strategy, Waste Management Plan, Community Development Plan
4	1	City: District Plan, Annual Plan, Alcohol Strategy, City Settlement Strategy, Physical Activity and Sport Strategy, Community Facilities Strategies, Growth Management Strategy, Transport Strategy
4	2	Regional: LTCCP, Annual Plan, Animal Control, Farm discharges, Coastal Plan, Regional Freight, Affordable Housing, Physical Activity, Growth Strategy
4	3	District: LTCCP, District Plan, Growth Strategy
5	1	City: District Plan, LTCCP, Sports Strategy, People Strategy, Tourism, Open Spaces, Transport Strategies
5	2	District: District Plan, LTCCP
5	3	Regional: Recreational Strategy, Land Strategy, Pest Management Strategy, LTCCP Annual Plan
6	1	District: Annual Plan, Structure Plan, District Plan
6	2	Regional: LTCCP
6	3	No City
7	1	District: LTCCP, Annual Plan, District plan
7	2	Regional: Annual Plan, LTCCP
7	3	City: LTCCP, Annual Plan, District Plan, Asset Management Plan
8	1	Regional: LTCCP, Renewable Energy Plan, Land Strategy
8	2	District: Annual Plan, LTCCP, District Plan, Investment Strategy
8	3	No city
9	1	Regional: Annual Plan, LTCCP, Harbour Strategy, Environmental Strategy
9	2	City: LTCCP, Annual Plan, Water and Sanitary Services Plan, District Plan
9	3	District: LTCCP, Annual Plan, District Plan
10	1	Regional: Pest Strategy, Annual Plan, Water, Waste, Air, Coastal Plans, Pest Management Strategy
10	2	City: Annual Plan, Bio security Strategy, LTCCP, District Plan, Cycling Strategy, Town Belt Management Plan, Heritage Strategy

10 3 No District

List of Documents Analysed from Six Local Authorities

LA1	District: LTCCP, Walking and Cycling Strategy, Annual Plan,
LA2	District: Annual Plan, LTCCP
LA3	City: Annual Plan, LTCCP, Triennial Agreement, Economic Strategy, Recreation and Leisure Plan, Integrated Transport Strategy, Waste Management Plan, Community Development Plan
LA4	District: LTCCP, Annual Plan, District plan
LA5	District: District Plan, LTCCP, Governance Statement, Community Plans
LA6	Regional: LTCCP, Annual Plan, Land Transport Strategy, Coastal Plan, Pest Management Strategy, Road Safety Plan, Passenger Transport Strategy

Appendix 2. Initial Scan of 28 Local Authorities' (LAs) Key Statements

28 LAs documents and their alignment to the normative model															
0=No link, 1=low, 2=medium, 3=high.															
Definition	Elements	Definition - Element	Processes should	Set 1	Set 2	Set 3	Set 4	Set 5	Set 6	Set 7	Set 8	Set 9	Set 10	Overall Summary	
<i>Vision- a statement that defines the future, longer-term outcomes across a broad context, and points to specific areas of focus.</i>	Gives meaning to the future	<i>That the vision statement identifies reasonable, potential future outcomes</i>	<ul style="list-style-type: none"> identify reasonable, future potential solutions link the vision to mission and vice versa; and aim to provide improvement to all stakeholders over time 	101	121	11	111	211	11	111	11	112	11	Overall the LA's vision statements do not identify clearly outcomes that are reasonable, or articulate the links to the mission or strategies.	
				111	121	111	111	111	11	111	1	111	11		
				111	121	112	111	211	11	111	11	111	12		
				total	8//27	12//27	9//27	9//27	11//27	6//17	9//27	5//18	11//27	7//18	
	Identifies areas of need and focus (longer-term)	<i>A statement that reflects the broader community context whilst remaining focused on specific topical areas of concern; these interlink and form a longer-term point of focus</i>	<ul style="list-style-type: none"> involve primary stakeholders in identifying current and future need and focus; consider the high-levels of complexities and inter-dependencies 	111	231	112	111	311	11	211	11	111	11	The LAs are slightly better at explaining or describing how stakeholders are involved in the vision development process. The process of considering the inter dependencies are treated very well in a few but mostly show a low to medium evidence of these to inform the decision making.	
				111	131	113	111	331	11	211	11	111	12		
				total (shows a score out of the highest potential)	6//18	11//18	9//18	6//18	12//18	4//12	8//18	4//12	6//18	5//12	
Engages primary stakeholders	<i>A process which considers information regarding primary stakeholders views and contributions to the potential future outcomes</i>	<ul style="list-style-type: none"> consider all interested and effected stakeholders clearly communicate all the way through the vision forming process involve stakeholder participation, consultation, negotiation and conflict resolution show clear reasons for prioritisation; and show clear monitoring and accountability mechanisms 	111	231	212	111	311	11	211	11	112	12	The LAs are moderate at identifying the appropriate stakeholder groups. The LAs do not clearly articulate in their documentation how stakeholders were engaged in the process but more importantly when they are how their involvement and contributions are applied when making decisions. Most LAs documents do not articulate how accountability and responsibility is attributed across the stakeholder group.		
			111	111	111	111	111	11	111	11	111	11			
			111	111	111	111	321	11	211	11	111	12			
			111	131	111	111	211	11	111	11	111	11			
			111	321	111	111	211	1	111	11	111	11			
			total	15//45	23//45	17//45	15//45	22//45	9//15	16//45	10//15	16//45	12//45		
Is inspirational	<i>Direction that is new, positive, and something to look forward to in which stakeholders see the vision to be credible and intelligible</i>	<ul style="list-style-type: none"> clearly link concepts and desires to implementation and action 	111	231	113	111	311	11	311	11	111	11	LAs are assessed as being moderate to low when providing statements that are inspirational. Many describe the traditional roles of waste, roading and water, while others are vague and conceptually far reaching without any links to strategies and activity.		
			Total/Average	3//9	6//9	5//9	3//9	5//9	2//6	5//9	2//6	3//9	2//6		

A Normative Model for Strategic Planning

<p><i>A Mission describes how the organisation supports the long-term vision and provides direction and justification for organisational decisions within the scope (possible strategies) and boundaries (resource constraints).</i></p>	<p>Shows links to the vision and strategy</p>	<p><i>Providing the link between the areas of focus, the long-term outcomes, and the organisational specific outcomes</i></p>	<ul style="list-style-type: none"> • make the connections between long-term vision (need and focus), process engineering (functional responses within an organisation), and specific strategic themes and 	211	221	111	111	111	11	111	31	111	11	<p>Most LAs describe how operationally the traditional roles of LAs would help assist the longer term vision; however there is no explicit ally stated criteria in many documents.</p>
			<ul style="list-style-type: none"> • develop criteria that link these three components 	111	121	121	111	111	11	111	1	111	11	
			total	7//18	9//18	7//18	6//18	6//18	4//12	6//18	6//12	6//18	5//12	
	<p>Describes the organisation's future goals and aspirations</p>	<p><i>Organisational specific outcomes reflecting intermediate to long-term time frames which provide clarity to internal and external stakeholders</i></p>	<ul style="list-style-type: none"> • consider carefully the organisation's goals and aspirations with those of the wider stakeholder group 	331	221	221	131	111	11	111	21	111	11	<p>Only a few LAs show evidence where the organisations goals and vision link to the wider community's aspirations.</p>
				total	7//9	5//9	5//9	5//9	3//9	1//6	3//9	3//6	3//9	
	<p>Describes the organisation's principles and values</p>	<p><i>It describes the organisations, principles and values within the context in which it operates or participates, what it's willing to do, or not, to achieve the outcomes</i></p>	<ul style="list-style-type: none"> • consider long-term horizons • ensure integration of the four well-beings; and • involve primary stakeholders 	111	131	111	111	111	1	111	311	111	11	<p>Few LAs successfully articulated how the organisation's values reflect longer term outcomes, link to the four well beings, or are set by involving primary stakeholders.</p>
				311	231	121	111	11	111	31	111	11		
				231	331	221	121	211	1	111	3	111	11	
				total	14//27	18//27	12//27	10//27	9//27	5//27	10//27	11//27	8//27	
	<p>Describes the organisation's position and main activities</p>	<p><i>It describes the organisation's participation levels, .i.e., its services, products, or outcomes) relative to the contextual environmental</i></p>	<ul style="list-style-type: none"> • consider the links between purpose, activities and the impacts on the four well-beings • consider the capability development of individuals, organisations and society overall and • reflect a rigorous contextual scan and needs analysis 	231	231	121	111	112	1	111	1	111	11	<p>Nearly half of the LAs describe some form of capability requirement; however few are able to articulate these in relation to future delivery requirements.</p>
				211	111	221	111	111	1	111	2	111	11	
				131	131	121	111	211	1	111	2	111	11	
	Total/Average			14//27	14//27	13//27	9//27	10//27	3//27	9//27	5//27	9//27	6//27	

A Normative Model for Strategic Planning

<i>Identify the strategic alternatives is the processing of information which uncovers a range of strategic alternatives, which to varying degrees will add value to the final outcomes.</i>	Links vision and the mission	<i>The long-term outcomes and organisation's desired outcomes are considered while identifying strategic alternatives</i>	<ul style="list-style-type: none"> identify the common and critical themes from the vision and mission; and create a weighting system to identify the 'value' of the alternatives 	111	233	111	111	321	1	111	11	111	11	Most LAs are poor at describing how critical issues link to longer term outcomes, or articulate how these are assessed against each other.	
				1	1	1	1	1	1	1	1	1	1		
			total		4//18	9//18	4//18	4//18	7//18	2//18	4//18	3//9	5//18	3//9	
	Considers the contextual issues	<i>The decision-maker has the applicable contextual knowledge regarding the environment, stakeholders and the organisation</i>	<ul style="list-style-type: none"> evaluate the range of contextual issues and rate or rank these according to the themes identified earlier 	331	113	232	211	311	11	212	21	111	12	LAs are poor at describing how the issues are evaluated or ranked according to the broader concerns identified in the vision or mission.	
				111	111	111	111	111	11	111	11	111	11		
			total		10//18	8//18	10//18	7//18	8//18	4//12	8//18	5//12	6//18	5//12	
	Considers the range of stakeholders desires and responses	<i>The strategic alternatives that have taken into account the desires and responses of stakeholders who are most affected and interested</i>	<ul style="list-style-type: none"> identify a criteria which links the themes from the vision and mission with stakeholders' needs and wants 	221	112	221	211	321	221	111	111	11	12	Most LAs documents could not describe the linkages mainly because either the vision or mission is not clearly articulated. As a consequence it is difficult to ascertain to what degree stakeholders concerns are considered during this process.	
			total		6//6	4//9	5//9	4//9	6//9	5//9	3//9	3//9	2//6	3//6	
	Considers partnerships and collaboration	<i>To consider the 'state' of the internal context and cross organisational aspects including the organisations' capability and capacity</i>	<ul style="list-style-type: none"> identifies the value of partnerships and collaborations with the themes and issues from the vision and mission 	231	221	121	111	311	11	211	21	211	12	The LAs are slightly better at identifying partners and collaborators however these are described as being meaningful i.e. attached to issues and themes but rather for proximity, political or financial reasons i.e. short term joint ventures not necessarily aligned to long term outcomes.	
<ul style="list-style-type: none"> canvasses the range of partnerships and collaborations available to identify the most beneficial situation for all stakeholders concerned 			221	113	112	111	311	111	21	111	12				
		Total/Average		12//18	10//18	8//18	6//18	10//18	5//18	7//18	6//18	7//18	3//12		

A Normative Model for Strategic Planning

<i>Assess and prioritise the strategic options requires a set of processes that applies a rating, ranking or weighting system which then arrives at a clear choice and final decision.</i>	Match the links between the vision and mission with the strategic options	<i>A process that rates the link between the long-term vision, the medium-term organisation specific mission, with the strategic options</i>	<ul style="list-style-type: none"> reflect an integrated assessment of the four well-beings consider the internal and external environment with that of the organisations position manage trade-offs; and delineate between end statements and 'other' variables 	111	111	111	111	111	11	111	211	111	12	Overall the LAs do not articulate how assessments of long term and organisational delivery are aligned, a few managed but they conducted tradeoffs, and no explicit criteria are given as to how this is done.	
				111	111	111	111	111	11	111	211	111	12		
				111	111	111	111	111	11	111	211	111	12		
				111	111	111	111	111	11	111	211	111	12		
				total	12//36	12//36	12//36	12//36	12//36	8//27	12//36	16//36	12//36	12//24	
	Consider the costs and benefits	<i>A process which considers the potential costs and benefits of each relevant high-level strategic option</i>	<ul style="list-style-type: none"> identify the consequences of actions across the four well-beings identify the expected rate of return 	111	111	111	111	111	11	111	211	111	12	No LAs describe how cost benefit considerations are carried out across the four well beings, or how an expected rate of return is identified. One LA makes statements about carrying out some form of statement aligned to the long term and delivery but again is not explicit.	
				111	111	111	111	111	11	111	211	111	12		
				total	6//18	6//18	6//18	6//18	6//18	4//12	6//18	8//18	6//18	6//12	
	Identify risk and decision threshold (arriving at the final set of decisions)	<i>A process that re-rates the strategic options according to the level of effect on the vision and mission</i>	<ul style="list-style-type: none"> consider the four well-beings; consider the full range of stakeholders views consider impact and probability identify expected value overall and use a weighting or ranking system to minimise personal biases 	111	111	111	111	111	11	111	211	111	12	No LAs describe how a reconsidering after assessment is carried out, and whether assessment on probability or expected value is conducted. Only one LA describes how they use criteria to assess options and directions, but this is not provided in any documents.	
				111	111	111	111	111	11	111	211	111	12		
				111	111	111	111	111	11	111	211	111	12		
				111	111	111	111	111	11	111	211	111	12		
				111	111	111	111	111	11	111	211	111	12		
				total	15//45	15//45	15//45	15//45	15//45	10//30	15//45	20//45	15//45	15//30	

5. Methodology

Appendix 3. Interview Questions (base) for Six Local Authorities

Four steps	Characteristics	Questions asked
An effective vision :	<ol style="list-style-type: none"> 1. identifies areas of importance 2. engages stakeholders desires 3. requires reflection 4. is future orientated 5. is inspirational 	How does the LA develop its or the community's vision (some LAs have visions that are their own, others have community visions), what processes does it use?
An effective mission describes the organisations:	<ol style="list-style-type: none"> 1. links to the areas of importance 2. desired outcomes 3. purpose and operating principles 4. position within the environment 5. main activities 6. <i>Consideration of lessons from previous decisions.*</i> 	How does the LA develop its mission, and what processes does it use?
Identification of high-level strategic options reflect:	<ol style="list-style-type: none"> 1. the links to the areas of need and priority 2. the contextual issues 3. the range of stakeholders 4. cross geographic boundaries 5. cross organisational aspects 6. <i>Consideration of lessons from previous decisions.*</i> 	How does the LA identify potential strategic options, what processes does it use?
Assessment of strategic options above applies a consistent method which:	<ol style="list-style-type: none"> 1. defines the links between the areas of importance and organisation's mission 2. defines the areas of importance with the options 3. consider the risks and benefits 4. <i>Consideration of lessons from previous decisions.*</i> 5. prioritises the options 	How does the LA assess strategic options to then make a decision?

* Denotes new characteristic added after interviewing LA participants.

Appendix 4. Rationale for including Characteristics and Processes within the Normative Model. Summarised from Review of the Literature.

Steps	Definition	Characteristics	Definitions	Lead Questions	Why is it important
Vision	<i>A statement that draws together the broader community. It defines the positive outcomes for the current community and future generations and highlights long-term needs and priorities.</i>	Gives meaning to the future.	<i>Identifies reasonable, future outcomes for the broader community; it reflects the four well-beings and is supported by mission and strategy.</i>	<ol style="list-style-type: none"> 1. Taking into consideration the four well-beings what does the community want the future to look like? 2. What can realistically be achieved? 	This characteristic reduces the risk of vagueness and prevents decision makers from being bound by past situations and present circumstances. The process identifies long term need across all four well-beings that are achievable and supported by stakeholders.
		Signifies needs and priorities.	<i>The vision reflects the broader community context whilst remaining focused on long term needs and priorities which interlink..</i>	<ol style="list-style-type: none"> 1. Taking into account the four well-beings what do stakeholders believe are the long-term needs and priorities? 2. Considering the needs and priorities, what inter-linkages between the four well-beings are immediately evident? 	Criticism of sustainable development theories that suggests that visions often become meaningless because of their vagueness and a lack of apparent linkage to 'real world' issues. This characteristic seeks to alleviate those concerns and that the vision acts as a sign post for further decisions.
		Engages primary stakeholders.	<i>A process which considers primary stakeholders' views and their contributions to the potential future outcomes.</i>	<ol style="list-style-type: none"> 1. What do primary stakeholders believe are the future outcomes? 2. What part can LAs and stakeholders play in achieving the future outcomes? 	Implies that the decision maker takes into consideration stakeholders' views when formulating the vision statement, and that the stakeholders are involved to some degree in the delivery, or receipt of the outcomes.
		Is inspirational.	<i>Direction that is new, positive, and something to look forward to, in which stakeholders see the vision to be credible and intelligible.</i>	<ol style="list-style-type: none"> 1. What needs to be changed for the future? 2. What actions will show stakeholders the vision is being acted on? 	According to theories, the vision has to be intelligible and credible by being linked strongly to behaviours and actions of decision makers or leaders

A Normative Model for Strategic Planning

Mission	<i>It describes how the organisation supports the broader community vision and provides direction and justification for decisions within the organisation's scope (possible strategies) and boundaries (resource constraints).</i>	Create the links between vision and strategy.	<i>Describes the link between the areas of significance, the long-term outcomes, and the organizational specific outcomes.</i>	<ol style="list-style-type: none"> 1. How do the areas of need and priorities from the vision direct the organisation's current and future outcomes? 2. What common themes are there to inform the development of criteria? 	Ensures that the organisational decisions (resource allocation) are not made in an ad hoc manner without any understanding of the long-term outcomes. This also ensures that organisational decisions will support those areas of focus from the vision statement
		Goals and aspirations.	<i>Organisational specific outcomes are aligned to the long-term outcomes of the vision.</i>	<ol style="list-style-type: none"> 1. What does the organisation want to achieve in the next 3-10 years? 2. How do these (goals) align with the long-term vision? 3. What specific organisational areas of need and priority are to be focussed on? 	Organisation's intermediate to long-term timeframes, as opposed to the outcomes of the vision statement which reflects a longer-term view and a broader range of desired outcomes. The mission communicates the organisation's direction to external stakeholders which informs high-level strategies, and provides guidance to internal decision makers who make lower-level functional, product or service specific decisions.
		Describes the organisation's principles and values.	<i>It describes the organisations' principles and values within the context in which it operates or participates, including what it's willing to do, or not, to achieve the outcomes.</i>	<ol style="list-style-type: none"> 1. What is important to the organisation? 2. What is the organisation's relationship to the natural environment, community, and stakeholders? 	It requires the organisation to be succinct about the principles and values on which its operating practices are based and how they align to organisational values. Provides a clear set of expectations of, and for, both internal and external stakeholders.
		Describes the organisation's role and main activities.	<i>It describes the organisation's role and main activities in the medium-to longer-term which support the organisation's desired outcomes and the areas of focus from the vision.</i>	<ol style="list-style-type: none"> 1. Given the contextual environment, what is the organisation's current role? 2. How will the long-term outcomes from the vision alter this role? 3. What impacts on the organisation will occur? 4. What will be the main activities the organisation will need to pursue in the future? 	The characteristic supports the organisation's position within the context in which it operates or participates; reduces the organisational likelihood of perceiving itself to be participating in a vacuum; and confirms the inter-relationship between the organisation and the contextual environment
		Reflects on previous decisions and activities.	<i>The process requires the decision maker to consider previous decisions and actions and the impacts on these on the four well beings.</i>	<ol style="list-style-type: none"> 1. What are the main activities we did in the past? 2. What we were trying to achieve? 3. What were the results? 	Outcomes (both positive and negative) from previous activities are considered when developing the organisation's future direction and potential responses.

A Normative Model for Strategic Planning

Identifying relational strategies	<i>The processing of information which uncovers a range of relational strategies, which to varying degrees will add value to the final outcomes.</i>	Adds value to the vision and mission.	<i>Identifies the value of the relational strategies with that of the long-term community outcomes and organisational response.</i>	<ol style="list-style-type: none"> 1. What relational strategies will support the organisation’s mission? 2. What value will the relational strategies provide to the vision and four well-beings? 	Requires that the long-term outcomes and organisation’s desired outcomes are considered while identifying options to ensure relevance and appropriateness of the relational strategies available
		Considers the contextual tensions.	<i>The decision maker has the applicable contextual knowledge of the four well-beings, stakeholders’ perspectives and the organisation’s capability and capacity.</i>	<ol style="list-style-type: none"> 1. What are the internal and external tensions concerning stakeholders, and impacting on the four well-beings? 2. What relational strategies arise from the contextual environment including stakeholder action, reaction or inaction? 	Requires decision makers to be aware of, and conversant with, issues that could potentially influence the success or failure of the vision and mission (i.e. relevant to the organisation’s position in the environment). These include the natural and manmade environments; external stakeholders’ responses; and internal issues of organisational capacity and capability.
		Considers primary stakeholders’ perspectives.	<i>The relational strategies have taken into account the desires and responses of stakeholders who are most affected and interested.</i>	<ol style="list-style-type: none"> 1. What do key internal and external stakeholders want in the long-term? 2. What relationships are there to the needs and priorities within the vision? 	Ensures only those most interested and affected by the options are considered (through their direct participation or response). It identifies what primary stakeholders would receive, or can expect from the relational strategies, and secondly, what responses (contributions or support) are likely from the stakeholders that the organisation can expect in return.
		Considers the value of partnerships and collaborations.	<i>The decision maker considers potential partnerships and collaboration including the capacity and capability of potential partners to identify the best outcomes for all involved.</i>	<ol style="list-style-type: none"> 1. What potential partnerships and collaborations are there? 2. What is the capacity and capability of potential partners? 3. How will the capacity and capability affect the organisation’s strategy and structure? 	The capacity and capability of stakeholders are considered when identifying the range of relational strategies.
		Considers past lessons from previous decisions.	<i>The decision maker considers past decisions and the consequent outcomes that reflect similar contextual circumstances.</i>	<ol style="list-style-type: none"> 1. What have we done previously? 2. What went well, what went wrong? 3. What caused these things to occur? 4. How do these historical situations liken to the current and future potential environments? 	Requires the consideration which crosses the range of internal functionary units within an organisation whether private or public, to be identified. It may be associated to: staff, products, services, or business processes. It concerns the organisation’s internal capability and capacity of its staff and systems and processes, and the consequence on products and services delivered by the organisation.

A Normative Model for Strategic Planning

Assess and prioritise relational strategies	<i>A set of processes that assesses the relational strategies to arrive at a clear choice and final decision.</i>	Assess the links between the vision, mission with relational strategies.	<i>A process that rates the link between the long-term vision, the medium term organisational mission, and the relational strategies.</i>	1. To what degree does each high-level relational strategy support the vision and mission?	requires that the assessment takes into account the information from the vision, aligned with that of the organisation’s mission and provides the essential link to the relational strategies identified
		Assess the costs and benefits of the relational strategies.	<i>A process which considers the potential costs and benefits of each relational strategy.</i>	1. What rate of costs and benefit for each relational strategy is there to achieving the vision and mission? 2. What trade-offs are necessary for each relational strategy?	Ensures each applicable rated option is considered fully and equally and draws on the information from the previous steps. The decision maker must (at times) make assumptions about the potential impacts of decisions, therefore, some risks and benefits are only <i>perceived</i> , while others are more readily discernable. Reflection on previous decisions (as conducted in earlier steps) may also provide information to identify future potential levels of risks and benefits.
		Assess the potential risks and value of the relational strategies to identify a decision threshold.	<i>A process that assesses risk and identifies level of value of the relational strategy to the vision and mission.</i>	1. When taking into account the risks and potential value on the vision and mission, what priority rating will be given to the (remaining) relational strategies?	Requires a consistent method for re-rating the relational strategies in order to <i>prioritize</i> and identify the final best high-level strategic option(s) to achieve the vision and mission. It is important because it ensures the validity and reliability of the analysis regarding the preferred option(s). Requires the organisations to apply a logical, rigorous prioritisation technique to the previously rated relational strategies and identified level of risk and value.

Appendix 5. Performance Improvement Framework a Universal Model for Public Service Agencies.**Organisational Capability and Capacity****LEADERSHIP, DIRECTION & DELIVERY**

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
Vision, Strategy & Purpose	5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders?	<p>Setting Strategy. How does the agency set longer term direction and articulate vision?</p> <p>Alignment. How does the agency identify and set shorter term strategy in line with outcomes, government priorities and organisational strengths? What processes does the agency use to determine outcomes in line with government priorities?</p> <p>Impact and outcomes. How does the agency identify and articulate the impacts it seeks to achieve, as well as the interlinkages with other sector and agency's strategies?</p>	<ul style="list-style-type: none"> • The agency has clearly defined and well communicated outcomes, impacts and clear rationale for intervention selection (intervention logic). • The agency demonstrates clear linkages between strategy and implementation documents and action. • The agency's Vision, strategy and impacts compliment other sector agencies' direction. • Staff can articulate what the agency wants to achieve, its role and purpose. • There is organisation wide information gathering events to inform future strategy. • The agency has plans to support strategy development. • There is a specific strategy team or individual who is empowered to lead organisational strategy. • The management team considers strategy at regular and substantial times throughout the year. • Does strategy link organisational results in a way that informs organisational management? •
	6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?	<p>Future Focus. What processes does the agency have in place to consider possible variations in its role and function in the future?</p> <p>Core Competency. How does the agency align its</p>	<ul style="list-style-type: none"> • The agency uses systems of review and evaluation to complete scanning, amend strategy and adjust direction when required. • The agency demonstrates forward planning

A Normative Model for Strategic Planning

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
		<p>organisational strengths and competencies so that it can remain agile?</p> <p>Innovation and risk. How does the agency balance innovation, experimentation, risk taking while managing risk and maintaining quality?</p>	<p>to capitalise on agency strengths and further develop new competencies where required.</p>
Leadership & Governance	7. How well does the senior team provide collective leadership and direction to the agency?	<p>Strategic Focus. How does the senior team consider strategically important issues and matters and engage in effective discussion, debate, and agree actions on strategically important issues?</p> <p>Role Modelling. How does the leadership team show it is 'walking the talk' and assesses its own performance?</p>	<ul style="list-style-type: none"> • The agency's Leadership team considers debate and agrees on strategically important issues and subsequent actions. • The agency's Leadership team is seen to be collegial and working in harmony. • Leadership teams have breadth as well as depth of knowledge. • How does the leadership team share communications across the agency. • Minutes of meetings are evidence of actions being followed up at a strategic level. • Minutes and agendas demonstrate strategic level issues being considered. • Senior leadership team have a development plan in place and are using recognise models to build self awareness. • Managers and staff can articulate examples if when there has been collective and effective leadership. •
	8. How well does the board lead the Crown agent? (Crown Entities Only)	<p>Communication: How does the Board (through the Chair) maintain relevant, timely and – communication with the leadership team (through the CE).are the required skills and perspectives identified when appointing board members? How effectively does the chair lead the board?</p> <p>Strategic Management. How does the board undertake strategy setting and performance</p>	<ul style="list-style-type: none"> • The Governance board has systems to set strategy and performance goals and monitoring appropriately to government priorities. • The Board completes self assessment as a board and individual members. • The Board (through the Chair) maintains regular communication with CEs and holds a clear view of agency direction and

A Normative Model for Strategic Planning

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
		<p>monitoring?</p> <p><i>Self Review.</i> How does the board periodically assess its own performance and that of individual members?</p>	<p>performance.</p> <ul style="list-style-type: none"> • There is structured and effective induction organised for new board members. • The board uses the same indicators for strategy setting, performance measuring and action plans.
<p>Culture & Values</p> <p>[The Public Service Code of Conduct determines Values. Values are discussed further in Q.16]</p>	<p>9. How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?</p>	<p><i>Defining values.</i> How does the agency define the values and culture needed to support policy, service delivery and effective regulation?</p> <p><i>Developing culture.</i> What mechanisms does the agency have in place to promote the values and culture needed to support business delivery?</p>	<ul style="list-style-type: none"> • Staff throughout the agency are involved with developing the agencies' values • The agency has articulated the desired culture and has leadership, systems and processes in place to support the required behaviours. • Managers and staff can articulate 'what kind of place this is' with some consistency. • Senior managers can articulate what steps have been undertaken by the senior leadership team to define and pursue particular set of values. • Behaviours are articulated and all can articulate individual and collective instances of the values being brought to life. • Evidence of organisational wide: communication strategy, interventions and management incentives. • Performance management system includes behaviours expected and there is a culture if progression if you demonstrate the right behaviours. • More than just words on a poster – SLT are believed to be embodying the culture and values.

A Normative Model for Strategic Planning

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
Structure, Roles & Responsibilities	10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business?	<p>Planning. How does the agency ensure the strategic, business and action plans remain dynamic and serviceable?</p> <p>Agency Structure. How do the agency's organisational structures support service delivery and its wider strategy?</p> <p>Policies & Practices. How do the agency's policies and practices support a streamlined service?</p>	<ul style="list-style-type: none"> • Agency business unit structures and plans are aligned with core business and government priorities. • The Agency's policies and practices deliver streamlined services. • Policies are documented and well communicated. • There are regular reviews of this and are used as a management tool. • Decision making authorities are well understood and practiced • Staff are encouraged to make decisions commensurate with their level of authority.
	11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?	<p>Transparency. What processes does the agency use to ensure accountabilities and responsibilities are appropriate and transparent and well understood within the agency?</p> <p>Accountability Requirements. How does the agency ensure it fulfills its accountability requirements?</p>	<ul style="list-style-type: none"> • The agency's accountability and responsibility indicators are appropriately set, clearly documented and well understood across the agency. • The agency has identified, documented and implemented within its agency the appropriate sector response. • Agency has clear communications across the agency.
Measurement & Review	12. How well does the agency monitor, measure and review its policies, programmes and services to make sure that it is delivering its intended results?	<p>Setting Performance Measures. What mechanisms does the agency use to identify and set the appropriate performance measures?</p> <p>Monitoring Progress. How does the agency check that it is managing performance, monitors and measures its progress towards achieving its outcomes, results or impacts and performance?</p> <p>Monitoring Effectiveness & Efficiency. What processes does the agency use to review and evaluate its policies, programmes, administered</p>	<ul style="list-style-type: none"> • The agency's performance measures accurately reflect outcomes. • The agency has mechanisms in place (and applied) to monitor and assess performance (SMART). • The agency uses performance information to consolidate, adapt and improve service delivery. • The agency demonstrates that performance assumptions (business cases, programme objectives) are reviewed to check relevance

A Normative Model for Strategic Planning

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
		<p>regulations and services using effectiveness and efficiency?</p> <p><i>Review Performance Assumptions.</i> How does the agency review the assumptions inherent in the initial business case as well as the specific programme objectives against the agencies strategic direction?</p>	<p>with agency strategy.</p> <ul style="list-style-type: none"> • Measurement and review is 'live' not only a once a year event. • Staff can articulate how well an organisation is doing and why.

A Normative Model for Strategic Planning

EXTERNAL RELATIONSHIPS

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
Engagement with the Minister	13. How well does the agency provide advice and services to their Minister(s)?	<p>No Surprises. What mechanisms does the agency use to create and maintain an environment of ‘no surprises’ i.e. keeps relevant Ministers informed appropriately and in a timely manner?</p> <p>Crown Entities. What processes does the department use to monitor and report on Crown entities to assist Ministers?</p> <p>Quality. What quality assurance processes (including consultation) does the agency use to ensure policy advice is robust, timely and accurate?</p>	<ul style="list-style-type: none"> ● Minister’s report that the advice is: accurate, honest and timely. ● The agency uses mechanisms of: <ul style="list-style-type: none"> ○ independent evaluation of the quality of policy advice, ○ follow up reviews of the accuracy of assumptions and ○ quality of advice predicting risks and opportunity is carried out (this would be in all areas – general policy advice, regulatory impact analysis, impact on diverse population groups, human rights implications etc). ● The agency is cognisant and manages unintended consequences, and learns from these. ● There is an internal culture of continuous improvement culture and this is discussed at the senior leadership level. ●
Sector contribution	14. How well does the agency provide leadership to, and/or support the leadership of other agencies in the sector?	<p>Relationships. How well does the agency ensure that effective working relationships are maintained with others in the sector?</p> <p>Sector Collaboration. How does the agency identify opportunities for shared outcomes, joint initiatives, shared services and collaborative work programmes with other agencies within the sector?</p>	<ul style="list-style-type: none"> ● The agency has mechanisms and processes in place which promotes and supports sector relationships. ● Agency’s strategic and policy and services compliment other agencies’ strategy, policy and service delivery. ● The agency chairs/hosts regular and effective sector meetings (sector stakeholders articulate this).

A Normative Model for Strategic Planning

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
Collaboration and Partnership with stakeholders	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholder and the public?	<p>Stakeholder (including Maori and iwi) Engagement. How does the agency establish and maintain collaborations and partnerships when forming strategy, implementing policy or delivering services?</p> <p>Emerging Issues. What processes does the agency use to keep itself conversant with emerging policy issues for those most affected and interested?</p> <p>Impact Assessment. What processes does the agency use to review and evaluate outcomes and impacts in collaboration with those most affected and interested?</p>	<ul style="list-style-type: none"> • The agency reviews and adapts its direction and delivery to improve its impact on those most affected and interested. • Agency shows knowledge of emerging issues and attempts to adapt services in line with expectations. • Stakeholders are kept informed of changes and progress of government priorities and services. • The agency has a communications strategy in place. • Partnerships are linked to strategy above.
Experiences of the Public	16. How well does the agency meet the public's expectations of service delivery quality and trust?	<p>Planning. How has the agency identified its resourcing commitment and planning in line with public experience and expectation?</p> <p>Monitoring. How has the agency set and monitored itself (against benchmarks) to improve on service quality, quantity and trust over time?</p> <p>Emerging Issues. What processes does the agency use to keep itself conversant with emerging policy issues for those most affected and interested?</p>	<ul style="list-style-type: none"> • Agency's service quality, quantity and trust are well regarded by the public. • Agency shows knowledge of emerging issues and attempts to adapt services in line with expectations and linked to strategy.

A Normative Model for Strategic Planning

PEOPLE DEVELOPMENT

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
Leadership & Workforce Development	17. How well does the agency develop its workforce (including its leadership)?	<p>Alignment with Strategy. How does the agency align its people development strategy and practices with its business strategy?</p> <p>Leadership Capability. What approaches does the agency take to build its overall management and leadership capability?</p> <p>Targeting Development. What approaches does the agency take to enhance the capability of its general workforce and how effective are these including prioritising and managing its people development spends?</p>	<ul style="list-style-type: none"> • The agency demonstrates that it aligns people development strategy (including leadership development) with wider business strategy and agency priorities. • The agency has carefully prepared individual development plans, explicit managerial responsibility for development, and priority and importance given to meaningful development activities.
	18. How well does the agency anticipate and respond to future capability requirements?	<p>Planning. What processes does the agency have in place to help it anticipate and plan for future capability requirements?</p> <p>Implementation. What approaches does the agency take to ensure that future capability requirements are implemented, and workforce risks are mitigated?</p>	<ul style="list-style-type: none"> • The agency has plans in place to either attract or develop the necessary future capability and minimise future workforce risks.
Management of People Performance	19. How well does the agency encourage high performance and continuous improvement among its workforce?	<p>Integrated Process. How does the agency set expectations, track progress and provide feedback, and encourage continuous improvement among its individual staff members?</p>	<ul style="list-style-type: none"> • The agency demonstrates that the formal processes for continuous improvement are clearly understood and consistently applied across the agency. • The agency demonstrates that individual performance targets are clearly aligned with the team, business unit and agency's overall performance targets.
		<p>Alignment. How does the agency ensure that individual objectives are aligned with team, business unit and agency objectives?</p>	
	20. How well does the agency deal with poor or inadequate performance?	<p>Managerial Capability. How well does the agency correct poor or underperformance? How capable and willing are managers to address poor performance within their teams?</p>	<ul style="list-style-type: none"> • The agency has defined what constitutes poor or unacceptable performance and clearly articulates this to all staff. • The agency's managers are demonstrably willing, and have the confidence to address

A Normative Model for Strategic Planning

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
		<p>Supporting Processes. What processes does the agency have in place to identify poor or underperformance?</p>	<p>poor performance.</p>
<p>Engagement with Staff</p>	<p>21. How well does the agency manage its employee relations?</p>	<p>Relationships. How does the agency's employee relations strategy align with the wider human resources and business strategy and the agency communicate this to the union(s) and other employee representative groups?</p> <p>Sector View. How does the agency ensure that its bargaining parameters and strategies reflect wider sector priorities?</p> <p>Safety. How does the agency ensure that it creates and maintains a safe working environment for all staff, and promotes a 'culture of safety' among its staff?</p>	<ul style="list-style-type: none"> • The agency's employee relations strategy is clearly aligned to the overall business strategy including well-understood and effective protocols in place for engaging with unions and other employee representative groups. • The agency's bargaining parameters and strategies reflect wider sector priorities and precedents.
	<p>22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?</p>	<p>Employee Engagement. What processes does the agency have in place to understand the views and monitor the engagement levels of its workforce? What approach does the agency take to enhance the engagement levels of its workforce and how effective is this?</p> <p>Diversity. How well does the agency encourage diverse ideas, cultures and thinking throughout the organisation?</p>	<ul style="list-style-type: none"> • The agency has established systems and protocols in place to encourage and monitor engagement and diversity across the organisation.

FINANCIAL & RESOURCE MANAGEMENT

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
Asset Management	23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?	<p>Planning. How does the agency's asset plan balance the capability needs, purpose of the agency with financial baselines to maximise value for money?</p> <p>Acquisition. How does the agency asset acquisition programme show it is supported by market research, is contestable and based on sound cost benefit analysis?</p> <p>Utilisation. What processes does the agency use to monitor asset usage, condition, availability, functionality and operational effectiveness, to identify surplus in the asset portfolio?</p> <p>Financing. How does the agency's decision making process take into account depreciation funding, total asset utilisation, capital charges, cost and revaluation policy to support future strategy.</p> <p>Intangibles. How does the agency consider intangible assets like goodwill, brands and trademarks?</p>	<ul style="list-style-type: none"> • The agency systematically evaluates asset management and investment choices consistent with current and future service delivery. • The agency has an agency wide asset plan that describes maintenance, acquisitions and financing plans as well as intangibles. • The agency provides transparency of asset policies in external reporting so stakeholders understand the true value and opportunity costs of asset ownership (including responsible Ministers). • The agency provides reports on asset performance to key stakeholders accurately and in a timely manner.
Information Management	24. How well does the agency utilise information and communications technologies to improve service delivery?	<p>ICT planning and management. How does the agency actively plan for and manage its current and future ICT to ensure the best quality system is available within the agency's capability and capacity constraints?</p> <p>Service delivery channels. How are the agency's service delivery channels suited to the current and changing needs and opportunities i.e. it is actively managed, user-friendly and suitably linked to cross-government services?</p> <p>Monitor, review and adapt. How does the agency monitor, review and adapt its ICT services to optimise government investment and continuously improve systems?</p>	<ul style="list-style-type: none"> • The agency's technology systems support current and future service delivery (within capacity and capability constraints). • There is evidence which links the impact required and technology chosen, and rationale for any gaps or deficiencies. • The agency's information systems have a positive impact on service delivery within the agency and across other government services. • The agency understands the ICT strengths and weaknesses and mitigates to ensure best system is in place within constraints.

A Normative Model for Strategic Planning

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
		<p>Data integrity. How does the agency identify and protect crucial data including the appropriate privacy policies?</p>	
Efficiency	<p>25. How robust are the processes in place to test for efficiency and make efficiency improvements?</p> <p>Effective or effectiveness is defined by the way an agency delivers maximum results (outcomes, outputs) within the capability and capacity constraints.</p>	<p>Rigour of planning. How does the agency analyse and consider cost, quantity and quality trade-offs including the cost of additional quality improvements?</p> <p>Benchmarking. How does the agency use benchmarks for improving effectiveness?</p> <p>Transparency of Reporting. How does the agency report on performance i.e. use evidence for results, value for money and future strategies in terms of both quantity and standards (includes a cost benefit analysis and demonstrate that cost and quality trade-offs are part of their decision making?)</p> <p>Review and improve. How does the agency continuously review performance and improve (including using innovation)?</p> <p>Stakeholders. How does the agency seek input from (and advise) the Minister/s and other key stakeholders/customers on delivery quality and cost choices?</p>	<ul style="list-style-type: none"> • The agency demonstrates rigour of discussion on quality, price and quantity tradeoffs during planning. • The agency uses benchmarks to improve effectiveness and describes these in accountability documents. • The agency displays clear documentation and logic from inputs, outputs and impacts. • The agency conducts regular service quality standards versus to continuously improve performance. • The agency demonstrates that key stakeholders are consulted, their views considered and kept informed of decisions and performance progress.
	<p>26. How well does the agency balance cost and quality when considering service delivery options?</p> <p>(Efficient or efficiency is determined by the way an agency prioritises resources and continually reviews its resource decisions as priorities</p>	<p>Rigour of planning. How does the agency analyse and consider cost, quantity and quality trade-offs including the cost of additional quality improvements?</p> <p>Benchmarking. How does the agency use benchmarks for improving efficiency?</p> <p>Transparency of Reporting. How does the agency report on performance i.e. use evidence for results, value for money and future strategies in terms of both quantity and standards (includes a cost benefit analysis and</p>	<ul style="list-style-type: none"> • The agency demonstrates rigour of discussion on quality, price and quantity tradeoffs during planning. • The agency uses benchmarks to improve effectiveness and describes these in accountability documents. • The agency displays clear documentation and logic from inputs, outputs and impacts. • The agency conducts regular cost and

A Normative Model for Strategic Planning

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
	change).	<p>demonstrate that cost and quality trade-offs are part of their decision making?</p> <p>Review and improve. How does the agency continuously review performance and improve (including using innovation)?</p> <p>Stakeholders. How does the agency seek input from (and advise) the Minister/s and other key stakeholders/customers on delivery quality and cost choices?</p>	<p>price reviews to continuously improve performance.</p> <ul style="list-style-type: none"> The agency demonstrates that key stakeholders are consulted, their views considered and kept informed of decisions and performance progress.
Financial Management	27. How well does the agency manage its financial information and ensure financial probity across the business?	<p>Transparency. What processes does the agency use to ensure internal controls are documented (checks and balances, anti-fraud measures), and spending adhered to?</p> <p>Value. How does the agency ensure it gets the best value for money for inputs its purchases (from both the agency and whole of government perspective)?</p> <p>Costing mechanisms. How does the agency ensure outputs are clearly specified and properly costed including prices charged per volumes delivered?</p> <p>Cost recovery. How does the agency analyse and set cost recovery levels?</p> <p>Managing expenditure. How does the agency ensure its expenditure is managed throughout the year as planned?</p>	<ul style="list-style-type: none"> The agency monitors and reports financial information accurately and on time. The agency stays within its annual allocated budgets and does not need additional financial injections. The agency has the appropriate costing mechanisms in place and uses these to understand and manage planning. The agency displays awareness of cost and recovery levels and has the appropriate mechanisms to analyse and set these. The agency demonstrates a culture of self-awareness and appropriate systems for internal control.
Risk Management	28. How well does the agency manage agency risks and risks to the Crown?	<p>Identification and assessment. How does the agency identify risks, analyse probability of occurrence and size of possible effect and communicate this?</p> <p>Management. How does the agency manage risks and mitigate through prioritisation of effort to the more serious risks and learn from risk?</p>	<ul style="list-style-type: none"> The agency has the appropriate documentation (e.g. a risk management plan) and an active risk and audit committee. The agency can articulate the main risks it faces, outline its mitigation strategies and

A Normative Model for Strategic Planning

Element	Lead Question	Lines of Enquiry	Best Practice Indicators
		<p>Stakeholders. How does the agency assesses and manage risks from the perspective of stakeholders (versus reputational risks to managers) and ensure risk is included in advice to Ministers? (includes risks of non-delivery of agency outputs, or risks arising from low-quality outputs).</p> <p>Other agencies. How does the agency consider shared risks with other agencies/actors, and hold appropriate conversations with those agencies/actors.</p>	<p>demonstrate improvement derived from experience.</p> <ul style="list-style-type: none"> • The agency keeps key stakeholders informed of risk levels, frequency of risk and mitigation, as well as the stakeholders' role in these.

Organisational Results

MINISTERS' PRIORITIES

Lead Question	Lines of Enquiry	Best Practice Indicators
1. How well has the organisation identified and responded to current government priorities?	<p>Definition / Identification. Has the agency interpreted the critical government priorities and defined these at an intermediate outcome level, impact level and output level?</p> <p>Indicators. Has the agency developed indicators for the critical priorities that ensure the critical priorities are being achieved – i.e. performance is improving, maintaining, deteriorating, or performance data unavailable? How has the agency identified any significant deliveries risks and have systems in place to mitigate these?</p> <p>Resource Allocation. Does the agency show it has committed the appropriate resources and effort to the priority/ies?</p>	<ul style="list-style-type: none"> • Agency is delivering on government's critical priorities. • Staff can talk about government priorities; they are incorporated into results/work plans. • Staff is aware of priorities – all agency speeches and communications have them.

A Normative Model for Strategic Planning

CORE BUSINESS

Lead Question	Lines of Enquiry	Best Practice Indicators
<p>2. How effective is the agency delivering its core business?</p> <p>[Effective or effectiveness is defined by how well the agency delivers maximum results (outputs, impacts, outcomes) within the capability and capacity constraints.]</p>	<p>Core Business. How has the agency identified its core functions, business and operational services (core business) in line with government priorities?</p> <p>Outputs and measures. How has the agency identified the right outputs and measures for the desired outcomes?</p> <p>Targeting and suitability. How does the agency ensure core business being delivered to the right people at the right time and in the right way?</p> <p>Review and alternatives. How does the agency review and consider alternative delivery options to achieve the impact intended?</p> <p>Crown Entities. How does the agency undertake its Crown Entity monitoring responsibilities including assisting the Crown Entity to improve performance?</p>	<ul style="list-style-type: none"> • The Agency's targets and indicators show the links between departmental inputs, departmental output and are achieved. • The monitoring agency has clearly defined its expectations to the Crown Entity and supports the Crown Entity to improve performance through mentoring and keeping Ministers informed. • Each department has plans that are used and reviewed on a regular basis. • Managers can articulate the tradeoffs between government priorities and core business. • There is thorough transparency of processes and timelines. • Documents are used as a management tool and reviewed at senior management level on a regular basis. • There are demonstrable and documented changes in priority.
<p>3. How efficiently is the agency delivering its core business?</p> <p>[Efficient or efficiency is determined by how well the agency assesses and prioritises its resources and continually reviews its resource decisions as priorities change.]</p>	<p>Indicators. How does the agency set, monitor and report on efficiency indicators in its accountability documents?</p> <p>Expectations and balance. How has the agency determined its expectations for delivery of its core business to raise performance (quality, quantity, targeting, timeliness, location, cost and coverage) by considering tradeoffs?</p> <p>Review and alternatives. How does the agency review and consider alternative delivery options to achieve the efficiency gains?</p> <p>Benchmarking. How does the agency establish and compare its critical services against benchmarks (including international where appropriate and available)?</p>	<ul style="list-style-type: none"> • The Agency can identify cost, quality and quantity for services delivered. • The Agency can describe the trade-offs it made when making delivery decisions e.g. changes to policy settings, ICT, management of capital assets, use of people resources). • Evaluation of results is a standing management board item at meetings. • There are quantifiable measures in place and records of these, based on benchmarks.

A Normative Model for Strategic Planning

Lead Question	Lines of Enquiry	Best Practice Indicators
<p>4. How well does the agency's regulatory work achieve its required impact?</p>	<p>Regulatory Environment. How has the agency determined and administered the key interventions (or types of interventions) made by Acts or regulations in line with the policy goals or outcomes sought from those key legislative interventions?</p> <p>Assessment of interventions. How does the agency shows it understands its level or standard currently achieved, how much can be attributed to the interventions, and understand unintended effects from those key interventions?</p> <p>Review of regulatory work: What regulatory reviews has the agency completed in the last 12 months, and what does the agency know about the performance of other comparable jurisdictions?</p>	<ul style="list-style-type: none"> • The agency manages key legislative interventions to deliver benefits that exceed total costs. • The agency can describe trend over time in the benefit/cost ratio or cost-effectiveness measure is neutral or positive. • The agency assesses its regulatory impact regularly by comparing itself against benchmarks to improve the quality of key interventions.

References

- Abaza, H., & Baranzini, A. (2002). *Implementing sustainable development: Integrated assessment and participatory decision-making processes*. Cheltenham UK: Edward Elgar.
- Alexander, E. R. (1984). After Rationality, What? A Review of Responses to Paradigm Breakdown. *Journal of the American Planning Association*, 50(1), 62. doi:10.1080/01944368408976582
- Ali, S. (2000). Shades of green: NGO coalitions, mining companies and the pursuit of negotiating power. In J. Bendell (Ed.), *Terms for endearment: Business, NGOs and sustainable development* (pp. 79-95). Sheffield: Greenleaf.
- Altrichter, H., Posch, P., & Somekh, B. (1996). *Teachers investigate their work : an introduction to the methods of action research*. London: Routledge.
- Amann, R. (2001). Evidence-Based Policy: Taking the Vision Forward. In OECD. (Ed.), *Social sciences for knowledge and decision making*. Paris: OCED.
- Annan, K. (2002). . Concluding Conference Address presented at the Sustainable Development Summit, Johannesburg. Retrieved from www.johannesburgsummit.org/
- Ansoff, I. (1994). Comment on Henry Mintzberg's Rethinking Strategic Planning. *Long Range Planning*, 27(3), 31.
- Arnold, F. (1995). *Economic analysis of environmental policy and regulation*. New York: Wiley.
- Arrow, K., & Lind, R. (1994). Risk and uncertainty: Uncertainty and the evaluation of public investment decisions. In *Cost-benefit analysis* (2nd ed.). New York: Cambridge University Press.

- Baggini, J., & Fosl, P. (2007). *The ethics toolkit: A compendium of ethical concepts and methods*. Malden Mass.: Blackwell Publishers.
- Bartelmus, P. (1994). *Environment, growth, and development: The concepts and strategies of sustainability*. New York: Routledge.
- Basiago, A. (1995). Methods of defining "sustainability". *Sustainable Development*, 3(3), 109-119. doi:10.1002/sd.3460030302
- Bebbington, J. (2001). Sustainable development: A review of the international development, business and accounting literature. *Accounting Forum*, 25(2), 128-157.
- Beckerman, W. (1999). Sustainable Development and our Obligations to Future Generations. In A. Dobson (Ed.), *Fairness and futurity: Essays on environmental sustainability and social justice*. Oxford: Oxford University Press.
- Bell, S., & Morse, S. (2008). *Sustainability indicators: Measuring the immeasurable?* (2nd ed.). London: Earthscan.
- Bendell, J. (2000). Civil regulation: A new form of democratic governance for the global economy? In *Terms for endearment: Business, NGOs and sustainable development* (pp. 239-254). Sheffield: Greenleaf in association with New Academy of Business.
- Bendell, J., & Lake, R. (2000). New frontiers: Emerging NGO activities to strengthen transparency and accountability in business. In *Terms for endearment: Business, NGOs and sustainable development* (pp. 226-238). Sheffield: Greenleaf.
- Berke, P. R., & Conroy, M. M. (2000). Are We Planning for Sustainable Development? An Evaluation of 30 Comprehensive Plans. *Journal of the*

A Normative Model for Strategic Planning

American Planning Association, 66(1), 21.

doi:10.1080/01944360008976081

Bhat, V. (1996). *The green corporation: The next competitive advantage*.

Westport Conn: Quorum.

Bird, M. (2000). *Sustainable Development: Concepts and Foundations for a*

Policy Framework (Research Report). Wellington: School of Governance

& Public Management, Victoria University.

Birkland, T. (2001). *An introduction to the policy process: Theories, concepts, and models of public policy making*. Armonk NY: M.E. Sharpe.

Bollard, A., & New Zealand Institute of Economic Research. (1993). The political

economy of liberalisation in New Zealand. Presented at the Political

Economy of Policy Reform Institute for International Economics,

Washington: N.Z. Institute of Economic Research.

Borrie, N., Memon, A., Ericksen, N., & Crawford, J. (2004). *Planning and*

Governance under the LGA: Lessons from the RMA Experience. Hamilton

NZ: Planning Under Co-operative Mandates.

Boston, J., Martin, J., Pallot, J., & Walsh, P. (1996). *Public management: The*

New Zealand model. Auckland: Oxford University Press.

Brash, D. (1993, June 17). *Reconciling Central Bank Independence with Political*

Accountability – The New Zealand Experience. Address presented at the

European Policy Forum, London.

Brent, R. (1996). *Applied cost-benefit analysis*. Cheltenham UK: E. Elgar Pub.

Bryson, J. (1993). *Strategic planning for public service and non-profit*

organizations (1st ed.). New York: Pergamon Press.

Buckle, R. (1988, September 12). *Expectations and credibility in the disinflation*

process. Discussion Paper 33 presented at the Annual General Meeting on the New Zealand Institute of Economic Research, Wellington.

Bush, G. (1980). *Local government and politics in New Zealand*. Auckland: George Allen & Unwin.

Campbell, D., Stonehouse, G., & Houston, B. (2004). *Business strategy: An introduction* (2nd ed.). Oxford: Elsevier Butterworth-Heinemann.

Cannon, T. (1994). *Corporate responsibility: A textbook on business ethics, governance, environment: Roles and responsibilities*. London: Pitman.

Carlton, D., & Perloff, J. (2000). *Modern industrial organization* (3rd ed.). Harlow: Addison-Wesley Pub. Co.

Carroll, A. (1996). *Business & society: Ethics and stakeholder management* (3rd ed.). Cincinnati Ohio: South-Western College Pub.

Chakravarthy, B., Mueller-Stevens, G., Lorange, P., & Lechner, C. (2003). *Strategy process: Shaping the contours of the field*. Oxford: Blackwell Pub.

Challis, L., Fuller, S., Henwood, M., Rudolf, K., Plowden, W., Webb, A., Whittingham, P., et al. (1988). *Joint approaches to social policy: Rationality and practice*. Cambridge: Cambridge University Press.

Chatterjee, S., Conway, P., Dalziel, P., Eichbaum, C., Harris, P., Philpott, B., & Shaw, R. (1999). *The new politics: A third way for New Zealand*. Palmerston NZ: Dunmore Press.

Clayton, A. (Ed.). (1996). *NGOs, civil society, and the state: Building democracy in transitional societies*. Oxford UK: INTRAC.

Cohen, L., Manion, L., & Morrisson, K. (2000). *Research methods in education* (5th ed.). London: Routledge.

- Common, M. (1995). *Sustainability and policy: Limits to economics*. Cambridge: Cambridge University Press.
- Cook, K., & Levi, M. (1990). *The Limits of rationality*. Chicago: University of Chicago Press.
- Corban, J., & Holt, N. (2006). Grounded Theory. In *Research methods in the social sciences* (Reprinted.). London: Sage Publications.
- Curtin, T., & Jones, J. (2000). *Managing green issues*. London: Macmillan.
- Daley, H. (2002). Toward Some Operational Principles of Sustainable Development. In J. Preezey & M. Toman (Eds.), *The economics of sustainability*. Burlington VT: Dartmouth Publishing Co.
- Daly, H. (1996). *Beyond growth: The economics of sustainable development*. Boston: Beacon Press.
- Daneke, G. (2001). Sustainable Energy Development as Systemic Choices. *Policy Studies Journal*, 29, 514-532.
- Davey, J., & New Zealand Planning Council. (1987). *Social policy options*. Wellington NZ: New Zealand Planning Council.
- David, F. (1993). *Concepts of strategic management* (4th ed.). New York: Macmillan.
- Day, M., Backhurst, M., Ericksen, N., & et al. (2003). *District Plan Implementation Under the RMA: Confessions of a Resource Consent* (Second PUCM Report to Government.). The University of Waikato, International Global Change Institute (IGCI).
- Deetz, S., Deetz, S. A., Tracy, S. J., & Simpson, J. L. (2000). *Leading organizations through transition: Communication and cultural change*. Thousand Oaks CA: Sage Publications.

- Denzin, N., & Lincoln, Y. (Eds.). (2003). *Collecting and interpreting qualitative materials* (2nd ed.). Thousand Oaks CA: Sage.
- Dill, W. (2007). Strategic Management in a Kibitzer's World. In A. Zakhem, D. Palmer, & M. Stoll (Eds.), *Stakeholder theory: essential readings in ethical leadership and management*. Amherst NY: Prometheus Books.
- Doherty, T. (2002). *Managing public services-implementing changes: A thoughtful approach to the practice of management*. London: Routledge.
- Donaldson, T., & Preston, L. (1995). The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *Academy of Management Review*, 20(1), 65.
- Drage, J. (Ed.). (2002). *Empowering communities?: Representation and participation in New Zealand's local government*. Wellington N.Z: Victoria University Press.
- Du, S., Bhattacharya, C., & Sen, S. (2010). Maximizing Business Returns to Corporate Social Responsibility (CSR): The Role of CSR Communication. *International Journal of Management Reviews*, 12(1), 8-19.
- Duff, A. (1999). *Out of the mist and steam: A memoir*. Auckland NZ: Tandem Press.
- Duke Corporate Education. (2005). *Translating strategy into action*. Chicago IL: Dearborn Trade Pub.
- Dunphy, R., Gowland, D., & O'Neill, B. (2000). *The European mosaic: Contemporary politics, economics, and culture* (2nd ed.). Harlow: Longman.
- Eccles, T. (1995). *Succeeding with change: Implementing action-driven strategies*. (5th ed.). London: McGraw-Hill.

- Elkington, J. (1998). *Cannibals with forks: The triple bottom line of 21st century business*. Gabriola Island BC: New Society Publishers.
- Elliott, J. (2006). *An introduction to sustainable development* (3rd ed.). London: Routledge.
- Engel, J., & International Union for Conservation of Nature and Natural Resources. (1990). *Ethics of environment and development: Global challenge, international response*. London: Belhaven Press.
- Ericksen, N., Berke, P. R., Crawford, J., & Dixon, J. (2003). *Planning for sustainability: New Zealand under the RMA* (New Zealand ed.). Hamilton NZ: International Global Change Inst. Univ. of Waikato.
- Ericksen, N., Chapman, S., & Crawford, J. (2003). *A guide to plan-making in New Zealand : the next generation* (No. PUCM 1 Guideline). Hamilton NZ: International Global Change Institute University of Waikato.
- European Commission. (2001a). *COM(2001) 264 final: A sustainable Europe for a better world: A European Union strategy for sustainable development*. [S.I.].
- European Commission. (2001b). *The implementation of the Community strategy and action plan on renewable energy sources (1998-2000) : communication from the Commission ...* Luxembourg: Office for Official Publications of the European Communities.
- Evans, B., Percy, S., & Theobald, K. (2003). *Mainstreaming sustainability into local government policymaking structures*. Swindon: Economic and Social Research Council.
- Evans, L., Grimes, A., Wilkinson, B., & Teece, D. (1996). Economic Reform in New Zealand 1984-95: The Pursuit of Efficiency. *Journal of Economic*

A Normative Model for Strategic Planning

Literature, 34(4), 1856-1902.

- Florini, A. (1999). Does the Invisible Hand Need a Transparent Glove? The Politics of Transparency. Presented at the Annual World Bank Conference on Development Economics, Washington DC. Retrieved from www.worldbank.org/research/abcde/washington_11/papers.html
- Foot, D., & Ross, S. (2004). Social Sustainability. In C. Galea (Ed.), *Teaching business sustainability*. (Vol. 1, pp. 107-125). Sheffield: Greenleaf.
- Forgang, W. (2004). *Strategy-specific decision making: A guide for executing competitive strategy*. Armonk NY: M.E. Sharpe.
- Forsyth, L., & Nordvik, B. (1995). Building a Vision – A Practical Guide. *Management Decision*, 18(4), 197.
- Frankfort-Nachmias, C., & Nachmias, D. (1997). *Research methods in the social sciences* (5th ed.). New York: St. Martin's Press.
- Freeman, R. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.
- Freeman, R. (2007). Managing for Stakeholders. In A. Zakhem, D. Palmer, & D. Stoll (Eds.), *Stakeholder theory: Essential readings in ethical leadership and management* (pp. 71-88). Amherst NY: Prometheus Books.
- Freeman, R., & Reed, D. (2007). Stockholders and Stakeholders: A new perspective on corporate governance. In A. Zakhem, D. Palmer, & D. Stoll (Eds.), *Stakeholder theory: Essential readings in ethical leadership and management* (pp. 49-55). Amherst NY: Prometheus Books.
- Freeman, R., Wicks, A., & Parmer, B. (2004). Stakeholder Theory and "The Corporate Objective Revisited". *Organization Science*, 15(3), 364.
- Freeman, R., Wicks, A. C., & Parmar, B. (2004). Stakeholder Theory and "The

A Normative Model for Strategic Planning

Corporate Objective Revisited". *Organization Science*, 15(3), 364-369.

doi:10.1287/orsc.1040.0066

Friedman, A., & Miles, S. (2006). *Stakeholders: Theory and practice*. Oxford:

Oxford University Press.

Frooman, J. (1999). Stakeholder Influence Strategies. *Academy of Management*

Review, 24(2), 191.

Gibson, D., Gonzales, J., & Castanon, J. (2006). The Importance of Reputation
and the Role of Public Relations. *Public relations quarterly*, 51(3), 15.

Golembiewski, R. (2000). *Handbook of organizational consultation* (2nd ed.).

New York: Dekker.

Goodstein, L., Nolan, T., & Pfeiffer, W. (1993). *Applied strategic planning: A
comprehensive guide*. New York: McGraw-Hill.

Goodwin, N. (2003). *Five kinds of capital: Useful concepts for sustainable*

development (Working Paper No. No 03-07). Global Development and
Environment Institute.

Grant, R. (1991). The Resource-Based Theory of Competitive Advantage:

Implications for Strategy Formulation. *California Management Review*,
Spring, 114-135.

Grant, R. (1998). *Contemporary strategy analysis: Concepts, techniques,*

applications (3rd ed.). Cambridge MA: Blackwell.

Grimes, A. (1996). Monetary Policy. In B. Silverstone, A. Bollard, & R.

Lattimore (Eds.), *A study of economic reform: The case of New Zealand*
(pp. 247-278). Wellington: Elsevier.

Hage, J. (1972). *Techniques and problems of theory construction in sociology*.

New York: J. Wiley.

A Normative Model for Strategic Planning

- Haines, N. (2002). Collaborative Planning. In P. Allmendinger & M. Tewdwr-Jones (Eds.), *Planning futures: New directions for planning theory*. New York: Routledge.
- Haines, S., & Ebooks Corporation. (2000). *The Systems Thinking Approach to Strategic Planning and Management*. Hoboken: CRC Press,
- Hardina, D. (2002). *Analytical skills for community organization practice*. New York: Columbia University Press.
- Harrison, J., & St John, C. (1991). Strategic Management of Organizations and Stakeholders: Concepts and Cases. In K. Goodpaster (Ed.), *Business Ethics and Stakeholder Analysis*, Q1 (Vol. 1, pp. 53-73). Cincinnati: South-Western College Pub.
- Hasnas, J. (2008). The Normative Theories of Business ethics. A guide for the perplexed. In A. Zakhem, M. Palmer, & D. Stoll (Eds.), *Stakeholder theory: Essential readings in ethical leadership and management* (pp. 115-123). New York: Prometheus Books.
- Hax, A. (1998). Defining the Concept of Strategy. In B. Wit (Ed.), *Strategy: Process, content, context: An international perspective* (2nd ed., pp. 28-32). London: Thomson.
- Healy, P. (1997). *Collaborative planning: Shaping places in fragmented societies*. Basingstoke: Macmillan.
- Hicks, M. (2004). *Problem Solving in Decision Making: Hard, Soft and Creative Approaches*. (2nd ed.). London: Thomson Learning.
- Hofstede, G., & et al. (2004). *Hide or confide?: The dilemma of transparency*. 's-Gravenhage: Reed Business Information.
- Hoisington, S., & Vaneswaren, S. (2005). *Implementing strategic change: Tools*

A Normative Model for Strategic Planning

for transforming an organization. New York: McGraw-Hill.

- Howard, R., & Norgaard, R. (2002). Intergenerational Resource Rights, Efficiency, and Social Optimality. In J. Pezzey & N. Toman (Eds.), *The economics of sustainability*. Burlington Vt.: Dartmouth Publishing Co.
- Howlett, M., & Ramesh, M. (1995). *Studying public policy: Policy cycles and policy subsystems*. New York: Oxford University Press.
- Hunger, J., & Wheelan, T. (1996). *Strategic management* (5th ed.). Reading MA: Addison-Wesley Pub. Co.
- Hussey, D. (1994). *Strategic management: Theory and practice* (3rd ed.). Oxford UK: Alden Press.
- Hussey, D. (1998). *Strategic management: From theory to implementation* (4th ed.). Oxford: Butterworth-Heinemann.
- Hussey, D. (1999). *Strategy and planning: A manager's guide* (New ed.). New York: Wiley.
- Inkson, K., & Kolb, D. (1995). *Management Perspectives for New Zealand: (NZDB 130)* (3rd ed.). Auckland: Longman Paul.
- Innes, J. E., & Booher, D. E. (1999). Consensus Building and Complex Adaptive Systems - A Framework for Evaluating Collaborative Planning. *Journal of the American Planning Association*, 65(4), 412.
doi:10.1080/01944369908976071
- Interorganizational Committee on Guidelines and Principles for Social Impact Assessment. (1994). *Guidelines and principles for social impact assessment*. [S.l.]: U.S. Dept. of Commerce National Oceanic and Atmospheric Administration National Marine Fisheries Service.
- IPS. (2002). *Strategic Planning and Decision making in New Zealand Local*

- Government. Local Futures Research Project. Wellington NZ: Institute of Policy Studies.*
- IPS. (2006). *Local government, strategy and communities*. Wellington NZ: Institute of Policy Studies.
- Irvin, G. (1978). *Modern cost-benefit methods: An introduction to financial, economic and social appraisal of development projects*. London: MacMillan Press.
- IUCN. (1980). *World Conservation Strategy: Living Resource Conservation for Sustainable Development*. International Union for Conservation of Nature and Natural Resources.
- Johnson, G., & Scholes, K. (1999). *Exploring corporate strategy* (5th ed.). London: Prentice Hall Europe.
- Jones, G., & George, J. (2003). *Contemporary management* (3rd ed.). New York: McGraw-Hill.
- Joyce, P. (1999). *Strategic management for the public services*. Buckingham: Open Univ. Press.
- Kaplan, R., & Norton, D. (2001). *The strategy-focused organization: How balanced scorecard companies thrive in the new business environment*. Boston MA: Harvard Business School Press.
- Kaplan, R., & Norton, D. (2004). *Strategy maps: Converting intangible assets into tangible outcomes*. Boston: Harvard Business School Press.
- Kaplan, R., & Norton, D. (2006). *Alignment: Using the balanced scorecard to create corporate synergies*. Boston MA: Harvard Business School Press.
- Kelsey, S. (1992). Nations, Cities Roundtable Weekly. *Nations, Cities Roundtable Weekly*, 15(27), 6.

A Normative Model for Strategic Planning

- Kenny, M., & Meadowcroft, J. (1999). *Planning sustainability*. New York: Routledge.
- KHGD. (2004). *The Knowhow Guide to Decision Making under the Local Government Act 2002*. NZ Government, Local Government NZ, NZ Society of Local Government Managers.
- KHGG. (2004). *The Knowhow Guide to Governance under the Local Government Act 2002*. N Z Government, Local Government NZ, NZ Society of Local Government Managers.
- Kotter, J. (1990). *A force for change: How leadership differs from management*. New York: Free Press.
- Kotter, J. (1996). *Leading change*. Boston MA: Harvard Business School Press.
- Krishna, A., & Shrader, E. (1999). Social Capital Assessment Tool. Presented at the Social Capital and Poverty Reduction, Washington DC: World Bank.
- Lafferty, W., & Langhelle, Q. (1998). Sustainable Development as a Concept and Norm. In W. Lafferty & O. Langhelle (Eds.), *Towards sustainable development: On the goals of development-and the conditions of sustainability*. Houndmills: Macmillan.
- Laszlo, C. (2003). *The sustainable company: How to create lasting value through social and environmental performance*. Washington DC: Island Press.
- Layard, P., & Glaister, S. (1994). *Cost-benefit analysis* (2nd ed.). New York: Cambridge University Press.
- Lemons, J., & Morgan, P. (1995). Conversations of Biodiversity and Sustainable Development. In J. Lemons & D. Brown (Eds.), *Sustainable development: Science, ethics, and public policy*. Dordrecht: Kluwer Academic Publishers.

A Normative Model for Strategic Planning

- Lewin, C., Somekh, B., Stonech, I., Nolan, M., & Stake, J. (2006). *Research methods in the social sciences* (Reprinted.). London: Sage Publications.
- Lindblom, C. (1990). *Inquiry and change: The troubled attempt to understand and shape society*. London: Yale University Press.
- Lindblom, C., & Woodhouse, E. (1993). *The policy-making process* (3rd ed.). Englewood Cliffs NJ: Prentice Hall.
- Little, A., & American Institute of Chemical Engineers. (2000). *Total cost assessment methodology internal managerial decision making tool*. New York: American Institute of Chemical Engineers.
- Lorange, P. (1993). *Implementing strategic processes: Change, learning, and co-operation*. Cambridge MA: Blackwell Business.
- Lorca, P., & Garcia-Diez, J. (2004). The relation between firm survival and the achievement of balance among its stakeholders: An analysis. *International Journal of Management*, 21(1), 93.
- MacMillan, I., & Jones, P. (1986). *Strategy formulation: Political concepts* (2nd ed.). St. Paul: West Publ. Co.
- Majone, G. (1989). *Evidence, argument, and persuasion in the policy process*. New Haven: Yale University Press.
- Marcoux, A. (2007). A Fiduciary argument against stakeholder theory. In A. Zakhem, D. Palmer, & D. Stoll (Eds.), *Stakeholder theory: Essential readings in ethical leadership and management* (pp. 124-133). Amherst NY: Prometheus Books.
- Mathur, V., Price, A., & Ali, S. (2008). Conceptualizing stakeholder engagement in the context of sustainability and its assessment. *Construction Management and Economics*, 26(6), 601-609.

- Maurrasse, D. (2003). *A future for everyone innovative social responsibility and community partnerships*. New York: Routledge.
- McCarthy, M., & Stein, J. (2003). *Agile business for fragile times: Strategies for enhancing competitive resiliency and stakeholder trust*. New York: McGraw-Hill Education - Europe.
- Meadowcroft, J. (2000). Sustainable Development: a New(ish) Idea for a New Century? *Political Studies*, 48(2), 370-387. doi:10.1111/1467-9248.00265
- Meadows, D., Randers, J., & Behrens, W. (1972). *The limits to growth*. New York: Universe Books.
- Mercer, J. (1991). *Strategic planning for public managers*. New York: Quorum Books.
- Miller, D. (1994). *Handbook of research design and social measurement* (5th ed.). Newbury Park: Sage.
- Ministry for the Environment. (1993). *Making connections: An overview of Agenda 21*. Wellington: Ministry for the Environment.
- Mintzberg, H. (1994). Rethinking strategic planning part II: New roles for planners. *Long Range Planning*, 27(3), 22-30. doi:10.1016/0024-6301(94)90186-4
- Mitchell, R., Agle, B., & Wood, D. (2007). Toward a theory of stakeholder identification and salience. In A. Zakhem, D. Palmer, & D. Stoll (Eds.), *Stakeholder theory: Essential readings in ethical leadership and management* (pp. 166-178). Amherst NY: Prometheus Books.
- Mulgan, R. (1997). *Politics in New Zealand* (2nd ed.). Auckland: Auckland University Press.
- Nagel, S. (Ed.). (1990). *Policy theory and policy evaluation: Concepts,*

knowledge, causes and norms. New York: Greenwood.

Nas, T. (1996). *Cost-benefit analysis: Theory and application*. London: Sage Publications.

OAG. (2005). Part 2: The process for auditing Long-Term Council Community Plans — Office of the Auditor-General New Zealand. *Auditor-General's website*. Retrieved June 10, 2010, from <http://www.oag.govt.nz/local-govt/2004-05/part2.htm>

O'Donoghue, T., & Punch, K. (2003). *Qualitative educational research in action: Doing and reflecting*. London: Routledge/Falmer.

OECD. (1996). *OECD economic surveys 1995-1996: New Zealand* (pp. 27-45). Paris: OECD.

OECD. (2001a). *Sustainable development: Critical issues*. Paris.

OECD. (2001b). *Policies to enhance sustainable development*. Paris: OECD.

OECD. (2001c). *Social sciences for knowledge and decision making*. Paris: Organisation for Economic Co-operation and Development.

OECD. (2001d). *Strategies for sustainable development : guidance for Development Co-operation*. Paris: OECD.

OECD. (2001e). *The DAC Guidelines Strategies for Sustainable Development: Guidance for development co-operation*. Paris.

OECD. (2002). *: The role of social protection*. Paris.

O'Leary, Z. (2004). *The essential guide to doing research*. London: SAGE.

Parker, M. (1992). Post-Modern Organizations or Postmodern Organization Theory? *Organization Studies*, 13(1), 1.

Pasour, E. C. (1993). Economics and the public policy process: What can

A Normative Model for Strategic Planning

economists do? *New Zealand Economic Papers*, 27(1), 1.

doi:10.1080/00779959309544198

Patton, M. (1990). *Qualitative evaluation and research methods* (2nd ed.).

Newbury Park CA: Sage Publications.

Pearce, D. (1988). Economics, equity and sustainable development. *Futures*,

20(6), 598-605. doi:10.1016/0016-3287(88)90002-X

Pearce, D. (1989). *Cost-benefit analysis* (2nd ed.). Basingstoke Hampshire:

Macmillan.

Pezzey, J., & Toman, M. (2002). *The economics of sustainability*. Burlington VT:

Dartmouth Publishing Co.

PRE Consultants. (2005). Life Cycle Impact Assessment. *Product Ecology*

Consultants. Retrieved June 10, 2010, from

http://www.pre.nl/life_cycle_assessment/impact_assessment.htm

Punch, K. (1998). *Introduction to social research : quantitative and qualitative*

approaches. London: SAGE Publications.

Radford, K. (1980). *Strategic planning: An analytical approach*. Reston VA:

Reston Pub. Co.

Rao, P. (2000). *Sustainable development: Economics and policy*. Malden MA:

Blackwell Publishers.

Ravetz, J. (1997). *Integrated environmental assessment forum: Developing*

guidelines for "good practice". Darmstadt: University of Technology

Center for Interdisciplinary Studies in Technology.

Rees, W. (1999). Scale, complexity and the conundrum of sustainability. In

Planning sustainability. New York: Routledge.

Rein, M., & Schon, D. (1991). Frame-Reflective Policy Discourse. In P. Wagner

A Normative Model for Strategic Planning

(Ed.), *Social sciences and modern states : national experiences and theoretical crossroads*. New York: Cambridge University Press.

Risbey, J., Kandlikar, M., & Patwardhan, A. (1996). Assessing Integrated Assessments. *Climatic Change*, 34(3/4), 369.

Robert, M. (2006). *The new strategic thinking: Pure and simple*. New York: McGraw-Hill.

Robson, C. (2002). *Real world research: A resource for social scientists and practitioner-researchers* (2nd ed.). Oxford UK: Blackwell Publishers.

Sarkis, J. (2001). *Greener manufacturing and operations: From design to delivery and back*. Sheffield: Greenleaf.

Sayles, L. (1979). *Leadership: What effective managers really do ... and how they do it*. New York: McGraw-Hill.

Scollay, R., St John, S., & Horsman, J. (1993). *Macroeconomics: Principles and New Zealand policy issues*. Auckland: Longman Paul.

SDPoA. (2003). *Sustainable Development for New Zealand Programme of Action* (No. ME461). Department of Prime Minister and Cabinet. NZ Government. Retrieved from <http://www.beehive.govt.nz/sites/all/files/30199-med-susined-developm.pdf>

Sedgwick, P. (2001). Transnational urbanism. *City: analysis of urban trends, culture, theory, policy, action*, 5(2), 249.

doi:10.1080/136048101200924490

Senge, P. (1994). *The fifth discipline. The art and practice of learning organisations*. Sydney: Random House.

Shapira, Z. (1997). *Organizational decision making*. Cambridge: Cambridge

University Press.

Sharma, S., Aragon-Correa, A., & Rueda-Manzanares, A. (2007). The Contingent Influence of Organizational Capabilities on Proactive Environmental Strategy in the Service Sector: An Analysis of North American and European Ski Resorts. *Revue canadienne des sciences de l'administration = Canadian journal of administrative sciences.*, 24(4), 268-283.

Sharma, S., & Starik, M. (2002). *Research in corporate sustainability: The evolving theory and practice of organizations in the natural environment*. Cheltenham: Edward Elgar.

Shenkman, M. (1996). *The strategic heart: Using the new science to lead growing organizations*. Westport Conn: Praeger.

Sims, R. (2003). *Ethics and corporate social responsibility: Why giants fall*. Westport Conn.: Praeger.

Singer, A. (1996). *Strategy as rationality re-directing strategic thought and action*. Brookfield VT: Avebury.

Smith, G., Arnold, D., & Bizzell, B. (1991). *Business strategy and policy* (3rd ed.). Boston: Houghton Mifflin Co.

Smith, N. (1994). *Down-to-earth strategic planning*. Sydney: Prentice Hall.

Snyder, N., Dowd, J., & Morse-Houghton, D. (1994). *Vision, values, and courage: Leadership for quality management*. New York: Free Press.

Soklaridis, S. (2009). The process of conducting qualitative grounded theory research for a doctoral thesis: Experiences and reflections. *Qualitative Report*, 14(4), 719-734.

Solow, R. (1987). *Growth theory: An exposition*. New York: Oxford University Press.

A Normative Model for Strategic Planning

- Sowell, T. (1980). *Knowledge and decisions*. New York: Basic Books Inc.
- Spicker, P. (2006). *Policy analysis for practice: Applying social policy*. Bristol: Policy.
- Stead, W., & Stead, J. (2004). *Sustainable strategic management*. Armonk NY: M.E. Sharpe.
- Steiss, A. (2003). *Strategic management for public and nonprofit organizations*. Public Administration and Public Policy/102. New York: Marcel Dekker.
- Stiglitz, J. (1994). Discount rates: The rate of discount for benefit-cost analysis and the theory of the second best. In *Cost-benefit analysis* (2nd ed.). New York: Cambridge University Press.
- Stokey, E., & Zeckhauser, R. (1978). *A primer for policy analysis* (1st ed.). New York: W.W. Norton.
- Suchman, M. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review*, 20(3), 571.
- Sutherland, J., & Canwell, D. (2004). *Key concepts in strategic management*. New York: Palgrave Macmillan.
- Task Force on Economic and Social Planning. (1976). *New Zealand at the turning point*. Wellington: Ministry of National Development, New Zealand Parliament.
- Teck, F., & Grinyer, P. (1994). *Organizing strategy: Sun Tzu business warcraft: based on a major study of ASEAN corporations*. Oxford: Butterworth-Heinemann Asia.
- United Nations Conference on Environment and Development. (1992). *Agenda 21: Programme of action for sustainable development: Rio declaration on environment and development: Statement of forest principles*. New York:

United Nations.

Van Roon, M., & Knight, S. (2004). *Ecological context of development: New Zealand perspectives*. Melbourne: Oxford University Press.

Vanclay, F. (2003). *Social Impact Assessment. International Principles*. (No. Special Publication Series No. 2). IAIA Headquarters. International Association for Impact Assessment.

Wackernagel, M. (2001). *Advancing Sustainable Resource Management: Using Ecological Footprint Analysis for Problem Formulation, Policy Development, and Communication*. DG Environment, European Commission.

Walker, D., Bourne, L., & Shelley, A. (2008). Influence, stakeholder mapping and visualization. *Construction Management and Economics*, 26(6), 645-658.

Wallner, J. (2008). Legitimacy and Public Policy: Seeing Beyond Effectiveness, Efficiency, and Performance. *The Policy Studies Journal*, 36(3), 421-443.

WCED. (1987). *Our common future*. Brundtland Report. New York: Oxford University Press.

Weaver, J., Rock, M., & Kusterer, K. (1997). *Achieving broad-based sustainable development: Governance, environment, and growth with equity*. West Hartford Conn: Kumarian Press.

Weimer, D., & Vining, A. (2005). *Policy analysis: Concepts and practice* (4th ed.). Upper Saddle River NJ: Pearson Prentice Hall.

Welford, R. (1994). *Environmental strategy and sustainable development: The corporate challenge for the 21st century*. London: Routledge.

Willard, B. (2002). *The sustainability advantage: Seven business case benefits of a triple bottom line*. Gabriola Island BC: New Society Publishers.

- Williams, D. (1997). *Environmental and resource management law in New Zealand* (2nd ed.). Wellington: Butterworths.
- Williamson, D., Jenkins, W., Cooke, P., & Moreton, K. (2004). *Strategic management and business analysis*. Boston: Elsevier Butterworth-Heineman.
- Wolfe, R. A., & Putler, D. S. (2002). How Tight Are the Ties that Bind Stakeholder Groups? *Organization Science*, 13(1), 64-80.
doi:10.1287/orsc.13.1.64.544
- Wood, C. (1995). *Environmental impact assessment: A comparative review* (1st ed.). Harlow: Longman Publishing Group.
- Yates, J. (2003). *Decision management how to assure better decisions in your company*. New York: John Wiley & Sons,
- Yin, R. (1989). *Case study research: Design and methods* (Rev. ed.). Newbury Park CA: Sage.
- Young, G. (1992). Corporate Debt. *National Institute Economic Review*, 139, 88-94.