Linking Strategy and Performance Management
Case: Ministry of the Interior
ARLA JUNTUNEN

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Performance Management

Case: Ministry of the Interior

ACADEMIC DISSERTATION
To be presented, with the permission of the Board of the School of Management of the University of Tampere, for public discussion in the auditorium Pinni B 1096, Kanslerinrinne 1, Tampere, on 23 October 2015, at 12 o’clock.

UNIVERSITY OF TAMPERE
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Arla Juntunen
Abstract

“There is a fundamental distinction between strategy and operational effectiveness” and “operational effectiveness is not strategy”. (Michael Porter, 1996) These statements describe what this research was set off to explore: The research objectives of this study aimed at contributing to the strategy development and performance management discussion by offering a view of how performance management and strategy development processes were practically managed in a public sector organization. The research questions chosen were:

1. How the corporate strategy and the strategy process are linked with the performance management process in a practical level in different operational environments?

2. Ministry as a strategic entity: (2a) what are the challenges at the ministry-level, (2b) what is causing strategic flexibility or rigidity at the ministry-level, and (2c) the roles of the top management in strategic management?

This qualitative case study reviews the previous research of strategy and performance management and links the empirical findings with the previous theoretical research. Several important aspects were examined in this study. First, the strategy process and the performance management process in a practical level from the year 1990 to the year 2014. Secondly, the flexibility and rigidity of the strategy development and the strategic stance of the ministry is discussed as well as the role of the top management, the middle management, and the consultants in the strategy process. The main interorganizational networks and programs were also reviewed and their impact on the strategy and on the performance management was reviewed.

Furthermore, the organizational identity change from the ministry responsible for the internal affairs towards the ministry responsible of the internal security has challenged the case organization and forced the organization to reposition itself in the national security sector. Some ideas for further research were outlined based on the case analysis and findings.

Keywords: Public Sector, Corporate Strategy, Strategic management, Performance Management, Network management, Balanced Scorecard, Performance Prism, Organizational Identity, Internal Security
"Strategian ja operatiivisen tehokkuuden välillä on perustavanlaatuinen ero" ja "toiminnan tehokkuus ei ole strategiaa". (Michael Porter, 1996) Tämä kuvaa tutkimuksen lähtökohtia: Tutkimuksessa haettiin lisätietoa ministeriötason strategian kehittämisestä ja tulosohjauksesta käytännön tasolla. Tutkimuskysymysiksi valittiin:

1. Miten strategia ja strategiaprosessi kytkeytyvät käytännön tasolla eri toimintaympäristöissä?
2. Ministeriön strategisena kokonaisuutena: (2a) mitkä ovat ministeriötason strategiset haasteet, (2b) mitkä takaavat strategista ketteryyttä tai luovat strategista jäykkyyttä, ja (2c) mikä on ylimmän johdon rooli strategisessa johtamisessa?


Tärkeimmä veroostoja ja hallinnonalan yllättävä ohjelmia tarkastellaan tässä tutkimuksessa strategiaan ja tulosohjaukseen vaikuttavina kokonaisuuksina. Organisaation identiteetin muutos sisäisin ministeriöstä sisäisen turvallisuuden alan keskeiseksi toimijaksi tuli esille tutkimuksessa ja tämän organisaatio identiteetin muutosta tarkasteltiin strategian ja strategisen asemoinnin kannalta turvallisuussektorilla.

Avainsanat: Julkinen sektori, strategia, strategiaprosessi, strateginen ketteryys, tulosohjaus, verkostot, verkostojohtaminen, tasapainotettu tuloskortti, tulosprisma, sisäinen turvallisuus,
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Action plan – toimintasuunnitelma

Agencification – describes the process of delegation and decentralization, in which more autonomy, particularly in personnel and financial issues, is granted to public agencies, which either remain legally part of the state or acquire an independent legal status. It can also mean creating or moving functions to bodies, which are subsidiary or separate from ministries/departments (OECD, 2002, p.121)

Annual Report – vuosikertomus, toimintakertomus

Appointment decision – asettamispäätös e.g. appointment of a working group

BSC-model, Balanced Score Card. Balanced Score Card is a strategic planning and management tool and a performance framework to assess the different viewpoints of the organization. The framework included non-financial performance measures to organization’s financial metrics and created a more balanced view of the organizational performance (Kaplan & Norton, 1996)

Budget proposal – talousarvosuunnitelma


Co-evolution is a result from a combination of the strategic, adaptive actions of different actors. In complexity theory, strategies are seen not as one-sided responses to a changing environment but all the actions of different actors in networks and their interaction shape the environment (see e.g. Klijn, 2008, Mitleton-Kelly, 2003).

Collaboration in a network means knowledge sharing among participants.

Complexity theory – Includes several theories (see e.g. MacIntosh et al, 2006). In complexity theory, strategies are seen not as one-sided responses to a changing environment but all the actions of different actors in networks and their interaction shape the environment (see e.g. Klijn, 2008, Mitleton-Kelly, 2003).

Complex systems are “comprised of numerous interacting identities (parts), each of which is behaving in its local context according to some rule(s), law(s) or force(s)” (Maguire and McKelvey, 1999, p.26).

Comprehensive strategy concept is used to refer to a strategy that covers the preparedness of the society, crisis management of normal and emergency situations. (Ministry of Defense, 2011, p.3)

Cooperation in a network means to work together to create an end-product. Roschelle and Teasley (1995, p.70) defined the concept of cooperation as “the mutual engagement of participants in a coordinated effort to solve the problem together”.

Corporate strategy – konsemistrategia. The corporate strategy in this research means the strategy for the administrative sector. It aligns the goals for the next three years for the administrative branch.
Cost-effectiveness index of the Finnish Border Guard is based on the products and services delivered and produced vs. the costs related to these activities. (The Finnish Border Guard, 2013)

E-government denotes the use of information and communications technology to change the structures and processes of government organizations (Beynon-Davies, 2005, p.3).

Environment – The concept of the environment has been discussed in several research articles (see e.g. Emery and Trist, 1965; Lawrence and Lorsch, 1967; Perrow, 1967). In this study, the term environment means (1) the surroundings or conditions in which an organization operates, and also (2) the setting or conditions in which a particular activity is carried on. The macro environment in this study means the “external and uncontrollable factors that influence an organization's decision making, and affect its performance and strategies” (www.businessdictionary.com).

EU – European Union.

Fitness landscape – choices and events shape the operational environment and the positions of actors (the fitness landscape), then the task of the manager is to seize the opportunities, and use them to realize policy proposals or to adapt, in such a way that they fit the landscape. (Klijn, 2008, p.314) See also self-organizing systems.

FTE—full-time equivalent hours (in Finnish HTV). FTE is a unit that indicates the workload of an employed person in a comparable way across the organization. In Finland, FTE is calculated as follows: \[ \text{FTE} = \frac{\text{employment days}}{365} \times k, \] in which the employment days are the paid days for the employee, and \( k \) represents the full-time work days of the employee. \( k = \frac{\text{sta}}{\text{nsta}} \) in which the \( \text{sta} \) is the actual regular working hours of a person, a time period during which the person's regular working hours are determined (e.g. 1day/wk, 2-wks, 3-wks). \( \text{nsta} \) = the average regular, full-time theoretical working time in hours during the same period (e.g. 1day/wk, 2-wks, 3-wks). For example. If a person is full-time and makes normal office hours (36.25 hours / week) factor of \( k = \frac{36.25}{36.25} = 1 \).

Governance – hallintaa. This study uses governance to refer to the modes by which organization is operating with the other actors of its macro environment, and to the organizational and managerial arrangements of their internal government.

Governancing – The term refers to governance-in-action (Barkay 2009) and to the institutional designs by actors involved in governing, informal and formal networks designed for centralization or de-centralization of government. (Levi-Faur, 2012)


Government Program is an action plan agreed by the political parties in Government and outlining the Government’s main functions. (www.vn.fi)

Government statement – valtioneuvoston tiedote, tiedonanto. A statement given by the Prime Minister’s Office.

Institution – An institution can be defined as a set of "interrelated practices and routines, sometimes formalized into formal law and sometimes less specified" (March and Olsen 1995, p.35).

KPI – Key performance indicator

MBO – Management by Objectives.

Mission – In this study mission defines the reason, the fundamental purpose for organization's existence.

MPR-cooperation – Immigration, Police and Border Guard Cooperation, a multi-agency cooperation network.

Network Node – how an organization is connected to other organizations in a business network. Each network consists of a number of nodes (links) that performs a specific task(s) in a network.

Network Society - The network society (Castells, 2010) refers to the Castell’s view of how we the society is becoming more nationally and globally networked and the importance of technology, information and knowledge are more and more important. Castells discusses of the change from industrial society with human networks to information society that is characterized by digital networking (Castells, 2010, xviii).

NGO – A non-governmental organization is neither a part of the government or for-profit business organization. They can be city-wide, community-based, charitable o, participatory, national or international organizations.

Operating and financial plan – (toiminta- ja taloussuunnitelma) is a three-year-plan for the administrative sector. (Prime Minister’s Office, 2011)

Operational environment – Is the external environment where the case organization operates and functions. It is the surrounding environment in which the case organization has or intents to control.

Organization – Ouchi views organizations as "any stable pattern of transactions between individuals or aggregations of individuals" (Ouchi, 1980, p.140).

Organizational identity – The concept of organizational identity in this study refers to the concept of self-identity: the way the organization defines itself and how the members define themselves (cf. Albert et al. 2008).

Organizations as anarchies – Organizations are not well-organized rational systems but anarchies where separate solutions, problems and events flow which have to be connected (Klijin, 2008, p. 299-317; Cohen et al, 1972).

Performance Agreement – tulossopimus, Performance agreement is made yearly with the Ministry and its subsidiary agencies and units. A performance agreement is a control tool which a ministry uses to agree with its subsidiary agencies and units on available resources and performance targets (Ministry of Finance, 2006a, p.139).

Performance discussion – tulokkeskustelu. These discussions are held once a year between the supervising party and the subsidiary party. It is a follow-up discussion of the Performance Plan.

Performance management “is an agreement-based interactive control model. Its operational core is in the ability of the agreement parties to find the appropriate balance between the available resources and the results to be attained with them. The basic idea of performance management in operations is to balance resources and targets.” It also aims at efficiency, and quality, and that “the desired effects are cost-efficiently achieved.” (Ministry of Finance, 2006a, p.7) Performance
management generalizes the collected data to provide information about the future (Lebas, 1995).

**Performance measurement** is about the past, collecting data for the performance management. Radnor and Barnes (2007) define the performance measurement as follows: “Performance measurement is quantifying, either quantitatively or qualitatively, the input, output or level of activity of an event or process. Performance management is action, based on performance measures and reporting, which results in improvements in behavior, motivation and processes and promotes innovation (p. 393).”

**Performance Plan** – tulossuunnitelma, a yearly plan made by the Agency for its sector or by the unit accountable for reporting

**Performance Prism, Tulosprisma.** The Handbook on Performance Management published by the Ministry of Finance (2006a) uses the English term Performance Prism for the performance model called Tulosprisma (See e.g. Ministry of Finance, 2006a, p.45; Ministry of Finance, 2012a). Performance Prism is an interactive, agreement-based approach to performance management (Ministry of Finance, 2006a, p. 7). The model focuses on the contracting parties and their ability to find the right balance between available resources and the targeted results. “The basic idea of performance management in operations is to balance resources and targets on the one hand and efficiency and quality on the other as well as possible and to ensure that the desired effects are cost-efficiently achieved.” (Ministry of Finance, 2006a, p. 7).

**Performance reporting** is recording performance against a target or including analysis (See also Radnor & Barnes, 2007).

**Performance target.** The target is described by an agency, body or function, related to performance guidance and performance budgeting for the fiscal year. Where performance targets have been stated, they are often connected with a performance data table and/or a cost-effectiveness calculation. (See also Valter – Government Termbank)

**Performance target negotiations.** The stage of budget implementation in which performance targets are determined and confirmed by each administrative branch. The negotiations are held between the supervising party with the supervised party (See Valter – Government Termbank).

**Planning order, Suunnittelumääräys.** The Finance Department of the Ministry of the Interior delivers this yearly. It follows the general performance management process of the Finnish Government. All the departments of the Ministry of the Interior plan their operations and finances, and their operational performance one year ahead. The planning order guides the yearly operational and financial planning by setting the financial and operational targets that needs to be reached with the resources available. The goals are divided according to sectoral requirements. Each sector e.g. Border Guard, Police, Immigration and Rescue Services are required to plan their operations and finance it so that they will reach the given targets. The different sectors are required to report their performance using the Performance Prism’s four target areas: 1) policy effectiveness, 2) operational efficiency (productivity, profitability and cost-efficiency in use of resources), 3) outputs and quality management (products and services, service quality and service capacity), and 4) management and development of human resources (competence and renewal) (Ministry of Finance, 2006a).
Policy, policies. “Policies are rules or guidelines that express the limits within which action should occur. The rules often take the form of contingent decision for resolving conflicts among specific objectives.” (Mintzberg and Quinn, 1996, p.4)

**Policy effectiveness** “(also referred to as ‘societal impacts’ and ‘social effectiveness’) describes how social development policy targets have been attained. Policy effectiveness thus describes how well social development policy has succeeded, measuring the impacts of measures on rather broad task areas and social targets, such as sufficient social security, efficient and high-quality health care, equitable income distribution, and employment. The purpose of policy effectiveness is to respond to the needs of society and to ensure social development, economic growth, employment, and so on. Thus, policy effectiveness forms part of the performance which an individual agency or institution can influence for its own part. The accountability of the Government and ministries lies largely in policy effectiveness.” (Ministry of Finance, 2006a, p.139)

**Policy program.** The program management model was introduced in spring 2003 in Finland. It is based on the major cross-sectoral activities in the Government Program, known as policy programs. Policy programs are used in coordinating implementation of the Government Program. Policy programs are intended to make the monitoring and assessment of policies more systematic and to increase cross-sectoral networking, and thus, also more effective performance (Ministry of Finance, 2006a, p.139)

**Pracademic** is a person who is both an academic and an active practitioner in their subject area. (See e.g. Hanbury 2004; Price, 2001; Volpe & Chandler, 2001)

**Process.** A process can be defined as a particular course of action intended to reach a particular objective. (Oxford Dictionary of English, 2003) A process is “a set of logically related tasks performed to achieve a defined business outcome” (Davenport & Short, 1990; see also Davenport, 1993 of process innovation). In Davenport & Short’s view (1990) processes have the following important characteristics: (i) Processes have internal or external customers, and (ii) Processes cross-organizational boundaries i.e. they take place between organizational entities, and they can be cross-functional, and (iii) they can involve managerial or operational functions resulting manipulation of information-based or physical objects. (See also Kasi & Tang, 2005, p. 226)

**Process owner** is responsible of the process performance, documentation, and resources.

**Productivity** “is a measure of the efficiency of operations, defined as the ratio of operational outputs to the expenditure used to achieve them: outputs/inputs = productivity. Overall outputs divided by overall expenditure equals overall productivity. Overall outputs divided by labor input equals work productivity”. (Ministry of Finance, 2006a, p.139)

**Profitability** “The profitability of chargeable activities is measured as the difference between the sales revenue on performances and the costs of the use of production factors (cost-equivalence) and a ratio (cost-equivalence-ratio).” (Ministry of Finance, 2006a, p.139)

**Projectization.** In this study, the concept refers to the development of project management body and infrastructure, and taking care of and organizing different operations and development plans in a form of a project with a specific responsible body, timeline and team members to do the tasks.
PTR-cooperation. Police, Customs and Border Guard Cooperation, a multi-agency cooperation network enforced by law.

Public-private partnership (PPP). The concept of the public-private partnership stands for government contracts in which the private sector actor takes on more responsibility than has been customary before (Custos & Reitz, 2010, p.555)

Regional State Administrative Agencies – aluehallintovirasto (AVI). There are six Regional State Administrative Agencies in Finland. The agencies work in close collaboration with local authorities. These agencies aim is to improve regional equality by executing all legislative implementation, steering and supervision functions in the regions. The agencies reinforce implementation of basic rights and legal protection, access to basic public services, environmental protection and sustainability, public safety and internal security, preparedness for emergency situations, and other duties in the regions. (www.avi.fi)

Result-Based Management (RBM).

Sector. Sector here refers to a specific business area or sector within an administrative branch e.g. Immigration, Police, Boarder Guard, and Rescue Services.

Sectoral silos – The sectors performed their tasks in silos; the interaction between the sectors was minimal. There were overlapping projects and tasks.

Self-organizing systems – Actors dynamically interact and recreate their environment in a system. The environment is co-created by these actors (e.g. Ståhle, 2008; Bovaird, 2008). “Self-organization can only occur in systems that are capable of remaining far from equilibrium, i.e. at the edge of chaos.” (Ståhle, 2008, p.7).

Self-renewal of systems – “The system’s capability of interaction will at once determine its changes of renewal, radical change, innovation and influence.” (Ståhle, 2008, p. 21). Sotarauta (2005) has specified five functions of self-renewal capacity to be based on: 1) exploitation of information and knowledge, 2) exploration i.e. attempt to find some new knowledge and information, 3) absorption ability to recognize the value of new, external information, assimilate it and apply it to commercial ends (See also Cohen & Levinthhal, 1990), 4) integration (connections to networks) and 5) leadership.

Social effectiveness – see policy effectiveness, societal impact.

Societal impact – With societal impact, the Performance Prism–model means the benefits created for the customers and citizens by the ministries and agencies. See also policy effectiveness.

Societal impact index of the Finnish Border Guard is based on five different areas: maintaining the border security, ensuring smooth border traffic, assisting activities of the border guards in scarcely populated areas and in coastal line. Increasing marine safety, participation in military defense. Each of the effectiveness of elements has a number of indicators. These form the weighted impact of the societal impact index. (The Finnish Border Guard, 2013)

Strategic actions – Strategic actions are “the steps that an organization takes to operationalize its stance” (Boyne & Walker, 2004, p. 232).

Strategic decision – Strategic decisions determine the direction of an organization and its ultimate viability in light of the possible changes that may occur in its most important surrounding environments. (Mintzberg and Quinn, 1996, p.4) Strategic decisions are guided by the values and interests of the top management and the political parties in power.
Strategic management – Strategic management is an ongoing process that incorporates strategic planning with other management systems. “It employs a strategic planning process that is externally oriented, issue-focused and opportunity-seeking.” (Koteen, 1997, p.20) The origins of the strategic management concept can be traced to Drucker’s (1954) text The Practice of Management.

Strategic objectives – Strategic objectives need to clarify the specific steps necessary to accomplish a strategy. (Rumelt, 2011)

Strategic planning is a management technique used to identify the organization’s abilities to achieve its strategic goals by examining its operational environment, its resources and performance.

Strategic predisposition – Strategic disposition in this study means that the organization favors some strategic choices over some other ones because of the organization’s previous history, culture, assets, and previous strategy choices. (cf. Chakravarthy & Perlmutter, 1985; Perlmutter, 1969)

Strategizing – “It’s clear that strategizing isn’t a “thing”, and neither is it a process. Instead, it must be a deeply embedded capability—a way of understanding what’s really going on in your industry, turning it on its head, and then envisioning the new opportunities that fall out. Strategizing is not a once-a-year rain dance, nor is it a once-a-decade consulting project. Strategizing must be a skill as deeply embedded as total quality, cycle-time reduction, or customer service.” (Hamel 1997, p. 77) In the case organization, strategizing referred to the strategy work. First time the term was used in 1991 in the Pike-project.

Strategy – There is no single, universally accepted definition for strategy. The concept has a long history in military context, and it is etymologically rooted in the Greek word strategos meaning "what general can do". More definitions see Chapter 3.

Strategy content – According to Boyne and Walker (2004, p.232): “The strategy content can be conceptualized at two levels. First, it can be seen as a general approach that describes the organization’s position and how it interacts with its environment” and they continue stating that they refer to this as “strategic stance,” or the broad way in which an organization seeks to maintain or improve its performance.”


Strategy process – Strategy process refers to the process dimension of strategic issues management (sensing, deciding, executing), and how the strategy is communicated and implemented within the organization.

Strategic stance – Organization’s strategic positioning in the operational environment.

Strategy tool – Strategy tool here refers to any method, model, technique, system, technology, framework, or approach used to facilitate strategy practice. Strategy tools can be either conceptual, such as frameworks like for instance scenario planning techniques, or these tools can be physical, for instance, software programs and documents. Strategy tools can be based on methods or theories originating from any discipline or school of thought. Examples include Balanced Scorecard applications, SWOT (strengths-weaknesses-opportunities-threats) analysis, Michael Porter’s five forces, Management Information Systems (MIS) and Decision Support Systems (DSS).
**Strategy work** – The praxis of strategy including the strategy formation, planning, implementing, communicating, etc. This includes both planned and emergent strategy practices.

**Street Safety Index** is a weighted ratio based on the amount robberies, assaults, drink-and-driving against the number of population size. It has been used since 1999 in the police. The bigger the number, the better the results because it shows that there are less crimes happening.

**Tame problem** – It has a relatively well-defined and stable problem statement. It is solvable. It also belongs to a group of similar, solvable problems (Ritter & Webber, 1973)

**Traffic Safety Index** was developed in 1999. It is a weighted numerical value based on the amount of registered cars and motorcycles in traffic divided by the number of dead and injured. The bigger the number, the better the traffic safety is when compared to the base number 1999 = 100.

**TQM** – Total Quality Management.

**UN** – United Nations.

**Vision** – Vision defines what the organization wants to be in the future and in what kind of an operational environment it wants to be in. Vision is often defined in the strategic planning.

**Wicked problems** – Complex societal problems that inherit knowledge-gaps, interlinked relationships to other problems. The boundaries and accountabilities of these problems are not clear. One of the features of these above mentioned complex social problems is that there exists underlying clashes of values, which are not effectively recognized and addressed (Head, 2008; Head, 2010; Schon & Rein, 1994). The opposite of wicked problem is tame. (Rittel & Webber, 1973)
1 Introduction

In this section, the background of the study is presented and the objectives of the study are defined. The introduction also describes the research structure, prescribing the previous research in this area. Finally, research approach is presented.

The ministries are responsible of the policy development and implementation of the Government’s Program and strategic goals. How ministries succeed in their performance and implementing their strategies can have a major impact in society and citizens. Therefore, the topic of this research, linking strategy to performance management process, is important from the practical viewpoint. In a single-case study, this research concentrates on the ministry-level strategic and performance management. This thesis describes a historical development of the strategy and performance management process in a case organization, namely the Ministry of the Interior, in Chapters 5-8. The timeframe of this study is from the year 1990 to the year 2014.

The next sections introduce the previous research on strategic and performance management. According to Poister, Pitts and Edwards (2010, p.540), the strategic management research is fragmented in public sector, and therefore, this study reviews only some of the essential studies in Chapter 3 related to the topic of this study. In the public sector area, strategy defines the political goals, but also according to Boyne (2003, p. 231), "strategy can be interpreted more broadly as a means to improve public services, whether these are provided by one agency or whole networks of organizations." In general, the topics of strategy, strategic planning, and strategy process have been studied from several viewpoints in a plethora of previous studies (see for example, Chandler, 1962; Andrews et al., 2005; 2009; Ansoff, 1965; Bevan & Hood, 2006; Boyd, 1991; Boyne et al., 2006; Boyne & Walker, 2004, 2010; Bryson & Alston, 2005; Bryson & al., 2010; van Dooren & al, 2010; Hood, 2007; Kirkhart, 2000; Lindblom, 1959; McLean et al., 2007; Moynihan, 2008; Porter, 1990, 1991; Mintzberg & Quinn, 1996; Quinn & Voyer, 1998; Quinn, 1980). Moreover, there is plenty of research for strategic planning in public sector (e.g., Bryson and Alston, 2005; Bryson et al., 2010, 2011; Eadie, 1982; Nutt & Backoff, 1992, 1995; Olsen & Bryson, 1988, 2004a; Poister,
Regardless of these previous strategic management studies, few international studies have been published concerning how the strategy is linked with the performance management (e.g. Boston & Pallot, 1997; Poister, 2010; Pollitt & Bouchaert, 2011, and see also the Cardiff research group publications in Chapter 3).

One of the challenges of strategic management stems from the networks: organizations today are embedded in a dense network of inter-organizational relationships with collaborating partners working interdependently towards a certain goal (Agranoff & McGuire 2003; van Bueren et al. 2003; Hanf and Scharpf, 1978; Head 2008; Keast et al., 2004; Kickert, et al., 1997; Klijn & Koppenjan, 2000; Klijn et al., 2010; Provan & Lemaire, 2012; Rittel & Webber, 1973). Managerial challenges can arise when the network and corporate strategies collide. This network and strategy view is reviewed in this thesis.

In this thesis, the performance management is considered from the point of view of the ministry. The case organization is responsible for the performance in its administrative branch. The performance management considers the process and the model used. When considering the performance management development during the years 1990-2014, there had been several efforts and methods in performance management in the case organization: The object-oriented budgeting and management by objectives (MBO) was introduced in late 1960s in Finland as a first effort to performance management. (OECD, 1997) However, MBO did not become a general practice in the Finnish public sector (OECD, 1997, p. 59) but it was still used in the public sector during the early 1990s. The results-based budgeting was introduced in 1992 in Finland. (OECD, 1997) Management through performance goals started in the early 2000s (Vakkuri, 2009, p.16; Kivelä, 2010).

The performance management has been studied from the point of view of the core elements (Pollitt, 2012), of the model (e.g. Kaplan & Norton, 1992, 1996; Määttä & Ojala, 1991), of the usage and the utilization of the system used (e.g. Carter, 1991; Hood, 2007; Kirkhart, 2000; Leviton, 2003), of the performance management strategy development (e.g. van Dooren, et al. 2015; Bouckaert & Van Dooren, 2009), of the gaming and of the manipulation of the metrics (e.g. Fisher & Downes, 2013; Heinrich, 2002; Hood, 2007). In Finland some studies are written of the performance management in Finland’s public sector (e.g. Autero, 2012; Määttä, 2005; Kivelä, 2010; Lumijärvi et al. 2001) and of strategic steering (Tiili, 2008) and studies linking security and strategy (e.g. Branders, 2014; Lonka, 2012; Virta, 2013). Based on the previous studies, several important aspects require further investigation. First, we know little of a ministry as a strategic entity, and
how the corporate strategy is translated into performance results. The performance management models are designed to improve configuration between operational activities and the corporate strategy up and down the different levels of the organization. The strategy process is entwined together with the performance management process, and therefore, it is necessary to study both of these processes and their development together in a practical level, and what are the challenges in the strategy implementation, and what is causing strategic flexibility or rigidity at the ministry-level, and the roles of the top management in strategic management?

This study examines the strategic management at the ministry-level as follows: First, in order to understand the practical linkage of the strategy and performance management, this study focused on the historical development ranging from 1990 to 2014 in the strategic management using the operational environment framework (Ansoff & McDonnell, 1990): (1) repeatable (stable, predictable) operational environment, (2) expanding operational environment, (3) changing environment, (4) discontinuous (rapidly changing) operational environment, and (5) surprising (turbulent) operational environment. Ansoff and McDonnell’s (1990) model has been used in public sector, too (see e.g. Perrott, 2008).

Second, this research uses a theoretical foundation of the strategic and of the performance management as a basis for this research, namely using the strategic management framework (See Figure 6, mod. Wheelen & Hunger, 2010, p.63): (1) environmental scanning, (2) strategy formulation, (3) strategy implementation, (4) evaluation and control (monitoring performance), and the performance management framework presented in Figure 7 (see Pollitt, 2012, Figure 1, p. 4).

Third, the different operational environments are reviewed analyzing the strategic management challenges. Moreover, the roles of the top management, of the process owner, and of the consultants in the development process are discussed. Fourth, theoretical and managerial implications are presented and some ideas for further research are outlined based on the case analysis and findings.
This Chapter will first discuss about the research viewpoint, timeframe of this study, the research objectives and the research gap. Next, it will discuss about the research questions and delimitations. It will conclude by describing the chosen methodology and research process in more detail.

The point of view in this research is one of a pracademic (see e.g. Hanbury, 2004; Price, 2001; Volpe & Chandler, 2001). The researcher in this study is both an academic and also an active practitioner in the subject areas of public and strategic management. My interest in this topic stems from my belief in the value and significance of strategic management and the importance of the strategy when trying to enhance organizations’ effectiveness. From the practitioner’s perspective, the scholarly research is often too theoretical or lacked applicability, and the researcher of this study is therefore interested in the type of research that can be applied to practice. This study adopts a case study research strategy with a public sector organization structure, namely the Ministry of the Interior in Finland. During my professional practice, I have both observed and worked in the case organization.

The primary objective of the study is to understand the ministry as a strategic entity and from the practical point of view to explore how the strategy process is linked with the performance management process. The timeframe of this research ranges from the year 1990 to the year 2014. The early years from 1990 to 1999 are more of a historical review of how the key concepts developed and the processes formed in the case organization. The years 2000-2014 describe the different versions of corporate strategies and the frameworks used in performance management.

The definition of the strategy concept relies on the context of how and why the organization uses it. In the case organization, the concept of the corporate strategy was described (Ministry of the Interior, 2010b, p. 32) as follows: “The strategy document describes the common strategic goals of the administrative sector and actions to implement them. Therefore, it can be referred to as a corporate strategy. The strategy document provides guidance to the operational and financial planning
and to strengthen the administrative sector’s procedures in performance agreements.” However, earlier, in the Pike-project in 1992, the strategy was defined not as a corporate strategy, but as “a chosen line of action; a consciously chosen direction of action in a changing operational environment.” To sum up, this study uses strategy as a general term, and the concept of the corporate strategy means the strategy that is developed for the whole administrative branch at the ministry-level.

According to recent studies of Johanson and Vakkuri (2012) there are a few research group areas doing research related in public administration, strategy and performance and effects in different market areas, globalization and economy. But the most prominent one seem to be the Cardiff business school research group which in their recent research has tried to make the connection between the strategy and performance and how the strategy content is seen in the organizational outcomes (See e.g. Walker, Boyne & Brewer, 2010). The main research interest is, thus, the link between these two processes, namely strategy development and performance management.

When considering the strategy point of view the Miles and Snow (1978) strategy classification framework seems to be the most enduring strategy classification (Hambrick, 1983). Miles and Snow (1978) strategy categorizes different types of organizational strategies to four types: defenders, analyzers, prospectors and reactors. However, several researchers have noted that the original research (Miles and Snow 1978) was limited by the industries and capabilities studied (Conant et al., 1990; Shortell & Zajac, 1990; Zajac & Shortell, 1989) within firm-specific and dynamic capabilities (of dynamic capabilities, see Teece et al., 1997) and did not take into account the uncertainty of the operational environment (See e.g. Hambrick, 1983).

Another gap in the Miles & Snow classification (1978) was the rapid technology development and how the world has changed to a knowledge-intensive, networked world (See e.g. Castells, 1996; Grabher, 1993; Jarillo, 1993; Parolini, 1999; Snow et al., 1992). It is important to consider the effects of the internal and inter-organizational networks and how they affect the strategy formation and performance management process because organizations perform and strategize in a networked environment in which the management is making decisions of organizational performance and goals by using external resources in different activities (See e.g. Anderson, 1988; Bryson et al., 2009; Kickert, et al., 1997; Klijn & Koppenjan, 2000; Klijn et al., 2010).

Next, Figure 1 presents the two organizational views, namely 1) the strategy view including the corporate strategy and strategic goals and 2) organizational
performance and productivity view. The link between these two views is not adequately studied or described. However, if these two views are managed and developed separately, it is difficult to reach any strategic goals. Therefore, the results of this study will be important from both the academic and practical viewpoint.

Figure 1. The strategy view and the performance and productivity view.

The research gap of this study is the ministry as a strategic entity: the challenges in linking these two views, and the roles of the top management in the strategic and performance management processes. Another less studied area is the conflicting strategies within the public sector organization, namely the corporate-level strategy and the operational and network strategies. In addition, the strategic flexibility and stance at the ministry-level are also discussed in the managerial and theoretical findings.

2.1 Research questions

First, why study the strategy and performance management in the ministry-level? Ministries are in charge of the implementation of the Government’s programs and policies and the development of their own specific area of business. Therefore, the current research of the strategy and performance in a ministry-level is important for practice. There are not many studies concerning the ministry-level as a strategic
This study provides valuable information in this perspective. There is a plethora of studies concerning strategic and performance management in the public sector, and thus, not all the articles are reviewed in this study. The main articles concerning the performance management and strategy process are reviewed in Chapter 3.

The following main research questions were formulated in this study:

1. How the corporate strategy and the strategy process are linked with the performance management process in a practical level in different operational environments?
2. Ministry as a strategic entity: (2a) what are the challenges at the ministry-level, (2b) what is causing strategic flexibility or rigidity at the ministry-level, and (2c) the roles of the top management in strategic management?

This study focuses on understanding how a strategy development and the performance management process evolve in an organization in different operational environments, rather than proposing normative suggestions as to how the strategy should be implemented and developed. The purpose of the first question is to find an answer if the performance management process truly follows the changes when the strategy content changes? This study forms an understanding how the case organization has tried to form the connection between the two processes: the strategy development process in which the strategy formation happens, and the performance management process.

The first research question describes the practical organization of the performance management and strategic planning. The following topics are discussed: Do the formal and informal interaction and coordination patterns have an effect on how the strategic planning and performance management process was organized? How the case organization and its management have tried to link the two processes? How they have defined the key concepts of these two processes? How the daily control and coordination has been organized in a practical level? What have been the informal and formal guidance methods?

From the performance management point of view, the different performance frameworks are also presented and discussed as part of the institutionalization of the performance management process in the case organization. The case organization’s decision making is characterized by the long administrative history since the year 1809 (see subchapter 2.5).
This research analyzes the change management in the strategy process and in the performance management process. The premise is that the operational environment changes and endogenous changes such as organizational restructuring can affect the corporate strategy, and therefore, it is interesting to investigate if and how the changes are considered and implemented in the two processes. Especially interesting is how the growing understanding of the importance of the internal security has affected the case organization and the two processes in this study.

Another important issue is how the strategy is communicated within the organization. The premise is that the strategy communication can have an effect on how the strategy is understood, formulated, and executed within the organization. The strategy dialogue within the organization is reviewed in this study.

The second research question is divided in three parts in order to describe the ministry as a strategy entity responsible for the development and implementation of the policies and programs. The first (2a) question analyzes the challenges facing the development and implementation of Government goals and programs. The challenge of linking the governmental strategic objectives – Government Program’s goals including the Internal Security Program’s goals – with the corporate strategy and organizational performance and the sectoral performance is another interesting viewpoint in this study. The Finnish Government decides its strategic goals for the term of the Government. The Internal Security Program as a cross-sectoral government program is included in the Government Program’s goals. There have been several Internal Security Programs, and these are discussed in the case description in Chapters 5-8. The challenge is in the linkage of the Government’s strategic goals with the corporate strategy and organizational performance.

The second (2b) question analyzes the ministry-level strategic limitations (strategic rigidity) and what are the reasons for rigidity and what are the possibilities of having a flexible strategy at the ministry-level.

The third question (2c) discusses the roles of the top management in strategic management. The role of the top management in strategic management is seen important, and therefore it is included in the second research question. The top management refers here Ministers, Permanent Secretaries and the Department Heads of the different sectors in the case organization. The case organization is described in subchapter 2.5 and its operational environment in subchapter 2.6.

The role of the management in strategic management and performance is considered important in recent public sector studies (see e.g. Meier & O’Toole, 2009, p.10) In addition, managers can influence the organizational performance and the strategy success with their management capabilities, efforts, quality of
management (Meier et al, 2006), Human Resources (HR) -management (see e.g. Temmes et al., 2001; Truss, 2008 of the strategic role of HR, and also Teece et al. 1997 of dynamic capabilities). Management can make a difference in the way the programs and goals are implemented (Meier et al., 2006, p.357).

Limitations

The level of analysis of this research is the organizational level. The society and the networks are considered as a part of the surrounding operational environment in this study. This study does not consider the individual part i.e. how the strategy is affecting the individual employees of the organization. Furthermore, this study focuses on collaborative activities rather than on individuals and their actions.

This study is limited to the corporate-level of the Ministry of the Interior including the different departments. The regional administration is not part of this study during the whole timeline due to the fact that the regional administration was transferred to the Ministry of Employment and Economy in 2009.

Moreover, this study is limited to the timeline of 1990–2014.

Limitations of the theory are discussed in Chapter 3.

Limitations in research process and data collection are discussed in Chapter 2.3.

Contributions

This study contributes mainly to the public administration and to the public sector strategy theory and to some extent to the public sector performance management theory by studying a single-case, a ministry as a strategic entity. The research shows how the strategy and performance management are entwined and how they are practically managed. The key contributions of this study include the practical point of view: how a ministry as a strategic entity is responsible of the policy development and implementation of the Government’s programs, and how it has managed the strategy and the performance management processes. The challenges of the performance management with the changing corporate strategy and with different Governments are also discussed. In addition, the practical level strategic management process gives more detailed information of the communication and process development within the Finnish Government. This research highlights the different parties and their roles in strategy development. Furthermore, it is important to understanding the ministry as a strategic entity, its limitations in strategy formation, strategic flexibility vs. rigidity.
This research results provide public sector scholars and professionals a descriptive view on the practical challenges and solutions in the corporate strategy and performance management’s processual development. It also provides new theoretical contribution in strategic flexibility vs. rigidity in a public sector organization, and the different roles of the top management, the consultants, and the process owner. It also discusses of the management challenges of the cross-sectoral networks and Government Programs in strategic management context.

A short review of the operational environment

Another objective of this study is to understand the operational environment and the challenges it causes to a public sector organization and its strategic management. The operational environment in this study uses the operational environment framework by Ansoff and McDonnell, 1990: (1) repeatable (stable, predictable) operational environment, (2) expanding operational environment, (3) changing environment, (4) discontinuous (rapidly changing) operational environment, and (5) surprising (turbulent) operational environment (see also Chapters 2.6 and 4). The next sections describe the changes in the operational environment briefly. The stability and the uncertainty of the operational environment in this study is defined from the viewpoint of the case organization and its development, and not, for example, from the viewpoint of the economic situation of the country. The operating environment of the case organization has undergone significant changes during 1990 – 2014. The 1990s was considered to be more stable operational environment in this study even though Finland had depression, and there was the burst of the IT-bubble in late 1990s. In 1990s, the administrative development of the case organization can be considered as stable because the changes in the operational environment were familiar e.g. traditional crimes. The activities of the different sectors were still traditional ones e.g. police were responsible of the community policing and fighting traditional crimes, and the Internet –related crimes were just starting. Finland was considered to be a distant and a safe country from the top management point of view. The case organization was responsible of the internal affairs, the regional management, the policing, the rescue services, and the border guard -functions. The immigration was just starting, and it was not seen as important then (see more in Chapters 5–8). The pressure of the immigration related activities grew gradually over time during 2000s and 2010s. Finland joined the European Union (EU) in 1995, but the EU-related changes
happened over time, and did not have a major impact in the administration and activities of the case organization in 1990s.

In the mid-2000s, the operational environment started changing incrementally: The increasing use of Internet in services, Internet-related crimes, growing immigration and cross-border traffic were seen as a challenge. The first school shootings in Finland happened in early 2000s. Moreover, the school shootings and the international terrorism e.g. 9/11 and other terrorist attacks in the Spain and in the U.K. were seen alerting. The administrative-level major changes in 2000s in the case organization started with the Government Programs, and the projectization of activities in the case organization. In this study, the projectization-concept refers to the development of project management body and infrastructure, and taking care of and organizing different operations and development plans in a form of a project with a specific responsible body, timeline, and team members to do the tasks. Moreover, the Government Programs aimed at cooperation across organizational boundaries, e.g. the Internal Security Program and the Grey Economy Program. In addition, there was also a slow change process concerning the organizational identity starting in 2009. The concept of organizational identity in this study refers to the concept of self-identity: the way the organization defines itself and how the employees define themselves. (cf. Albert et al. 2008). Organizational identity-concept is linked to the employee satisfaction, performance, organization’s strategy and values (cf. Albert et al. 2008, pp.334-339). The concept of organizational identity is discussed further in Chapter 3.

In early 2010s, the changes in the operative environment were more unpredictable: the violent extremism and terrorist incidents in the EU were seen alarming. Also, the immigration was increasing while the economy was in depression, and the discussion of immigration was polarized pro- or against immigration even among the Finnish political parties. The activities in the case organization had changed from the traditional policing, rescuing activities, and border-guarding towards a wide range of activities relating to internal security area. The case organization faced the challenges of the unfamiliar situations with new types of crimes (e.g. Internet-related crimes, terrorism threats, and the violent extremism) with the diminishing financial resources, demands for decreasing the amount of employees, and aging employees. See more in the case description in Chapters 5–8.

As a summary, the choices of the categorization of the different operational environments were based on the higher-level administrative changes, the changes in the activities and tasks in the different sectors of the case organization, the
internationalization (i.e. the EU-related interaction and activities), and the increasing number of uncertainty caused by the violent extremism and the terrorism threats internationally. The internal challenges related to the increasing amount of new activities and tasks (i.e. Internet Crimes, terrorism and CBRNE-threats ((C)hemical, (B)iological, (R)adiological, (N)uclear and (E)xplosives) and the need for capability development within the case organization. The increasing inter-organizational networking was also seen as a challenge.

2.2 Research methodology and researcher’s role

This study uses a qualitative case study approach because it gives more latitude in understanding the process development, and the history of the organization under study. In addition, a longitudinal case study presents the research entity at multiple points of time. To capture the construction dynamics of the strategy process, strategy formation, and understanding the efforts of linking the strategy with the performance management, a longitudinal study was a necessity in an organizational environment characterized by structural, managerial, and technological changes, and uncertainty in the internal security area.

The case study method (Eisenhardt, 1989; Yin, 2003) allows the utilization of the corporate documents like annual reports, website information and other archival data. Moreover, a qualitative research is an in-depth examination of research areas involving different types of organizational social and cultural phenomena (see e.g. Miles & Huberman, 1994; Myers, 2009) and it allows the researcher to gain deeper understanding of the contextual setting.

Case studies have been used previously in the strategic management research area to either test or generate new theories and frameworks and to get new insights of the strategic management challenges in organizations (See e.g., Burgelman, 1983b; Gibbert, 2008; Penrose, 1959; Pettigrew, 1973). Case study method has received feedback regarding its validity and reliability (e.g., Campbell, 1975; March, Sproull, & Tamuz, 1991; Miles, 1979; Yin, 1981). However, as Eisenhardt (1989) suggested, one outcome of case study can be a new conceptual framework. In addition, because the case studies in the strategic management area are customarily carried out in close interaction with the management and strategy practitioners dealing with real management situations used in this study and in other similar case studies. The case studies can assist in organizational learning and also create managerially relevant knowledge of the specific area in question, (see also Amabile
et al., 2001; Leonard-Barton, 1990). In addition, Robert Stake (2005, p.4) states that case study is defined by “interest in the individual case, not by the methods of inquiry used”. The researcher in this case study was interested in this particular, individual case because of the work background in the public sector area.

Like in many case researches, this research is done from inside the organization in order to gain access and to have a deeper understanding of the organization and actions under study. As Evered and Louis (1981, p.385) stated: “'Inquiry from the inside' is characterized by the experiential involvement of the researcher, the absence of a priori analytical categories, and intent to understand a particular situation.” The research method applied can be defined as a qualitative, exploratory case study.

**Figure 2.** The researcher’s role and the types of organizational research. (Mod. Evered and Louis, 1981, p. 388)

<table>
<thead>
<tr>
<th>Primary purpose for information and knowledge acquisition</th>
<th>Organizational action</th>
<th>Organizational research</th>
<th>Researcher’s roles</th>
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<tr>
<td><strong>Strategic Work</strong></td>
<td>Action Research</td>
<td>Organizational actor</td>
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<tr>
<td><strong>Strategy Development</strong></td>
<td>Case study</td>
<td>Non-participant Observer</td>
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<td><strong>Performance Measurement</strong></td>
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<td><strong>Leadership</strong></td>
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<td><strong>Performance evaluation</strong></td>
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= researcher’s roles and purposes for information and knowledge acquisition
“Understanding the events, activities, and utterances in a specific situation requires a rich appreciation of the overall organizational context. Context refers to the complex fabric of local culture, people, resources, purposes, earlier events, and future expectations that constitute the time-and-space background of the immediate and particular situation. Facts have no meaning in isolation from the setting. Meaning is developed from the point of view of the organizational participant. Inside research yields knowledge that is keyed to the organization member's definition of the situation” (Evered & Louis 1981, p. 390)

Figure 2 summarizes the researcher’s role and the type of organizational research this study involves.

This research is not an action research (see more of action research: Greenwood & Levin, 1998; Toulmin & Gustavsen 1996) even though the results can be used in the next corporate strategy development process as an additional input. This study aims to contribute to more effective organizational practices and deeper understanding of the organizational processes and changes in organization.

The researcher’s role was a non-participant observer and also an organizational actor within the case organization. The researcher did not aim to intervene or change the phenomena under study. In addition, the researcher was a participant in the BSC-piloting and creating the performance metrics and the management information system (MIS) for one of the sectors within the case organization during 2002-2004. This role assisted in understanding the challenges at the corporate-level when creating the performance metrics. The researcher did not participate in the corporate strategy development process during the timeline of the study.

From the philosophical point of view, this study uses the critical realism. The critical realism is a coherent and rigorous philosophical position that substantiates case research as a research method (See Easton, 2010, p.118). Critical realism has been used in many different disciplines including marketing and industrial relationships (Easton, 2010); business networks and processual studies (Ryan et al, 2012), economics (Lawson, 1997), criminology (Pawson & Tilley, 1997), law (Hanson & Yosifon, 2006), information studies (Wikgren, 2005), interdisciplinary science studies (Dickens, 2003) social sciences (Danermark, Ekström, Jakobsen, & Karlsson, 2002), public administration (Soininen, 2013), and management (Ackroyd & Fleetwood, 2004). “Critical realists assume that there is a real world out there. However there is no way that such an assumption can ever be proved or disproved, as social constructivists, pragmatists and even positivists are ready to
argue. But this assumption is surely performative. In other words we behave as if it was true, as if the world was real.” (Easton, 2010, p.119)

Easton (2010, p.128) continues explaining the critical realism in case studies: “Critical realists argue that in the real world there are entities, such as organizations, which have powers to act and are liable to be acted upon by others. These entities can also have internal structures, such as departments and individuals which in their turn, have their own powers. Entities have relationships among themselves which are defined as necessary in terms of our understanding of their powers. Critical realist approach to case research involves developing a research question that identifies a research phenomenon of interest, in terms of discernible events, and asks what causes them to happen. The key entities involved, their powers, liabilities, necessary and contingent relationships are then provisionally identified. Research then proceeds by capturing data with respect to ongoing or past events asking at all times why they happened or are happening and taking into account the problems and issues associated with interpreting the empirical data back to the real entities and their actions. The research process is one of continuous cycles of research and reflection. The final result is the identification of one or more mechanisms that can be regarded as having caused the events.” Kwan and Tsang (2001) stated that the critical realism has potential for strategy studies. Accordingly, from the critical realism point of view, Kuusela and Kuittinen (2008, p.225) argued that the organizations are constructed by different relationships, and activities are affected by both internal and external mechanisms, and thus, the critical realism studies concentrate on the contingent relationships between phenomena and structures (cf. Tsang & Kwan, 1999, p.761). Sayer (2000, p. 70) summarizes, “Just as assessing truth or practical adequacy is not an all-or-nothing affair, neither is falsification. In practice it is messy, provisional and often partial, and the empirical observations are theory-laden—or at least conceptually mediated.” Moreover, “rather than focusing solely on empirical outcomes, critical realists seek explanations for contingent relations, understood in terms of causal mechanisms.” (Miller & Tsang, 2011, p. 145) To sum up, according to critical realism our knowledge of the world depends on the theories and methods used and that there is no certain knowledge of the world. Critical realism aims to understand the issues and factors that may arise in practice in the processes in their historical and cultural development. Critical realism gives equal emphasis to pre-existing structures, e.g. the organizational structure and the processes, and the emergent phenomena arising from their interaction. There are causal mechanisms behind the strategy and process development, e.g. cooperation and consensus making among
the different parties, which are critical realism mechanisms that create the strategy and, thus, this study examines the causality in the processual and historical development. (cf. Williams & Karahanna, 2013, of critical realism in studying IT Governance structures and creating IS-content.)

2.3 Research process and data collection

The research process can be described as an abductive because it allows the researcher to explore the meaning of the construct without strictly predefined theoretical view. In an abductive research strategy the theory and data are constantly played off against each other in an ongoing process, and the research will enforce the researcher to ask questions and look for answers. The data will be interpreted and reinterpreted against the theories. (Blaikie, 2009, p.156)

Dubois and Gadde (2002, p.555) argued that “the researcher, by constantly going ‘back and forth’ from one type of research activity to another and between empirical observations and theory, is able to expand his understanding of both theory and empirical phenomena.” This is because data is collected simultaneously with theory building. The abductive approach begins with real-life observations and continues with an attempt to find a matching framework and to extend the theory with observations. Moreover, in their research it should be noted that Dubois and Gadde (2002) referred to the advancement of existing theories, instead of the establishment of new theories, with the term systematic combination. Reliable outcomes are often abstract frameworks, designed to help in capturing and understanding phenomena. This study uses principles presented by Eisenhardt (1989) regarding the process of building theoretical propositions based on case study research and techniques used in processual analysis presented by Van de Ven (1992, p.169) (see also Pettigrew, 1997a; Van de Ven & Poole, 1990). Multiple sources can, thus, reveal issues unknown to the researcher, and help to notice new dimensions of the research problem in line with the current research framework. (Dubois & Gadde 2002, p.556)

Figure 3 presents the timeline of the research process in this longitudinal case study. The research process started with preliminary literature review, interviews of some of the key officials of the strategy planning process, and material gathering. The early stages of the process strove for understanding of the key concepts and the content area; relevant theories underlying in the strategic and performance
management research disciplines, and the content area of the public sector, and more specifically the case organization, and its operational environment.

**Figure 3.** Research timeline and process.

The collection of the research material has happened both in retrospective and in a real-time analysis. The retrospective gathering of the material involved the history in 1990s of the case organization and how the key concepts related to performance management and strategy process were defined and what management trends and strategy tools were used. The real-time data gathering and
analysis was performed during the years 2007–2014. The complex phenomena of strategy and performance management required going back and forth between the theories and the empirical data in order to fully understand the phenomena.

The interviews were held during the years 2008–2014 while the interviewer was working as a civil servant in the case organization gaining knowledge and understanding of the organizational processes, practices, cultures and strategies developed during this timeframe. The interviews were used as background information, and therefore, there are not many comments of the interviews in this study. This limited the possible analysis’ dilemmas in the interviews (Alasatalo & Åkerman, pp.374-375). According to Alastalo and Åkerman (p.375), interviews-as-a-background-information has been used when the research focuses on a process development in the recent history, such as in this case study. Thus, the interviews have clarified some turning points or critical events, and thus, the document collection can be more focused based on the initial interviews. (ibid) This methodology assisted in choosing the level of interview-usage in this current study, assisted in deciding the timeframe of this study, and clarified the historical turning points and events have been in the development of the processes and changes in the operational environment. (cf. Laine & Peltonen, 2003)

There were twenty-four interviewees and they are listed in the reference list of this study Appendix 6 describes the interviews in more detail. They included both civil servants (experts and management in the strategy or performance management process), consultants (namely management or strategy consultants). The interviewees were chosen based on their background: the knowledge of the processes in question (cf. Alastalo & Åkerman, 2010, p.374). The acquired information was related the historical process, the methods used and facts (cf. Alastalo & Åkerman, p.374). Interviewees were selected on the criteria they had knowledge of the strategy or performance management process, and had participated in the strategy workshops or performance planning in corporate or sectoral level. The importance of the interview situations was the information of the processual development in the case organization. The interviews had in-depth and semi-structured character (See e.g. Alasuutari, 1995). Some interviews were face-to-face and some interviewees only wanted to answer in writing. Some interviewees also gave additional information in the form of memos, internal documents, videos, and presentations. These were important data in this research and listed as unpublished references. The interviewees remain anonymous due to fact that there are only a limited number of employees participating in the strategy and performance management process. The interviewees were interesting because
they were witnesses in a historical development and were able to confirm and clarify some events. Some interviewees requested that their names cannot be mentioned. Because the timeline of this study was over two decades, some of the interviewees changed their position within the case organization from expert to management, and some were retired. This is also indicated in the reference list of this study. More in-depth questions were emailed to key personnel involved at the strategy process in the case organization obtain a deeper understanding of the issue in question (cf. Miles & Huberman, 1994; Yin, 1994, p. 84).

The theoretical comprehension of the study area was gained by reading peer-reviewed articles and other publications in this area. Because there is a plethora of studies related to strategy, strategy process and strategic management, only some selected articles are reviewed in Chapter 3.

The literature review consisted of articles of both public and private sector because of the importance of strategy and the possible synergies of strategy formation and processes within any organization. In addition, the literature review consisted of different disciplines e.g. marketing, management, administration, organization, accounting, and strategy because of the focus of this current study. For example, articles discussing performance management can be found in journals relating to any of these previously mentioned disciplines. Furthermore, the topics of strategic management, strategic networks, and strategy process have also been discussed in special issues of the Strategic Management Journal.

Throughout the research process the focus in on selecting the theoretical perspectives used to analyze the phenomena in question, and to triangulation process (Denzin & Lincoln, 2003). Yin (1989) stated that quality of a research can be measured with four factors: construct quality, internal validity, external validity and reliability. Grönfors (1982) argued that the only way to guarantee the validity in qualitative research is to describe the research process in detail. Moreover, Gummesson (1988) argued that it is important for an academic researcher to have worked or cooperated before with the case organization to be able to interpret results as the researcher in this study has.

Any developmental process experienced in an organization or a chain of changes requires an open-ended exchange of information and data between the researcher and the representatives of the case corporation (McPhee in Huber & Van de Ven, 1995, pp.186-203). One of the benefits of using a case study methodology is its ability to interactively use different sources of information, even though Eisenhardt (1989) stated that it can lead to either limited or complicated solutions. Triangulation is a method used to address those concerns (Denzin &
Lincoln, 2003; Stake, 1995). “The need for triangulation arises from the ethical need to confirm the validity of the processes.” (Tellis, 1997, p.1)

In case studies, this can be accomplished by using multiple data sources (Yin, 1994). In this study, triangulation was carried out at a source level, using several types and data sources (i.e. internal and public data sources); at the method level (i.e. document analysis, interviews), combining the use of different methods, and also at the theory level, utilizing several, although overlapping theoretical views of organizational studies, performance and strategic management (cf. Denzin, 1978). In this study, the combining of methods meant that two temporal orientations in data collection and analysis were used: the retrospective and real time. In addition, besides qualitative analysis, this study included the network analysis and text mining (word cloud, word maps) in analyzing the strategy responses of the year 2008.

Moreover, Yin (1994, pp. 78-80) listed the following important sources of information: documentation, archival record, interviews, and direct observation. Other sources of information include data from the management information systems (MIS) such as financial and other data reporting. Secondary material was gathered consisted of articles, project documents, e-mails, memorandums of understanding, strategies, plans and annual reports from the years of the research timeline. Documents were arranged in chronological order. Books and articles that included information on the topics of this research were reviewed. As a summary, this study employed multiple methods, including face-to-face interviews, semi-structured questionnaires, e-mail questions, document review, text mining and network analysis (Marshall & Rossman, 1999).

In terms of the level of analysis, this study is situated within the fields of organization studies, performance management, and strategic management, and particularly, the examination of the strategy process development within an organization and how it is intertwined with the organizational performance and performance management goals.

2.4 Structure of the study

The previous Chapters have introduced the research process, questions, research gap, and the researcher’s motivation for this study, and presented the expected contributions of this study. Next, this subchapter discusses of the general structure of this study.
Chapter 2 of this study will introduce the case organization, namely the Ministry of the Interior, and describe its operational environment—the internal security sector. Chapter 3 presents the theoretical framework that includes the studies of strategic management, performance management and related systems. It also presents the public sector reforms: New Public Management (NPM) and the governance perspective. This Chapter also discusses of the key concepts of this study.
Chapter 4 presents the outline of the case analysis and builds preunderstanding of the periodization of the case analysis. It also explains the use of the theoretical framework in the case analysis.

Chapters 5–8 present the case analysis in a chronological order. The case analysis is divided in different time periods, and the reason for this is explained in Chapter 4. Chapter 9 summarizes the empirical findings. The managerial and theoretical findings conclude this study in Chapter 10. Chapter 11 is the recapitulation of the whole study. Figure 4 illustrates the structure of this study.

2.5 The Finnish Government and the case organization in a nutshell

The term Government refers in this study to the Government of Finland which consists of the Prime Minister and the other ministers. Government also signifies the decision-making body comprising of the Government plenary session and the ministries (www.valtioneuvosto.fi). There are currently twelve ministries in Finland. “Each ministry is, within its mandate, responsible for the preparation of issues that fall within the scope of the Government and also for the operation of its own administrative sector.” (www.valtioneuvosto.fi)

At its first plenary session, the newly elected Government decides on the division of labor between the ministers in ministries. Each new elected Prime Minister has his own programs that consist of the most important topics during his governing term. These programs will affect the strategy process of the ministries depending on the topic and the administrative sector of each program. These programs can be, for instance, related to aging society, climate change, or any other current topic.

The case organization is the Ministry of the Interior, one of the ministries within the Finnish Government. It has a long history starting in 1809 (for more information of the history, see Jokipii, 2009). The complete list of the Ministers and Permanent Secretaries of the case organization during the timeline of this study are listed in Appendix 1.

The description of the recent organizational structure of the Ministry of the Interior is illustrated in Figure 5. The latest renewal of the organization happened in January 2015 when the Ombudsman for Minorities–office was transferred to the Ministry of Justice. In addition, there are now six Emergency Response Centers in Finland starting January 1st, 2015. This change was part of the Emergency
Response Center’s organizational restructuring and renewal process that started in 2009. The supervision of the Custom’s crime investigation was decided to be transferred under the case organization during the year 2014. These separate agencies and offices are not discussed in this study.

The complete areas of responsibility of the case organization are described in Appendix 8. The Appendix 8 also presents examples of the different organizational charts during the timeline of this study.

The Minister of the Interior, Päivi Räsänen, heads the Ministry of the Interior since the year 2012. The highest official at the Ministry of the Interior is Permanent Secretary. Permanent Secretary assists the Ministers in directing and monitoring the activities of the ministry and agencies and offices in its administrative sector. Permanent Secretary also coordinates matters related to the European Union and other international matters. (See www.intermin.fi)

**Figure 5.** Ministry’s area of responsibility in 2015.

The State Secretary is a political position and tied to the Minister’s term in office. The State Secretary’s responsibility is to see through that Minister’s political view is taken into account in the decision-making process.

“There are four departments at the case organization: the Police Department, the Department for Rescue Services, the Migration Department and the Border Guard Department. The Police Department is responsible for the strategic guidance and supervision of the police. The Department for Rescue Services directs and monitors rescue services. The Border Guard Department constitutes the national headquarters for the Border Guard, and the Migration Department is

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responsible for performance guidance for the Finnish Immigration Service. The units reporting directly to the Permanent Secretary are the Administration Unit, Finance Unit, Legal Affairs Unit, Internal Audit Unit, Press and Communications Services, International Affairs Unit and the Internal Security Secretariat. These units form the Ministry’s Advisory Staff.” (www.intermin.fi)

The Immigration department changed its name to Migration Department in the English versions of the organizational charts after 2006, and therefore, this study uses “Immigration” as a general term when describing the sector representing the immigration and migration topics.

The ICT Agency Haltik and Crisis Management Center are also part of the case organization’s responsibility (“other” in Figure 5).

The case organization measures the operations and efficiency of the different departments and agencies under it. The organizational structure of the case organization has gone through several changes during 1990-2014, however, the main structures and sectors have remained the same: Border Guard, Police, and Rescue Services. Immigration has increased its importance as part of the Internal Security area during the timeline of this study. The main organizational changes have related to the organization of the joint administrative activities and processes as well as the regional administration which was transferred to the Ministry of Employment and the Economy. Other changes included the outsourcing of common activities e.g. ICT and personnel reporting.

### 2.6 Operational environment

This subchapter gives a brief overview of the operational environment of the case organization and how the administrative branch and the activities that it handles have changed during 1990s to 2014. The operational environment and its changes are important to understand because they affect the strategy and performance of the case organization.

The police and border departments have been permanent departments in the case organization since 1926 (Jokipii, 2009). Even today the case organization’s main activities relate to security: border security, securing critical infrastructure, rescue and emergency services, maintaining public order and security, securing and protecting the society. Immigration has been a growing area since 1990s, and it is a cross-cutting topic in different sectoral topics in the case organization because it
relates to border safety, illegal immigration, crimes made by and against immigrants, multicultural and -value communities, and so on.

The case organization supervised regional administration and development in municipalities until the year 2009 when the major reorganization in the case organization was executed. The actual planning of the reorganization started during the year 2008.

The internal security as a concept and topic came to the case organization in 2003 when the new Internal Security Program was being prepared to be launched in January 2004. The program was planned to determine the future trends and main threats in the internal security area, and to enhance some key security activities that needed cooperation in regional level with different local actors (Internal Security working group, 2003). It was also seen important to coordinate the new program with the Finnish Security and Defense Policy that form comprehensive assessments of Finland's security and defense policy (Internal Security working group, 2003; www.defmin.fi).

Today, the case organization participates in the comprehensive and internal security discussion and policy making. The key actors in the security sector are: the Prime Minister’s Office, the Ministry of Defense, Ministry of the Foreign Affairs, and the Ministry of the Interior in the Finnish Government. The Finnish Government and the key security actors are discussed in more detail in Chapters 6.2 and 8.1. This is due to a fact that the operational environment of the case organization has gradually changed towards the internal security area during the timeline of this study.
This Chapter discusses the key research areas and concepts of this study. This research is a public administration study and the theoretical background consists of strategic and performance management research. The reason for this approach is that the strategy process involves many aspects of the organization: its management, planning and performance activities. Other contextual factors affecting the strategy process and organizational performance are organizational structure, culture, processes and resources. In public sector, also the changes in the political leadership can make a difference in prioritization and goals of the organization. Furthermore, the case organization is a primary actor in the field of Internal Security in Finland, namely the Ministry of the Interior.

The Chapter is organized as follows. First, the concept of strategy is addressed and explained in accordance with the strategic management research review in relation with the strategy formation, development and implementation in an organization. Second, the different strategy-related studies are presented as well as the strategy-economic research groups. Third, the strategy is viewed from the process point of view. Finally, the last section of the strategy-part of the theoretical framework is the network point of view, and it is reviewed in this study because there can be corporate, network and program-related strategies simultaneously affecting in a public sector organization. Because the case organization is dealing with the domain of interdependencies, the strategies applied can be 1) hierarchical—like the corporate strategy in the administrative branch, 2) network strategy—like the Internal Security Program for a specific timeline (see more of policy making in networks, de Bruijn & ten Heuvelhof, 2008; McGuire, 2002; O’Toole, 1988), or 3) a hybrid strategy that combines these two previous ones (see e.g. Koffijberg et al., 2012; Mitronen & Möller, 2003; Thornhill & White, 2007).

After the strategic management and strategy-related studies are presented, the public management reforms are presented. They aimed at improving performance in public sector. The concepts of performance management are reviewed with the previous research of the performance management frameworks and systems. Organizational identity-related studies are reviewed because the case study reveals an identity change of the case organization (subchapter 3.1.4).
Finally, because this study concerns the case organization that operates in the internal security area, and because the operational environment affects the strategy formation and performance, the internal security as part of comprehensive security is addressed. It is important to understand the environmental challenges, the key actors in the operational environment and also what strategies are used to deal with the different challenges of the operational environment of the case organization.

The key concepts and the list of definitions are also described in Concepts and Abbreviations.

3.1 Research on strategy, strategic planning and management

There is a plethora of terms; here selected strategic management-related literature is reviewed. The review describes and defines the key terms and concepts.

General themes in journals

Furrer, Thomas and Goussevskaia (2008) analyzed in their research, the articles published in Academy of Management Journal, in Academy of Management Review, in Administrative Science Quarterly, and in Strategic Management Journal, and the content analysis revealed the main topics of the articles relating to strategic management focused on capabilities, on competition, on performance, on innovation, on environment, on alliances, and on industry (ibid, p.14). Moreover, the most cited strategic management related articles concentrated on strategy-as-fit (when an organization matches its resources with the opportunities in the operational environment), manager’s strategic role, corporate-level strategy, and competitive strategies (ibid, p. 15).

Strategic Management Journal (SMJ) has published seminal articles in Winter and Summer special issues on Strategy Process in 1992 (See also subchapter 3.1.2). In 1997’s special issue (SMJ, 1997) discussed of the interactions of the organizational and competitive influences on strategy and performance as well as a capability view of the organization. Moreover, the special issue on organizational architecture (SMJ, June 2012) in which the articles discussed about the importance of organizational architecture, how the architecture is shaped by the processes, and how managerial actions shape the design of the organizational architecture. Furthermore, the SMJ special issue in 1996 dealt with the important themes of strategic networks and alliances (see also subchapter 3.1.3).
Additionally, the evolution of the concepts of strategy and strategic management has been analyzed in previous articles (see e.g. Bracker, 1980 of the evolution of the concept of strategic management and Ronda-Pupo et al. 2011 of the evolution of the concept of strategy).

In American Review of Public Administration, Poister, Pitts and Edwards (2010, pp.522-545) had published an article in which they had searched the key words of strategy, strategic planning, and strategic management identified 34 research articles appearing in 14 journals that have appeared between 1985 and 2009 and addressed strategic planning and/or management as their core issue. This demonstrates how popular the strategic management and planning area is in public sector research. As this review shows, the strategic management research is fragmented in public sector (Poister, Pitts and Edwards, 2010, p.540).

In British Journal of Management (BJM) during the years 2003-2012 of the public service organizations related articles, there has been a growing interest in public service motivations (Asworth et al. 2013, p. S4), and also an on-going debate on NPM reforms and effects (ibid, p. S2). The research (ibid, p. S2) stated that understanding the shift from government to governance (Rhodes, 1997) has got a lot of attention, but also the collaborative efforts like networks and public–private partnerships (PPPs) have been studied (Asworth et al. 2013, p.S2). The network and collaboration development studies extend the scope of public management well beyond internal responsibilities (see e.g. Agranoff & McGuire, 2001; Ansell &Gash, 2008; Vangen & Huxham, 2012).

Moreover, the 9/11 terrorist attack caused a new interest in “the revival of a core integrated ‘security state’ (e.g. in the USA). These efforts to ‘bring the state (government) back in’ have prompted further discussion of the use of centripetal governance mechanisms in coping with crises (Moon, 2013) and highlighted the need for a higher level of coordination to overcome problems associated with a decentralized public sector (Peters, 2004).” (Asworth et al, 2013, p. S2)

The following sections discuss more about the strategic management, strategy process, networks, and performance related previous studies.

**Strategy, strategic planning, and strategic management**

The classics in strategy can be considered for instance, Ansoff’ (1965), Penrose (1959), Chandler (1962), Rumelt (1997), and Porter’s (1990, 1991) competitive strategy of the firm.
Igor Ansoff (1965, pp. 5-6) defined the strategy as follows "we use the term strategic to mean 'pertaining to the relation between the firm and its environment.'" In Igor Ansoff's (1965) corporate strategy –view: in strategy development, managers should have an organized planning process for anticipating future challenges of the operational environment and formulating response plans. Ansoff's view of strategy (1965) was criticized because his view of strategy considered that (1) events are predictable even in unpredictable environments and that he failed to notice that there can be unpredictable surprises (e.g. Ansoff & McDonnell, 1990 of turbulent environments) (2) "strategic thinking can be separated from the operational management” (line management) (White, 2004, p. 635; Business, 2001, p.963), and (3) the data analysis techniques can create new strategies (See e.g. Mintzberg, 1994). Ansoff’s theories were also criticized because there was no evidence of the scalability of his theories to small businesses (cf. Kipley, 2009; Mintzberg, 1990 of scalability of formalized process), and because top-down strategic planning process allows the subordinate organizations little input into the strategic decision-making (Kipley, 2009).

As a plan, strategy deals with how leaders try to establish direction for organization to set the organization and its employees on a predetermined course of action, and therefore this type of strategy is an intended strategy (Mintzberg and Quinn, 1996, pp.2-17). Strategy can also be viewed from a process point of view (see e.g. Quinn and Voyer, 1998; Quinn, 1998), or a learning process (e.g. Starkey, 1996). Strategy can be viewed as a stream of actions (Mintzberg and Waters, 1985). Mintzberg and Quinn (1996, p. 11) also called this "strategy as pattern". Strategy can also be position (Mintzberg and Quinn, 1996, p. 13), "a mediator" or a "match" between the organization and its environment. Strategy-as-perspective is a united way of perceiving the surrounding world. It is shared by the members of the organization through their intentions and/or by actions. (Mintzberg and Quinn, 1996, pp. 13-15) From the management point of view the strategy is the link between the vision and the goals where the organization wants to be and the actions what it will take to get there and how it will evolve over time (See e.g. Mintzberg, 1994; Rumelt, 2011).

Strategy can be intended, unrealized, emergent, deliberate, or realized. A deliberate strategy happens when an intended strategy’s patterns were realized. A realized strategy can be defined as a stream of decisions that exhibits over time (Mintzberg, 1978, p. 935). An unrealized strategy happens when patterns were not intended, but where patterns developed despite the intentions. “Strategy emerges over time as intentions collide with and accommodate a changing reality”. (Moore,
An emergent strategy develops when an organization takes a series of actions that with time turn into a consistent pattern of behavior, in absence of specific intentions. (See Mintzberg, 1994, pp. 23-25; Mintzberg and Quinn, 1996, pp. 11-13) In recent research of strategic management area, emergent strategies are seen as part of the organizational learning processes instead of exceptions in effective policy making (Klijin, 2008, p. 6).

Strategy-as-practice viewpoint (SAP) concentrates on the ways in which the strategy practitioners are enabled or restricted in their work by the organizational and social practices (Whittington, 2006).

There has been a continuous debate in strategic management of which one is better: formalized strategic planning (see e.g. Steiner, 1999) or non-formalized strategic planning (Quinn, 1980; Mintzberg, 1994). Ansoff (1965) considered the strategy formation and development as a conscious process (cf. also Porter, 1991; Chandler, 1962). Lindblom (1959) argued that public sector officials based their decisions on a limited information, policy analysis and rationality, and that the decision-making process was fragmented and was based on incremental steps. When Lindblom (1959) claimed that the strategy decision-making process is not really coordinated and rational process, some other authors (e.g. Ansoff, 1965; Mintzberg and Quinn, 1996) consider it as a planned process. Pettigrew (1985) noted that the decision making is not always rational but it can involve actor's own interests, and other factors affecting decision making are bureaucracy, organizational structure, and environmental. He also argued that strategy formulation is also a political process (Pettigrew, 1977). According to Bryson (2004), the unit of analysis in strategic planning efforts in the public sector ranges from individual public agencies to governments, and their specific functions, such as transportation, crossing organizational and governmental boundaries and building interorganizational networks (Bryson, 2004).

The relationship between strategic planning and organizational performance has been criticized as ambiguous (Mintzberg, 1994; Grant, 2003; Poister et al. 2010, p. 540), and the empirical evidence has been limited to financial measures of performance (See e.g. Boyd, 1991; Greenley, 1994; Capon et al., 1994 of financial performance measures).

Some studies stress also the importance of good management (e.g. Meier & O'Toole, 2009, p. 10) and the importance of cutting off the bureaucracy by trimming the organization (Meier & O'Toole, 2009, p. 10). According to Moore (1997), the managers should “retrain” themselves and re-question of what to
services to produce and how to fulfill the demands of citizens, and how to network with their political supervisors (see more of public value, Benington & Moore, 2010)

As a summary, strategy can be viewed from the point of view of the its relation with the organization and its environment, from the management point of view, from the purpose point of view, from the organizational point of view and from the strategy formation point of view. The definition of the strategy concept therefore relies on the context of how and why the organization uses it. In the case organization, the concept of the corporate strategy was first time defined in the financial statement for the year 2009 (Ministry of the Interior, 2010b, p. 32) as follows: “The strategy document describes the common strategic goals of the administrative sector and actions to implement them. Therefore, it can be referred to as a Corporate Strategy. The strategy document provides guidance to the operational and financial planning and to strengthen the administrative sector’s procedures in performance agreements.” The case organization definition of the corporate strategy –concept involves guiding actions and seeing it as a controllable process (cf. Quinn, 1988). The case organization also links it with the performance management which implicates that it consists of some incremental decisions and steps (cf. Mintzberg & Waters, 1985) towards common goals (cf. Rumelt, 2011; Mintzberg, 1994). It is an intended strategy (cf. Mintzberg & Quinn, 1996, pp.2-17).

In recent research relating to the development and challenges of public sector, the complexity theory has been considered as a possibility path to research organizational development and especially in solving complex problems (e.g. Head, 2008; Klijn, 2008, Mitleton-Kelly, 2003; MacIntosh et al, 2006; Teisman & Klijn, 2008) This research does not use complexity theory, and therefore, only some concepts are reviewed here (for more information of complexity theory and concepts, see e.g. Mitleton-Kelly, 2003; MacIntosh et al, 2006). The concept of co-evolution is a result from a combination of the strategic, adaptive actions of different actors. In complexity theory, strategies are seen not as one-sided responses to a changing environment but all the actions of different actors in networks and their interaction shape the environment (see e.g. Klijn, 2008, Mitleton-Kelly, 2003). Complex systems are “comprised of numerous interacting identities (parts), each of which is behaving in its local context according to some rule(s), law(s) or force(s)” (Maguire and McKelvey, 1999, p.26)

In self-organizing systems, the actors dynamically interact and re-create the environment (Bovaird, 2008; Ståhle, 2008, 2010). The adaptability of actors is a key
factor in success (Ståhle, 2008; Bovaird, 2008). Choices and events shape the operational environment and the positions of actors (the fitness landscape), then the task of the manager is to seize the opportunities, and use them to realize policy proposals or to adapt, in such a way that they fit the landscape. (Klijn, 2008, p.314)

Organizations as anarchies: organizations are not well-organized rational systems but anarchies where separate solutions, problems and events flow which have to be connected (Klijn, 2008, p. 299-317; Cohen et al, 1972). Self-organization, self-regenerating, and complex systems -theories fit for complex decision-making (Klijn, 2008, pp.299-317; Ståhle 1998, 2008). Next, this research will discuss about the societal problems that can be categorized based on their complexity and the unit of analysis (micro or macro level) (see e.g. Head, 2010, p.21). Some of the more complex problems have been called wicked based on their resistance to clear, easy solutions. (ibid) Tame problems are solvable, even though they are not always easy. (Ritchey, 2013; Rittel & Webber, 1973) These wicked problems inherit knowledge-gaps, complex, interlinked relationships to other problems. The boundaries and accountabilities of these problems are not clear. One of the features of these above mentioned complex social problems is that there exists underlying clashes of values, which are not effectively recognized and addressed (Head, 2008; Head, 2010; Schon & Rein, 1994) “The wickedness of problems has a tendency to fragmentize the organizations’ steering capability,” and also “it can be a challenge to coordinate and integrate organizational activities in such an environment” (Aagard, 2012, p.732) “This means that when the landscape changes the way a wicked problem has been understood and dealt with previously, then the organization must adapt to the new circumstances to gain fitness.” (ibid, p.733)

Table 1 presents some strategy-related studies in public administration. There are several topics that need to be addressed when considering public sector’s strategy and performance: resources and capabilities, value-based control system and service logic, knowledge management, partnerships across sectoral and organizational boundaries, strategy content development, blurring sectoral boundaries, fast technology development and uncertainty in operational environment. Table 1 denotes examples of authors who have written about these above mentioned topics.
Table 1. Previous strategy-related studies in public sector.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Authors</th>
<th>Characteristics</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy typology for both public and private sector</td>
<td>Miles &amp; Snow (1978); See also Andrews et al (2005) and Meier et al. (2007) and O'Toole &amp; Meier (2008) of public sector organizations using prospector and reactor strategies</td>
<td>Typology of organizations: defenders, analyzers, reactors, prospectors</td>
<td>Critics: The research was limited by the industries and capabilities studied (Conant et al., 1990; Shortell &amp; Zajac, 1990; Zajac &amp; Shortell, 1989) and did not take into account the uncertainty of the operational environment (See e.g. Hambrick, 1983). It did not take into account the rapid technology development and how the world has changed to a knowledge-intensive, networked world (See e.g. Castells, 1996; Grabher, 1993; Jarillo, 1993; Parolini, 1999; Snow et al., 1992).</td>
</tr>
<tr>
<td>Core elements of strategic management</td>
<td>Wheelen &amp; Hunger (2010, p. 63)</td>
<td>The different phases of strategic management: environmental scanning, strategy formulation, strategy implementation, evaluation and control</td>
<td></td>
</tr>
<tr>
<td>Framework of linking strategy with the performance management</td>
<td>Pollitt, 2012</td>
<td>Basic phases of strategic planning and performance management</td>
<td></td>
</tr>
<tr>
<td>Central government and strategy, national government and strategy</td>
<td>Walsham &amp; Han (1993); Frohold (2014)</td>
<td>Central government and strategy development, national government and strategic management</td>
<td></td>
</tr>
<tr>
<td>Topic</td>
<td>Authors</td>
<td>Characteristics</td>
<td>Comments</td>
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<tr>
<td>Local government and strategy, municipalities and strategy, cities and strategy, Swiss cantons and strategy, local government and corporate planning and corporate management</td>
<td>Fiorani &amp; al. (2014); Giauque et al. (2009); Lumijärvi &amp; Leponiemi (2014); Murphy (2014); Määttä (2010); Skelcher (1980); Trivellato &amp; Cavenago (2014)</td>
<td>Strategic management in cities, municipalities and local government</td>
<td>Some studies included a performance point of view, changes in control and coordination, changes in division of administrative management and political leaders. Program budgeting comparison to corporate governance (e.g. Skelcher, 1980, p.155). Negative critics against corporate planning and management include: inefficiency, bureaucracy, time-wasting, technocracy, business-oriented view</td>
</tr>
<tr>
<td>Strategy content</td>
<td>Rubin (1988, p.88); Joldersma &amp; Winter (2002, p.87); Boyne &amp; Walker (2004)</td>
<td>Strategy content in the public sector: “a pattern of action through which [organizations] propose to achieve desired goals, modify current circumstances and/or realize latent opportunities” (Rubin 1988, p.88). Strategy content is “the services to be offered, the ways they are provided, and the kinds of resources needed” (Joldersma and Winter, 2002, p.87)</td>
<td>The services can also be co-produced with the NGOs and private sector actors. The resources can be either internal or external resources used in service development.</td>
</tr>
<tr>
<td>Value-based control system and service logic</td>
<td>Mitronen &amp; Rintamäki (2012)</td>
<td>How the public sector organizations are changing their view to customer-based service logic</td>
<td>Services are part of public sector activities and relate to the strategy and performance, and how the services are provided based on the strategic choices made.</td>
</tr>
<tr>
<td>Topic</td>
<td>Authors</td>
<td>Characteristics</td>
<td>Comments</td>
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<tr>
<td>What forces can affect the public sector organization by hindering or promoting change?</td>
<td>Pollitt &amp; Bouchaert (2011)</td>
<td>A framework presenting what forces can promote or hinder change.</td>
<td>This study includes Finland (e.g. p. 263-267) However, what it does not include is how Finland’s administrative model has been influenced by its history with Sweden and during autonomy with Russian governance. Finland was able to keep its civil servants’ status as “elite”, official qualifications, and autonomy under the Russian governance. The recent management reforms e.g. NPM has been considered to be moderate in its effect on administration when compared to the other EU-states. Both Nordic and EU-cooperation has affected the Finnish Government. The change in management generation and managing employees instead of managing tasks seems to be the future challenges of the Finnish Government (Temmes, 2006)</td>
</tr>
<tr>
<td>Future hybrid organizations</td>
<td>Wise (2010)</td>
<td>The boundaries between the public and private sector are blurring. When the public sector uses private sector’s actors in fulfilling public policy and program’s goals, then it extends the resource pool of the public sector organization and its strategy and performance</td>
<td>Public sector agencies cannot outsource law-based activities, but they can cooperate with other sectors in supporting activities.</td>
</tr>
<tr>
<td>Topic</td>
<td>Authors</td>
<td>Characteristics</td>
<td>Comments</td>
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</tr>
<tr>
<td>State Governance and strategy</td>
<td>Määttä (2011)</td>
<td>Government Program as a corporate strategy of the state</td>
<td></td>
</tr>
<tr>
<td>Co-production</td>
<td>Bovaird &amp; Löffler (2009); Löffler et al. (2008); Osborne (2006, 2009, 2010); Osborne &amp; al. (2008)</td>
<td>The co-production of public services together with citizens, communities, and non-profits. Activities include co-commission (co-planning, co-prioritization, co-financing), co-design, co-delivery (co-management, co-performing of services), co-assessment (see more Bovaird &amp; Löffler, 2009)</td>
<td>Changes the way public services are delivered, it is not fit-for-all solution.</td>
</tr>
<tr>
<td>Using strategic alliances and public-private partnerships in reaching goals</td>
<td>Austin (2010); Custos &amp; Reitz (2010); Kickert et al. (1997); Riege &amp; Lindsay (2006)</td>
<td>Formal and informal networks across organizational boundaries and public-private-NGO partnerships, stakeholder partnerships, Knowledge Management - partnerships, new developments in public sector</td>
<td>Critic: when the strategic alliances and partnerships are beneficiary and when not (Brown, 2010).</td>
</tr>
<tr>
<td>Topic</td>
<td>Authors</td>
<td>Characteristics</td>
<td>Comments</td>
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<tr>
<td>Resource-based view (RBV), Dynamic capabilities</td>
<td>Penrose (1959); Eisenhardt &amp; Martin (2000); Teece et al. (1997)</td>
<td>How resources affect the growth and success; The capabilities represent the main determinants of corporate performance</td>
<td>Critics: see e.g. Priem &amp; Butler (2001) based on the missing concept of value in RBV, however these researchers also see the importance of RBV in providing more knowledge. Positive reviews (see e.g. Hansen et al. (2008), Barney (2001) is based on e.g. ability to implement strategies can be a strategic or competitive advantage.</td>
</tr>
<tr>
<td>Strategic public management, Strategic steering, Ministerial steering, Ministers as strategic political leaders</td>
<td>Hölttä &amp; Rekilä (2003); Lane &amp; Wallis (2009); Moore (1995); Pollitt (2006); Tiili (2008)</td>
<td>Strategic steering with performance management metrics, Ministers as strategic leaders and strategic political steering after NPM in Finland</td>
<td></td>
</tr>
<tr>
<td>Self-organization, self-renewal of systems, fitness landscape, complexity theory, organizations as anarchies, problems in society</td>
<td>See e.g. Bovaird (2008); van Bueren et al (2003); Klijn, (2008); Meek, (2010), Mitleton-Kelly (2003); McIntosh et al. (2006); Cohen et al. (1972); Ritchey, (2013); Rittel &amp; Webber (1973); Sotarauta (2005); Ståhle (1998, 2008)</td>
<td>Self-organization, self-regenerating, and complex systems: theories fit for complex decision-making, when organization are facing chaos or are looking for innovation and renewal.</td>
<td>Complexity theory is a considered to be suitable for wicked problems and solving complex problems, but not necessarily for all the public sector development.</td>
</tr>
</tbody>
</table>
When considering ministry-level strategy studies, especially related to the internal or comprehensive strategy domain in which the case organization operates, there are not many internationally: For example, in Pollitt’s comparative study (2006, pp.25-44) the strategic steering and performance management practices was evaluated. In this study (ibid) the research included performance management practices in four European Union member states: in Finland, in the Netherlands, in Sweden, and at the United Kingdom. The research (ibid) included the following ministries: Ministry of Justice, Ministry of Agriculture and Forestry, Ministry of Finance, Ministry of Employment in Finland. The strategic steering based on performance metrics was evaluated. The research also questioned what happens if the ministries or agencies in their administrative branches fail? The strategic steering was weak in the interviewed Ministries. The research (ibid) showed that even if an agency failed in their performance results, there is no “sacking over that issue” or “hard ways to use against them”. (Pollitt, 2006, p.35) Pollitt (2006, p. 40) concluded that “in ministry/agency relationships the bottom line is still usually getting and sticking within the budget, and the links between performance and money inputs frequently remain weak or unclear.” The case organization was not part of this research. Furthermore, *agencification* has also been a challenge: how to make agencies autonomic and keep them accountable, and how to develop the relationship of the responsible Ministry and the agency: is a firm steering required, or just some interpretative guidance (see e.g. Christensen & Lægreid, 2005; Flinders, 2004). *Agencification* describes the process of delegation and decentralization, in which more autonomy, particularly in personnel and financial issues, is granted to public agencies, which either remain legally part of the state or acquire an independent legal status. It can also mean creating or moving functions to bodies, which are subsidiary or separate from ministries/departments (OECD, 2002, p.121)

Additionally, Rumelt (2011) has studied National Security Strategy, NASA and NATO -agencies (ibid, pp. 33-36,64, 82, 108-111, 131-134), the Federal Housing Administration, Fannie Mae and the National Homeownership Strategy in the United States (ibid, pp.294-295), and how these agencies have succeeded or failed in their strategy. Rumelt (ibid) argued that it is easy to add “fluff” in strategy—words that don’t really mean anything specific. Few previous studies were related to the U.S. Department of Defense and its Planning program budgeting system - methodology that also got input from the private sector (see e.g. Skelcher, 1980, p.155) and Pentagon’s strategy (Gates, 2009, pp.1-6) that faces the challenges of the network society (Castells, 1996) and fast pace of change in the operational
environment. The network society (Castells, 2010) refers to the Castell’s view of how we the society is becoming more nationally and globally networked and the increasing importance of technology, information and knowledge are eminent. This study considered these above mentioned to be the most relevant for this study to be reviewed here. Moreover, Chun & Rainey (2005) have studied U.S. Federal agencies and the organizational ambiguity in their goals.

Some seminal minister- and ministry-level strategic management—related studies in Finland have been published: Seppo Määtä (2005) has researched how the employees interpret the strategy and strategic control information in the Ministry of Finance. Minna Tiili (2008) has researched Ministers as strategic political leaders and strategic political steering after NPM reforms in Finland.

### 3.1.1 Strategic management and economic related research groups

Table 2 presents strategic management and economic research related groups (e.g. authors writing together) in public administration (See Johanson & Vakkuri, 2012). According to Johanson & Vakkuri (ibid) these group seldom quote each other’s work in their research.

**Table 2. Strategic management and economic related research groups**

<table>
<thead>
<tr>
<th>Research groups and the collaborating universities</th>
<th>Authors</th>
<th>Research topics and interests</th>
<th>Connected authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborating universities</td>
<td>Authors</td>
<td>Research topics and interests</td>
<td></td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
<td>Massachusetts Institute of Technology, University of London, Michigan State University, University of Haifa, Bournemouth University, University of Alabama</td>
<td>Jennifer Davis, Catherine Liston-Heyes, Ayalla Ruvio, Eran Vigoda-Gadot, Aviv Shoham, Nitza Schwabsky, Louis D. Marino, Liu Gordon, Carl L. Tolbert</td>
<td>Mostly nonprofit and voluntary sector related studies. Topics include: Corruption in service delivery, public sector innovation, multinational and multicultural related studies, nonprofit organizations, entrepreneurial orientations, environmental scanning, organizational learning</td>
<td></td>
</tr>
<tr>
<td>University of Reading, UK, University of Texas at Dallas, Hong Kong Baptist University; The Chinese University of Hong Kong; Texas Christian University; California State University, Texas A&amp;M University, St. Petersburg University of Economics and Finance, University of Wisconsin–Milwaukee, Queen's University, University of Warsaw, University of Montana</td>
<td>Klaus E. Meyer, Mike W. Peng, Michael N. Young, David Ahlstrom, Garry D. Bruton and Yi Jiang, Michael A. Hitt, Lillian Svobodina, Edward Levitas, M. Tina Dacin, Garry D. Bruton, Krzysztof Obloj, Klaus Uhlenbruck</td>
<td>Studies relate mostly to emerging economies, Central and Eastern Europe. Topics include: Institutions and resources, entrepreneurship and corporate governance in emerging economies, strategic alliance partners, government corruption and entry strategies, performance, privatization</td>
<td></td>
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</tbody>
</table>
When considering the research of these three groups presented in Table 2, there are distinct differences in their research interests: Cardiff research group is interested in performance and strategy point of view, the second group is mostly interested in studies in nonprofit and voluntary sector, and the third group is mostly concentrating on studies related to emerging economies, Central and Eastern Europe.

The two last rows of Table 2 present the collaborating universities that have done research in strategy and performance management areas and the specific topics of their research interests.

3.1.2 Strategy process

When considering the process where the strategy is developed, it is important to understand how it evolves and what endogenous or exogenous events can affect the process and the strategy content. It is commonly accepted that strategic processes in organizations do not evolve randomly, but events and decisions shape those that succeed them e.g. limitations based on the previous history of the organization or the sector (Cohen & Levinthal, 1990; Kaplan & Henderson, 2005; Gilbert, 2006; Koch, 2009; Schreyögg & Kliesch-Eberl, 1980; Teece et al. 1997). Strategic path-dependency is the "tie linking the present with the past: this includes the decisions made–both in a statistical sense (history matters) as well as in terms of chaos theory (small changes matter)." (Gáspár, 2011)

The strategy process has been studied from the points of view and the levels of the organization, group (See e.g., Golden & Zajac, 2001; Iaquito & Fredrickson, 1997; Pettigrew, 1977; Rindova, 1999), and individual (e.g., Hiller & Hambrick, 2005; Miller, 1993b; Nutt, 1998b), and also the links between the strategy process and other organizational processes (See more of the strategy process analysis in Hutzschenreuter, & Kleindiest, 2006). Because there are different perspectives and views of the strategy process and how to research and analyze it, the plethora of these previous researches complicates the research of this phenomenon. Some of these previous studies are more limited in their research point of view (See e.g. Ansoff, 1965; Chandler, 1962), and some are broader in their view of this phenomenon (See e.g. Mintzberg, 1978; Quinn, 1980). Some researchers discuss about the significance of studying the strategy process, and what is a definition of a process (Van de Ven, 1992; Pettigrew, 1992). According to Pettigrew (1992) the previous strategic management process research has contemplated on the change
(strategic decision-making) and the choice processes (implementation of the strategy and strategic change) (See Pettigrew & Whipp, 1992; Mintzberg, 1978) According to Pettigrew (1997b), both environmental and organizational factors affect the strategy process (See also Dess & Beard, 1984; Sharfman & Dean, 1991). Also, the politics and regulation are included in these factors in this study (See Duncan, 1972).

Some authors have also studied the post-NPM era in public sector and the about process development in governments due to changes caused by e-service development (See e.g. Christensen, 2012; Moon, 2002; Reddick, 2008a, 2008b, 2009; Seel & Thomas, 2007). Post-NPM reforms are considered to be mainly inter-organizationally oriented (Christensen, 2012, p.1, See also subchapter 3.2)

In Finland’s electronic government development has been written by Hyryläinen (2004) and of the joint service development in the Finnish Police (Juntunen, 2009).

Furthermore, Ansoff and McDonnell (1990) presented the five levels of turbulent operational environment. The levels vary from a stable operational environment to an unpredictable, discontinuous operational environment. They also suggested some optimal strategy process choices for each level. These are reviewed in comparison with the case organization’s strategy process development.

The summary of these previous studies are presented in Table 3.

**Table 3. Factors affecting the strategy process.**

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Research area</th>
<th>Findings (factors that can affect the strategy process)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tellis (1989)</td>
<td>Strategic Management</td>
<td>organization’s size</td>
</tr>
<tr>
<td>Suzuki (1980), Covin, Slevin, &amp; Schultz (1994)</td>
<td>Strategic Management, Management Studies</td>
<td>organization’s structure</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Research area</td>
<td>Findings (factors that can affect the strategy process)</td>
</tr>
<tr>
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</tr>
<tr>
<td>Chow &amp; Shan (2007); Gupta (2011)</td>
<td>Strategic Management</td>
<td>organizational culture</td>
</tr>
<tr>
<td>Pant &amp; Lachman (1998)</td>
<td>Management Studies</td>
<td>organization’s values</td>
</tr>
<tr>
<td>Ayoun &amp; Moreo (2006); Hofstede (1983)</td>
<td>Strategic Management, International Business</td>
<td>National culture can affect the strategy process by affecting the management and their strategy choices.</td>
</tr>
<tr>
<td>Duncan (1972)</td>
<td>Organizational Studies</td>
<td>politics and regulation</td>
</tr>
<tr>
<td>Burgelman (1983a)</td>
<td>Management Studies, Administrative Science</td>
<td>management’s input</td>
</tr>
<tr>
<td>Boulton (1984); Thompson &amp; Strickland (1999)</td>
<td>Strategic Management</td>
<td>top executive’s view of what is important</td>
</tr>
<tr>
<td>Ansoff &amp; McDonnell (1990)</td>
<td>Strategy process in turbulent operational environment, five levels of turbulent environments</td>
<td>turbulence in operational environment affects strategy and strategy process</td>
</tr>
<tr>
<td>Argyris (1993); Senge (1990)</td>
<td>Organizational learning</td>
<td>How quickly organization learns</td>
</tr>
</tbody>
</table>

The strategy process aims to respond to the future challenges by predicting and estimating what is needed to succeed in the operational environment, and lay the foundation for the future successes while meeting today’s challenges. (cf. Fahey & Randall, 1994) The strategy process defines how the goals are chosen to the strategy and how these goals are formulated (cf. Hart 1992). The strategy process involves all the alternative choices that organization can make concerning its future and direction. The outcome of the strategy process is the actual content of the strategy. The strategy content defines the organization's positioning in its

The strategy process involves also certain capabilities regarding to the participants of the process. These are strategic thinking and planning. Strategic thinking is required when evaluating the future possibilities and threats. It is also necessary in a change situation. A number of scholars and professionals have maintained that organizations should make more efforts to discover the possible threats and problems in their initial stages, before they affect the organizations. Otherwise, if these potential problems are escalated or if the threats are realized, they can evolve into crises, which may be critical to the organizations’ success (cf. e.g. Grunig & Repper, 1992; Lauzen, 1995; Stoffels, 1994).

A public organization is not stable because of the changes in politics and society affect the organization’s leadership, goals and priorities. Therefore, strategy needs to be re-evaluated over time because of organizational, environmental or other factors have changed. Organizations need to adapt to their environment. The fast pace of technology, global economy, international crimes, globalization, new innovations, and increased social demands, like for instance, the growing unemployment and gaps between different social classes, demands for effectiveness and transparency, and demands for e-services have created challenges for public sector organizations. However, public sector organizations are slower to respond than private sector organizations due to their fiscal and legal constraints, and bureaucratic processes. Moreover, public sector organizations have started to use management tools similar to what private sector use. In need to improve their performance, and to answer the demands of the citizens, businesses, and the changes in their operational environment, the public sector organizations have focused on their strategy process and the utilization of the management tools as well as the Internet and social networks.

The basic elements of strategic management and strategy development process are described in Figure 6 (Wheelen & Hunger, 2010, p.63). According to Wheelen and Hunger (ibid) the strategic management can be divided to the following parts: environmental scanning, strategy formulation, strategy implementation and evaluation and control. Each phase also includes feedback and learning (ibid). The environmental scanning comprises information gathering and what different endogenous and exogenous factors can affect the organization: 1) environmental -
what is happening or what is expected to happen in the operational environment during the timeline of the strategy, 2) internal factors - what changes are going on in the organization, its culture, values and resources. The strategy formation phase consists of developing long-term plans. The strategy implementation phase includes the activities that need to be accomplished, decision on resources and budget, and procedures how to reach the objectives. Evaluation and control phase is monitoring the actual results and performance.

Figure 6. Strategic management model (mod. Wheelen & Hunger, 2010, p.63).

According to Boyne and Walker (2010, p.185) organizations can have different strategies, and strategy aims “to match internal capacities to organizational environments, and shapes the impact of external and internal constraints on performance”.

The strategy content and process development includes the prerequisites for the development of the content: who are the participants in the development process, and what is the timeline. The interaction process involves all the parties participating in the strategy formation. These parties can change each time when the process evolves. The outcome of the strategy process is the actual strategy document.

Figure 7 describes how the strategy is linked with the performance management. Pollitt (2012, p.4) has presented the basic elements of performance management. These five core elements include: activity (a set of activities, a program, a policy), measurement, data, criteria and use of data. Pollitt’s five core elements described only the performance management part but not the strategy connection. The corporate strategy defines the strategic goals. The corporate strategy is used here as defined in the case organization. The corporate strategy in
this research means the strategy for the administrative sector. In the case organization, the concept of the corporate strategy was first time defined in the financial statement for the year 2009 (Ministry of the Interior, 2010b, p.32) as follows: “The strategy document describes the common strategic goals of the administrative sector and actions to implement them. Therefore, it can be referred to as a Corporate Strategy. The strategy document provides guidance to the operational and financial planning and to strengthen the administrative sector’s procedures in performance agreements.” The assumption is that the strategic goals defined in the corporate strategy can affect the different sectors of the case organization and also the performance management goals in the performance management process. The activities are measured and followed at the operative management level. Data is gathered and compared against the target goals and analyzed. Explanations are given if the target goals are not met and also if they are exceeded. Reporting happens from the operative management level to the corporate-level.

**Figure 7.** The framework of linking strategy with the performance management. (cf. Pollitt, 2012, Figure 1, p. 4 of the basic elements of performance management)
The division between the strategic management and the operative management is also described in Figure 7. The corporate strategy defines the future goals of the organization. The strategic management is usually considered to be the senior management task because they are usually concerned about the success or failure of the organization. However, strategic management is also required at the lower-level of the organization. The strategic management involves the sectoral and business area related strategic guidelines which need to be aligned with the corporate strategy. The operative management performs and tunes the daily activities towards the strategic goals.

According to Nesheim (2011, p.109) few seminal studies have analyzed what happens when the organizational hierarchy is confronted by the mechanisms set up to manage business processes across the line management. The process-based view of the organizations views the organization as a set of sequential work processes that cut across functional departments and thus create value (Anand & Daft, 2007; Denison, 1997; Hammer & Champy, 1993; Hammer and Stanton, 1999, Nesheim, 2011; Palmberg, 2010). The process owners are important in a sense that they are the integrators of the line managers. However, the process owners need to balance their needs with the department managers. The process owner's needs exceed the organizational borders. The line managers in departments have their own allocated resources, and their main tasks are standardization and tuning of work processes and the efficient use of the resource available. The process owners coexist with the line managers, "with their authority limited by the principle of the line has primacy" (Nesheim, 2011, p.118). In this study, the process owner is the owner of both the performance management process and the strategy process. Therefore, when this study discusses of the process owner, it is the same person in both the processes at the corporate-level.

In previous organization research, different organizational characteristics like organization’s size (cf. Yasai-Ardekani & Nystrom, 1996), age (Forbes, 2005), structure (Covin, Slevin, & Schultz, 1994), or organization’s technology choices (Molloy & Schwenk, 1995) and routines (Baum & Wally, 2003), other processes within (see e.g. Hutzschenreuter, and Kleindiest, 2006) and between organizations, organizational culture (Goldman and Casey, 2010; Lorsch, 1985; Schein, 1997), and values (Pant & Lachman, 1998) can affect the strategy process and the content of strategy. Moreover, the organization theorists (e.g. Kenny et al, 1987; Perrow, 1970) have also discussed of the resource dependency between persons, groups or units because power accumulates to units that manage strategic contingencies; the critical factors that affect the organization’s performance and its ability achieve its
strategic goals (cf. Daft, 2001; Hickson et al, 1971). In addition, organizational culture can also cause the strategy to succeed or fail or delay the fulfillment of strategic goals due to multiple reasons: decision-makers’ myopia of what needs to be done, capabilities needed, goals and changes in organizational environment (Goldman and Casey, 2010; Lorsch, 1985; Schein, 1997).

Another important viewpoint is the institutionalization of processes in this study. Institutional theory (See e.g. DiMaggio & Powell, 1983; Meyer & Zucker, 1989; Scott, 1987) studies organizations and behaviors within. According to Fleck (2007) institutionalization and organization’s long-term success depends on its capability to foster stability and permanence but they can have an ambivalent effect in organizational efficiency. Institutionalization processes seem not to produce long-term efficiency, but instead they can cause rigidity and change resistance in time (Fleck, 2007).

3.1.3 Network perspective of the public sector management

Because the operational environment of the case organization consists of different actors from public sector and also from NGOs and private sector, the network perspective is an important element in order to understand the formation of the strategy and performance in the case organization and the fragmented field of security sector in Finland. Furthermore, the fast pace of technology, and the increasing networking in societies has increased the complexity and unpredictability of the operational environment. This has been researched in many previous studies: in Finland’s public sector (Autero, 2012 from the performance management point of view), in business networks and network society (Castells, 1996) when organizations are looking for competitive advantage of firms (see e.g. McGrath, 1995; Porter, 1985) or when the research is about the competitive advantage of nations (Porter, 1990), creating new industry standards, services and products in business networks and collaboration (Ford et al., 2002; Frels et al., 2003; Möller and Halinen, 1999) and when discussing revolutional or evolutilional changes in organization (Tushman & O’Reilly, 1986).

The network perspective of the public sector management is based on the assumption that public sector cooperates with different organizations that are working interdependently towards a certain goal (Agranoff & McGuire 2003; van Bueren et al. 2003; Hanf and Scharpf, 1978; Keast et al., 2004; Kickert, et al., 1997; Klijn & Koppenjan, 2000; Klijn et al., 2010; Provan & Lemaire, 2012; Vangen &
Networks are considered essential in tackling wicked problems that go beyond traditional sectors and policy areas (Head 2008; Rittel & Webber, 1973). From the network management point of view the networks led by the public sector authorities aim at solving a problem that a single organization cannot solve or that requires multiple authorities or cooperation of different sectors (See e.g. Agranoff & McGuire, 2001). In previous studies (Gulati et al., 2000; Jarillo, 1988; Nohria, 1992; Venkatraman & Subramaniam, 2002), networks are seen as a means of gaining access to critical resources to develop new products, services and processes. Specifically, vertical and horizontal networking strategies are needed in order to gain new knowledge and innovations beyond the immediate organizational boundaries (See e.g. Håkansson & Snehota, 1995; Kogut & Zander, 1997; Powell et al., 1996; Teece et al., 1997).

Furthermore, the actor-network theory has been adapted in public sector (see e.g. Bryson et al, 2009). The actor-network theory has been widely used in business marketing and management (see e.g. Håkansson et al., 2010). The network perspective has developed over time, and at first, the focus was on the buyer-seller relationship (Håkansson, 1982), but later on also larger networks with more than two players (see e.g. Halinen et al., 1999; Halinen & Törnroos, 1998; Håkansson & Johanson, 1992; Möller & al, 2005). In the actor-network theory, the network can be divided into three concepts: actors, resources and activities (Håkansson & Johanson, 1992). According to Halinen and Törnroos (2004, p.7), networks “can be limited in relation to those actors, who at certain point in time actively relate to each other through business, social and/or technological exchange”. “The business network identified by the focal actor is the most relevant network in forming the context for its business operations (Halinen et al., 1999)” (Juntunen, 2005, p.3).

If a network is intentionally developed and maintained for a certain purpose, it is considered a strategic network (Möller et al, 2005; Möller & Svahn, 2003). According to Pollitt (2003), public sector actors are interested in increasing both the vertical and the horizontal coordination among government actors and stakeholder groups (Pollitt 2003). Johanson (2009, p.882) argued that this can be considered as "a countermeasure designed to strengthen the coordination of a more decentralized and organizationally diversified government". The performance of a public sector network is difficult to estimate because the performance depends on different actors working together and the accountability is therefore also divided among different actors (Wise and Nader, 2006), and these network actors can be public sector authorities, NGOs or private sector actors.
The network management perspective requires that there is an orchestrator, a hub organization, in networks that coordinates and orchestrates the other members of the network (Juntunen, 2005; Möller et al., 2005; Snow et al. 1992; Teece, 2007). However, the orchestration of a network depends on individual, organizational or sector-specific capabilities (See e.g. Juntunen, 2005; Ritala et al., 2009). Though, the challenge with orchestrating a network is how to get the network participants to cooperate towards the common goal, how to institutionalize the capabilities, processes, services and products created in the network cooperation. Hybrid cooperation mechanisms can exist in network environment. It means that “both vertical and horizontal coordination mechanisms coexist and sometimes intertwine” (Laegreid & Rykkja, 2015, p.977) causing accountability challenges. (See also Mitronen & Möller, 2003 of hybrid management challenges; Mitronen & Rintamäki, 2012).

In a recent study by Walker, Andrews, Boyne, Meier and O'Toole (2010, p.731) was argued that “service performance is shaped by the strategies adopted by public organizations and the networking behavior of public managers”, and that interaction is more important with the network nodes. But in order to understand the impact on performance the dyad-to-dyad interactions need to be reviewed (Walker et al, 2010, p. 738).

This study uses the concept of governance to refer to the modes by which organization is operating with the other actors of its macro environment, and to the organizational and managerial arrangements of their internal government.

Furthermore, the network management view is also seen in the program management of the Finnish Government. The different Government’s programs require cooperation across organizational and sectoral borders. For example, the Finnish Government’s Strategy Document has been a part of the program management model that has been used in the public sector reform since 2003 (Prime Minister Matti Vanhanen’s I Government). The Government Strategy Document assists the cross-sectoral goal implementation, controlling and monitoring the major activities required by the Government. It was aimed at being a tool for the Government to monitor the effectiveness and the use and impact of the public sector resources, and if necessary, redirect the resources (Prime Minister’s Office, 2003, p. 7).
3.1.4 Organizational identity

The organizational identity and image has been discussed in marketing literature (see e.g. Hatch & Schultz, 1997), in management literature (e.g. Albert et al., 2008), and in organizational literature (e.g. HR-management see Meyer & Allen, 1991), in psychology (e.g. O’Reilly & Chatman, 1986; Edwards & Peccei, 2007), in communication literature (e.g. Cheney & Christensen, 2001; Scott et al, 1998), and in administration (e.g. Hall et al, 1970). In general, the organizational identity has been defined differently by several authors and some use the concept organizational image as a synonym for the organizational identity. Hatch and Schultz (1997, p.357, 362) defined that organizational image included external view of the organization whereas organizational identity concerns of the members’ view of the organization. The concept of organizational identity in this study refers to the concept of self-identity: the way the organization defines itself and how the members define themselves (cf. Albert et al. 2008). Organizational identity—concept is linked to the employee satisfaction, performance, organization’s strategy, performance, and values (cf. Albert et al. 2008, pp.334-339) but there are also other viewpoints as presented in the following table.

Table 4. The previous research on organizational identity

<table>
<thead>
<tr>
<th>Topic</th>
<th>Authors</th>
<th>Characteristics</th>
<th>Critics, Comments</th>
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<tbody>
<tr>
<td>Self-identity, self-image</td>
<td>Asforth &amp; Dutton (2000); Albert et al. (2008, pp.334-339)</td>
<td>Organizational identity is in the minds of the employees; Organization needs to have a clear cognitive view of &quot;what it stands for and where it intends to go--an organizational identity&quot; (Asforth &amp; Dutton, 2000, p.13)</td>
<td>Organizational identity relates to values, performance, vision, and strategy because it identifies where the organization is now, what it stands for and where it aims to be in the future.</td>
</tr>
<tr>
<td>Organizational identity as an external image, overall impression that an organization makes i.e. reputation</td>
<td>Dutton (1994); Bromley (1993)</td>
<td>How others view the organization; its reputation, its external image</td>
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<tr>
<th>Topic</th>
<th>Authors</th>
<th>Characteristics</th>
<th>Critics, Comments</th>
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</thead>
<tbody>
<tr>
<td>Organizational identity as an interaction process</td>
<td>Scott &amp; Lane (2000)</td>
<td>Organizational is identified as a dynamic interaction between the different parties involved.</td>
<td></td>
</tr>
<tr>
<td>Controlling the employees’ organizational identification, managing organizational identity</td>
<td>Alvesson &amp; Wilmott (2002)</td>
<td>How management tries to control the organizational identification, managing organizational identity</td>
<td>Management’s view of the organizational identity vs. employees’ view, and how to control it. The official identity vs. the uncertain image of organization within the minds of the employees.</td>
</tr>
<tr>
<td>Desired image of the organization</td>
<td>Dutton et al. (1994)</td>
<td>Top management’s view of the organization</td>
<td></td>
</tr>
<tr>
<td>Organizational identity is based on the employees’ identification with the organization</td>
<td>Dutton et al. (1994); Hatch and Schultz, (2000); Pratt (1998, 2000); Hämäläinen (2007); Ponteva (2009)</td>
<td>Employees’ views of the organization</td>
<td>Feeling of solidarity with the organization, supporting organizational goals, perception of shared values with the organization</td>
</tr>
<tr>
<td>Organizational identity and organizational culture</td>
<td>Hatch &amp; Schultz, (1997)</td>
<td>Managers are participants in and embodiments of the organizational culture, the organizational identity is both controlled and facilitated by them. Top management is the symbol of organizational identity. (Hatch &amp; Schultz, 1997, p.363)</td>
<td>Strategies and visions are interpreted by the cultural context (Hatch &amp; Schultz, 1997, p.363) Corporate identity management requires formulation and communication of the corporate strategy.</td>
</tr>
</tbody>
</table>
3.2 Perspectives on public management and reforms and on performance management

“People used to believe that strategies and plans were synonymous. Now, however, it is widely recognized that strategies are much more complex than plans because they evolve as decisions are made and courses of action are pursued.” (Neely et al, 1994, p. 140)

First, this research will explain some key concepts related to performance management. The concept of performance management was not used until the 1970s in the public sector (Armstrong and Baron, 2005; Fryer et al., 2009). Performance management generalizes the collected data to provide information about the future (Lebas, 1995). In Finland’s public sector, the term performance management is defined as follows: it “is an agreement-based interactive control model. Its operational core is in the ability of the agreement parties to find the appropriate balance between the available resources and the results to be attained with them. The basic idea of performance management in operations is to balance resources and targets.” It also aims at efficiency, and quality, and that “the desired effects are cost-efficiently achieved.” (Ministry of Finance, 2006a, p.7) This study will use the Finnish definition because it is nationally used. The definition by Lebas (1995) is performance-management-in-action characterization, and what performance management in public sector should be in practice.

Performance measurement is about the past, collecting data for the performance management. Radnor and Barnes (2007) define the performance measurement as follows: “Performance measurement is quantifying, either quantitatively or qualitatively, the input, output or level of activity of an event or process. Performance management is action, based on performance measures and reporting, which results in improvements in behavior, motivation and processes and promotes innovation (p. 393).” “Traditionally performance measures have been seen as a means of quantifying the efficiency and effectiveness of action.” (Neely et al, 1997, p.1132)

“The success and continuity of an organization depend on its performance.” (Flapper et al, 1996, p.27) “This requires that ‘all noses are pointing in the same direction’, as every person in the organization contributes to the company objectives via his or her activities. A good manager keeps track of the performance of the system he or she is responsible for by means of performance measurement (PM). His/her staff carrying responsibility for certain activities within the system, need PM to see how well they are performing their tasks. This also holds for the
employees actually executing the various process steps. So performance indicators (PIs) are important for everyone inside an organization, as they tell what has to be measured and what are the control limits the actual performance should be within.” (Flapper et al, 1996, p.27)

Performance reporting is recording performance against a target or including analysis (See also Radnor & Barnes, 2007). In Finland’s public sector, the performance target is described by an agency, body or function, related to performance guidance and performance budgeting for the fiscal year. Where performance targets have been stated, they are often connected with a performance data table and/or a cost-effectiveness calculation. (See also Valter – Government’s Termbank)

Second, the next sections review the previous research on the two dominant public management perspectives: New Public Management (NPM) and governance. These two perspectives were the main drivers of public sector reforms, and especially NPM guided Finnish public sector towards the renewal of performance management systems that affected also the case organization in 1990s.

New Public Management (NPM) originates from the time when UK Prime Minister Thatcher and US President Ronald Reagan were in power in 1980s and favored a more “business-like” approach in government (Pollitt & Dan, 2011, p. 4), and thus, gradually the new doctrine was taken into action. The doctrine was called NPM in Europe, and in the US, Re-inventing Government (Hood, 1991).

“New Public Management emphasizes the separation of responsibilities and authority with regard to policy making and policy implementation, and with regard to political decisions and their ultimate realization. The governance perspective focuses on improving interorganizational coordination to improve policy proposals and their implementation and to tie important actors to the policy process” (Klijn, 2008, p. 311)

The NPM labels a series of reforms in public sector in different countries with different economic and political systems (Kaboolian, 1998, p. 189) as well as a change trend in public sector governance and administration (Sahlin-Andersson, 2000, p.1). According to Johanson (2009, p. 4), “the variety of legal systems and national traditions makes it difficult to define a public agency with accuracy, even in a single context such as the European one.” However, there are some common features that can be found in public sector organizations, like for instance, the

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political direction, strategic vision through political decision and direction, budgeting, financing from a combination of its own revenues, earmarked or flagged tasks and subsidies from the state budget, publicly-owned assets, and also public accountability defined by law and tradition (Johanson, 2009, p.4; OECD, 2001).

NPM is characterized by efficiency of government performance and improving it (Hood, 1991; Ketll, 2000; Kickert, 1997; Lane, 2000; Pollitt, 1990) by using the management tools and performance models that have been proven good at the private sector. Using outsourcing and privatizing public sector organizations or parts of organizations e.g. outsourcing government’s personnel reporting like has been done in Finland in 2009.

Moreover, the performance-based rankings are common in public administration reform. These performance-based ranking are developed to improve the resource- and cost-efficiency of the public sector delivery. Performance rankings are seen, for example in school grading, the service delivery time rankings, the crime rates, and the rate of solving crimes in different cities or in a certain geographic area. Also as part of performance management, setting goals and performance indicators (PIs) for public sector agencies can also motivate public servants in their personal performance to achieve their own goals as part of the organizational goals. Performance management is used to improve the performance of the individuals, teams, and organizations by clarifying the objectives, linking personal goals with the organizational goals and planning, capability development, and feedback.

The governance perspective (Rhodes, 1997) focuses on horizontal coordination between different societal actors and tries to manage complex interdependencies by improving interorganizational coordination, management, policy outcomes and services (Klijn, 2008, p.312), knowledge sharing between actors and interaction between societal actors and citizens. A public sector agency can rely on its own organizational resources or cooperate within the organization with another unit (cf. Alford, 2001) or with another public sector organization and share resources, for instance, in a cooperation project.

Aagaard (2010, p.3) argued that the two dominant public administration models NPM and the governance model (Klijn, 2008, p. 300) characterized and established the institutional drivers and barriers for emergent strategic management in the public sector. It is hard to see innovativeness and organizational learning go hand in hand with organizational efficiency and productivity requirements. NPM has
been criticized of not taking into account the organizational learning (e.g. Aagaard, 2010, p.4), dynamic capability view of the organization and innovativeness.

As a summary, the NPM and governance has been affecting the public sector’s management for over two decades. “Basically, NPM can be said to incorporate three components: (a) marketisation–introducing market competition into public sector production; (b) disaggregation–decoupling policy and executive functions; and (c) incentivisation–linking incentives to performance.” (Bhatta, 2003, p.6) In the Post-NPM era, the public sector developments seem to be more inter-organizationally oriented seeking to improve the horizontal coordination of different governmental branches and other actors (Christensen, 2012, p.1; Christensen & Lægreid, 2007; Lodge & Gill, 2011) e.g. in e-government services and co-production efforts. In this paper the concept of e-government denotes the use of information and communications technology to change the structures and processes of government organizations (Beynon-Davies, 2005, p.3). Furthermore, the recent research is focusing on the changes caused by the digitalization of the government, i.e. the e-government (see e.g. Štemberger & Jaklič, 2007; Christensen, 2012). According to Christensen (2012, p.2) this post-NPM development can also be seen in the Governments’ strengthening efforts of the central administration, and also in the efforts of structurally reintegrate or control more agencies and state-owned enterprises. In Finland, this is seen in the structural integration efforts of the central administration (e.g. the KEHU-program in Finland’s government, see Ministry of Finance, 2014a, 2014b) but also in the service renewal projects within the different administrative branches. Vironen (2015, p.76) summarized the megatrends in post-NPM era as follows: (1) the value-based management efforts (cf. Christensen & Lægreid, 2011, p.467), (2) the development and integration efforts and the central administration governance Christensen (2012, p.1), and (3) the collectiveness in decision-making process and in management (cf. Ramia & Carney 2010: pp.264–265). The collectiveness in the decision-making process and in management can be seen in the case organization and in the Finland’s government in the forms of inter-organizational working groups and projects (e.g. the ALKU-project and the restructuring of regionalization administration within the Finnish Government required a collective decision making (see Ministry of Finance, 2009). The goals of the ALKU-project were the renewal of the regional administration. Moreover, one of these collective decision-making bodies were the meetings of Permanent Secretaries of the different administrative branches that had an important role in harmonizing the corporate steering and implementation
of the Government Program’s goals and to management of the different Government entities (cf. Kokka, 2011, p.44).

3.3 Previous research on performance management systems

The reforms in Finnish public sector led to renewal of performance management systems. This subchapter portrays the previous research on the topic (Table 5).

The previous research also shows challenges in the design, implementation, and management, and "questions their effectiveness as policy tools for increasing governmental accountability" (Heinrich, 2002).

Performance management includes the goal-oriented process and also the technical implementation of a performance management system and its administration.

Table 5. The previous research on performance management systems

<table>
<thead>
<tr>
<th>Topic</th>
<th>Authors</th>
<th>Characteristics</th>
<th>Critics, Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamic performance management systems</td>
<td>Bititci et al. (2006)</td>
<td>Performance management systems need to change when the management and culture changes. Performance management systems cannot be static.</td>
<td></td>
</tr>
<tr>
<td>Linking strategy to performance management</td>
<td>Autero et al. (2012)</td>
<td>How strategic allocations are coupled—or not—with the financial management. New forms of services in public sector can create a demand of change in organizations.</td>
<td></td>
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<tr>
<td>Topic</td>
<td>Authors</td>
<td>Characteristics</td>
<td>Critics, Comments</td>
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<tr>
<td>The dynamics of performance management</td>
<td>Boyne et al., (2006); Moynihan (2008); Talbot (2010)</td>
<td>Governments have been building measurement systems to acquire more performance data but have neglected to consider how to facilitate the use of such information.</td>
<td>Selectivity in the use of information, to serve the interests of particular agencies and individuals. The selective use of information can undermine attempts at interagency problem-solving and reform.</td>
</tr>
<tr>
<td>Requirements of the effective management</td>
<td>Hart (2001); Quinn &amp; Rohrbaugh (1998)</td>
<td>Ethical management, organizational culture correlates with the organization itself and the operational environment.</td>
<td></td>
</tr>
<tr>
<td>The use and utilization of the performance management systems</td>
<td>Carter (1991); Cousins &amp; Shulha (2007); Hood (2007); Kirkhart (2000); Leviton (2003, p. 529); Patton (1998)</td>
<td>Usage depends on context why these systems are built and who implements them. The managers need to commit to use and participate in the development.</td>
<td></td>
</tr>
<tr>
<td>Value-driven management</td>
<td>Grosenick &amp; Gibson (2001); Menzel (2001)</td>
<td>Value-driven management, high-performance organizations.</td>
<td>Team/group values preferred instead of individual values, selflessness.</td>
</tr>
<tr>
<td>The ownership of a performance management system</td>
<td>Carman &amp; Fredericks (2010); Preskill &amp; Boyle (2008)</td>
<td>Managers as owners are considered to be critical.</td>
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<tr>
<td>Topic</td>
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<tr>
<td>Performance management systems created to improve public sector’s performance</td>
<td>Albæk (1988); Bevan &amp; Hood (2006); Cousins &amp; Shulha (2007); Hood (2007); Kirkhart (2000); McLean et al. (2007); Weiss (1998)</td>
<td>Evaluations and performance systems vs. organizational performance.</td>
<td>Evaluations and performance systems rarely improve organizational performance. The outcome of performance systems can be anticipated or unanticipated.</td>
</tr>
<tr>
<td>Performance management and representative bureaucracy, satisfaction in performance</td>
<td>Andrews et al. (2005)</td>
<td>“Organizations perform better if their workforces reflect the characteristics of their constituent populations. Representative bureaucracy is negatively associated with citizens’ perceptions of local authority performance. However, organizations pursuing a prospector strategy are able to mitigate this negative relationship.” Andrews et al. (2005, p.489)</td>
<td>satisfaction in performance when organizations are applying reactor and prospector strategies in organizations</td>
</tr>
<tr>
<td>Performance Management and Strategic Steering in the Finnish public sector</td>
<td>Kivelä (2010)</td>
<td>Performance and productivity, strategic steering, the balance between the centralization of productivity steering and other administrative activities.</td>
<td>The network management capabilities were not addressed; The impact of the Government programs in strategic steering and performance management.</td>
</tr>
</tbody>
</table>
The performance-management systems in the public sector have been widely used, but also criticized (e.g. De Bruijn, 2002; Bouckaert & Peters, 2002; Holzer & Yang, 2004, Johnsen 2005). Pollitt (2006, pp.25-41) argued that performance-based strategic steering is weak even though there is lot of performance management
efforts (cf. Lægreid et al., 2005). The usefulness of the performance management metrics has been criticized (see e.g. Propper & Wilson 2003; Talbot, 2000).

Performance management frameworks such as Balanced Scorecard (BSC) model (Kaplan & Norton, 1992, 1996) and the Performance Prism–model are considered as strategy tools in this study. These are discussed in next sections. These types of management’s strategy tools can be regarded as institutional elements (Chenhall, 2003; Ittner et al., 2003). "Institutional elements such as structures, actions, and roles are transmitted to newcomers in organizations and maintained for long periods of time. These elements arise from within the organization or through the imitation of similar organizations" (Russo et al., 2011, p.9; Zucker, 1987)

**Balanced Scorecard (BSC)**

The Balanced Scorecard (BSC) -model (Kaplan & Norton, 1992, 1996) was used in the case organization for a short period of time in 1999 to 2004. Balanced Scorecard is a strategic planning and management tool and a performance framework to view and assess the organization from four perspectives, and it allows the managers to create a more balanced view of the organizational performance: (1) financial, (2) internal business, (3) innovation and learning, and (4) customer perspective (Kaplan & Norton, 1992). Kaplan and Norton reviewed their model in 2001 because they had been criticized that the model does not fit for non-governmental organizations (NGOs) and public sector. They noted that the challenge with the public sector was the definition of the strategy (Kaplan & Norton, 2001a, 97-98). They concluded that most documents of the public sector cases consisted of list of programs and initiatives that public sector organizations tried to complete. They concluded (ibid, 98) that if these types of organizations want to succeed in using BSC-model, they need to do more than just improve existing processes. They suggested (ibid, 98) that these organizations should use an over-arching goal instead of strategy and then consider the other dimensions of the BSC as how to reach this ling-term objective.

Määttä and Ojala (1999) also created their own version of BSC for the Finnish public sector in early 2000s. In their framework, the vision and mission of the organization were linked with the four dimensions of the framework: processes and structure (performance and operational capability), resources and finance (resource management view), renewal and capability to work (work community and employees) and impact (citizen, political leadership).
According to Malmi (2001), the early adopters of this model in Finland used it either as a management tool with specific objectives or as a management information system (MIS). According to Malmi (2001, p.211) “companies set targets for BSC measures. Managers are held accountable for achieving the targets. In a sense, the use is no different from the idea of management by objectives.” For example, in Finland, the performance requirements include measuring societal impact which is difficult to measure in a yearly timeline (see e.g. Autero, 2012; Government, 2012).

However, the early adopters of this model did not fully understand the assumed cause-and-effect relationship of the linking measures together (Malmi, 2001). The previous research also criticized the BSC-model because it is “too generic” and it might not fit to company’s culture (Butler et al. 1997) and difficult to find the causality between the four areas of the organizational performance (Norrekilt, 2000).

When considering the adoption process of a new management framework e.g. performance management framework like BSC, the institutionalization is an important question and can cause the adoption to fail or succeed. Mimetic isomorphism occurs when the work raises elements that cause the BSC to be "copied" from the other organizations (Russo et al., 2011). However, normative isomorphism can occur when the BSC is adopted based on well-known professional authorities within the same organization or elsewhere (e.g. research institutions) and thereby these authorities behave as an element that induces isomorphism (Russo et al., 2011). According to Russo et al. (2011) it seems that institutionalization failed in many organizations when these new performance management frameworks and other management accounting tools were introduced to a public sector organization. As a summary, many reforms are results of mimetic isomorphism (DiMaggio & Powel, 1983) when desirable elements from a role model organization are imitated.

**Performance Prism–model**

In Finland, the efforts of improving performance management in Government in 1993-2003 were inadequate in terms of providing an integrated view of the different administrative branches. Therefore, the responsibility of the productivity was given to the Ministry of Finance (Kivelä, 2010, 173), and a new performance management framework was developed and launched. It was called Performance Prism (Figure 8). The importance of productivity also meant the changes in the
performance management system within the Finnish Government. Ministry of Finance wanted to enhance the overall performance control system and unify the reporting in public sector (Ministry of Finance, 2006a). The public sector was using different reporting systems, and it was difficult to get a comprehensive picture of the performance with different frameworks and reporting used.

The Finnish Performance Prism- model is not the same as the model presented by e.g. Neely, Adams, & Crowe (2001, pp.6-7) with five different sides: stakeholder, strategies, processes, capabilities, and the stakeholder contribution - facet. The latter one describes the relationship between the organization and the stakeholders: what value the organization brings to the stakeholders, and what stakeholders contribute back to the organization (ibid, p.7). However, it seems that there are some differences in these two Performance Prism- models: The earlier Performance Prism model (see e.g. Neely & al, 2001) is made for private sector. It links the operational performance with the strategies and the stakeholder viewpoint, whereas the Finnish model is made for public sector. The Finnish model links the operational processes and services with the societal impact and policy effectiveness, and what value the organization brings to the society. The Finnish model does not include the strategy viewpoint. Both of these two models consider capabilities or human resources (HR) as part of the performance.

The Finnish Performance Prism model relies on the ability of the agreement parties (ministry and agency) to balance the available resources and the performance goals in the performance negotiations. The performance management includes notions of quality cost-effectiveness and comprehensive impact on society (Ministry of Finance, 2005a, 2006a). The Finnish model aims at linking the control function with the decision making, monitoring and evaluation (Ministry of Finance, 2006a). First, a term Policy effectiveness needs to be clarified and what is means in this model: “Policy effectiveness (also referred to as ‘societal impacts’ and ‘social effectiveness’) describes how social development policy targets have been attained. Policy effectiveness thus describes how well social development policy has succeeded, measuring the impacts of measures on rather broad task areas and social targets, such as sufficient social security, efficient and high-quality health care, equitable income distribution, and employment. The purpose of policy effectiveness is to respond to the needs of society and to ensure social development, economic growth, employment, and so on. Thus, policy effectiveness forms part of the performance which an individual agency or institution can influence for its own part. The accountability of the Government
and ministries lies largely in policy effectiveness.” (Ministry of Finance, 2006a, p.139)

With societal impact, this Performance Prism–model means the benefits created for the customers and citizens by the ministries and agencies. Besides the societal impact, the Finnish performance management model also discusses of immediate or direct effects on citizens and customers (Ministry of Finance, 2005a). The targeted societal impact can be positive but also unintended, negative impact needs to be considered (Ministry of Finance, 2006a, p.31).

The model includes different levels to measure, monitor and evaluate (Figure 8): Human resources management, operational efficiency, outputs and quality management and policy effectiveness. The innovativeness of this model was the policy effectiveness part which was seen important to consider within the public sector. This model also linked the accountability with the performance management.

The case organization started the implementation process of the new framework in 2004 with a one-year-transition time from the Balanced Scorecard to Performance Prism.

Figure 8. The Performance Prism–model (Ministry of Finance, 2005a, 2006a).

Kivelä (2010, p.272) claimed that the Finnish performance management system is an information-led system which is lacking the assessment methodology.
Ministries have developed different metrics but the societal impact seems to be difficult to measure (Kivelä, 2010, p.270). As Kravchuk and Schack (1996) concluded, in public sector's performance management systems, managers will have to confront inherent pressures between simple, verifiable goals and more complex performance measures.

It needs to be noted that a prior to these BSC and Performance Prism models, the case organization had defined some of the key terms in strategic and performance management in internal working group, and the definitions are not the same as presented here. The different definitions are presented in the case description in Chapters 5–6.
4 Structure of the case analysis

This Chapter will describe the structure of the case analysis, and how it relates to the research objectives presented in Chapter 2 and to the theoretical framework presented in Chapter 3. It also explains the changing operational environment in the security sector (see subchapter 2.6), and how it is analyzed, and divided in different time periods in the case description. The operational environment of an organization in formulating strategy is “the pattern of all the external conditions and influences that affect its life and development” (Mintzberg et al, 2003, p.74). The changes in the operational environment, and especially the pace of change internationally, nationally, and internal organizational restructuring seem to have affected both the strategic and performance management in the case organization, and that is the reason for the periodization.

Each Chapter in the case analysis represents a different operational environment. In the beginning of each Chapter the major endogenous and exogenous events are described from the point of view of the case organization. The exogenous events did not always make any changes in the case organization and its strategy. The case organization and its administrative branch were the point of view in this analysis of the operational environment, and not e.g. the economic situation of the country.

The levels of the operational environment are based on Ansoff and McDonnell’s levels of turbulence (1990): (1) repeatable (stable, predictable) operational environment, (2) expanding operational environment, (3) changing environment, (4) discontinuous (rapidly changing) operational environment, and (5) surprising (turbulent) operational environment (cf. subchapter 2.6).

Chapter 5: The years 1990–1999: a stable predictable environment, the environment repeats itself and there are no major changes in the security sector.

Chapter 6: The years 2000–2007: expanding operational environment in which there are some changes, but it is still easy to predict.
Chapter 7: The years 2008–2011: changing environment in which there is a faster pace of change, but the future is still predictable.

Chapter 8: The years 2012–2014: represent both the discontinuous operational environment, and the surprising operational environment. The characteristics of the discontinuous environment is the fast pace of change, partially predictable, and the organization is usually unable to respond in a given timeframe. The characteristics of the surprising operational environment is the turbulence, unpredictability, rapid changes can be global and happen without notice.

In each Chapter, the strategic and performance management is analyzed using the strategic management model (See Figure 6, mod. Wheelen & Hunger, 2010, p.63): (1) Environmental scanning, (2) strategy formulation, (3) strategy implementation, (4) evaluation and control (monitoring performance). For example, Chapter 5 has the following subtitles:

5.1 Background explains the key endogenous and exogenous events during the years 1990-1999

5.3 Initiation of strategy explains the strategy and performance-related concepts in the case organization and the formation of the strategy

5.4 Linking strategy with performance management is the strategy implementation phase in which the strategy is put into action.

5.5. Monitoring performance is the phase where the evaluation and control happens.

For example, as a summary, Appendix 7 illustrates the strategic management model in the case organization during the early years from the year 1992 to 1999.

The link between the strategy and the performance management is illustrated in Figure 7 (Framework of linking strategy with the performance management., cf. Pollitt, 2012, p. 4 of the basic elements of performance management). The performance management process of the case organization follows partially the process explained in Figure 7. The different Chapters present the performance management process and the linkage with the strategy differently; see e.g.:

Chapter 5: Figure 11 (during the years 1990-1999)
Chapter 6: Figure 17 (in year 2006)
Chapter 7: Figure 34 (during the years 2008-2011)
Chapter 8: Figure 39 (in years 2011 and 2012)
Furthermore, Pollitt’s framework (2012, p.4) does not include the different levels of strategic management. It presents the framework within one organization, whereas the case organization had to obey the changes given by the Government or the Ministry of Finance (e.g. changing government level documentation, reporting, framework, and processes). Sometimes the changes in performance and reporting, and metrics were caused by the national, cross-sectoral programs (e.g. Productivity Program, Internal Security Program in Finland).

Chapters 9 and 10 are the summary Chapters in which the managerial and theoretical conclusions are presented.
5 The years 1990–1999: Stable operational environment

5.1 Background

This Chapter illustrates the path of how the strategic planning and the strategy process developed along with the performance management from the year 1990 to the year 1999. The early development years from 1990 to the year 1999 depict the background and development history. The definitions of the key concepts in the strategy process and the performance management process were developed during these years. Reviewing the history also allows the researcher and the readers to understand the path-dependency of why and how the process and concepts started and why the strategy process and its linkage to performance management process are formed to the current state.

Even though this decade was generally characterized with the banking crisis, the burst of the IT bubble, economic depression that also caused unemployment (see more of the general crisis and economic situation Kiander, 2001; Viinanen, 2014), the decade can be characterized as stabile from the point of view of the case organization and its development.

The general background of the public sector development in Finland is also important to understand. The 1990s in Finland’s public sector was characterized with the rise of the performance management. One exogenous reason for the productivity and performance demands in public sector was the economic depression in early 1990s. It expedited the change process in the area of performance and control within the Government. The changes in 1990’s strengthened the ministers’ strategic steering capacity of their administrative branches (Tiihonen, 2006, p.59) to control the development and implementation of the strategic plans of their administrative branches. Towards the end of the 1990’s, it was seen important to improve the performance collectively in the Government instead of strengthening the performance and control functions in each administrative branch separately (Tiihonen, 2006, p.59).

In years prior to 1995, the Finnish Government was developing relations mainly with the Baltic Countries and the Soviet Union. (Finnish Government, 1991) The
main emphasis was on internal affairs in 1991 to 1994 (Finnish Government, 1991). In 1995 Finland joined the European Union (EU) and changed the viewpoint from the internal affairs by adding international cooperation. Immigration started increasing and its position as an independent sectoral area in 1995 when the Immigration Center started. Before 1995, Immigration had been part of the Police Department. From the sectoral development point of view, the security was not yet considered as a "topic area" in the strategy or in the performance management process. In addition, the Finnish Government saw that the equal development of the regional management and municipalities was important within the case organization’s administrative branch. In the Government’s Program in 1991, there was no mention of the security management or the necessity of the development of the security area within the case organization’s administrative branch.

From the control and governance point of view, the 1990’s introduced the performance management and corporate governance functions to the ministries, and thus, also to the case organization.

5.2 Object-oriented budgeting, management by objectives (MBO), and result-based management (RBM)

The object-oriented budgeting and management by objectives (MBO) was introduced in late 1960s in Finland as a first effort to performance management. (OECD, 1997) The early performance management in the case organization was management by results or management by objectives (MBO) which started to get foothold in the case organization in 1970s. MBO was considered useful in individual development discussions for the yearly objectives. However, MBO did not become a general practice in the Finnish public sector (OECD, 1997, p. 59)

The results-based budgeting was introduced in 1992 and implemented statewide in 1993, and the departments and agencies were required to prepare annual reports based on their performance and agreements between the parent organization and the subsidiaries. (OECD, 1997) The annual performance reporting has been in place since 1993. (OECD, 1997, p. 60) Each agency and department were allowed to take initiative in analyzing their own performance and decide the measures used. This is the still the method used even today.

When the case organization is responsible of the objectives chosen and performance results in its administrative branch, also the minister is personally
responsible of the results and that the objectives of the Government Program are taken into account and being implemented.

Instead of improving public sector’s performance, the economic recession in 1990s in Finland led to budget restrictions. While result-based budgeting and performance management offered the core framework for the management activities and processes with a yearly schedule, it also enhanced the sectoral division within the case organization because all the sectors chose and considered the objectives and assessed the results from their sectoral point of view and not from the whole case organization.

Ministry of Finance assessed the result-based budgeting for the years 1990–1993 (Ministry of Finance, 1992) and also the State Audit Office (currently called the National Audit Office) performed their own assessment of the result-based performance management in 1993 (State Audit Office, 1993), and both concluded that the linking between the objectives and budget was not clear, lacking continuity in objectives, the objectives were based on what the organizations had been doing and not based on what they were supposed to be doing.

According to one of the management-level interviewees, there had been several management and operational management development projects during 1988 to 1999. These management development projects concentrated on management, management by objectives, restructuring and streamlining the case organization and performance management. The projects are listed below.

- Management development program in 1988–1992
- Streamlining the case organization in 1992-1993
- Activities, tasks and structure of the case organization – a development report in 1999

There were no conclusive results of these above mentioned projects. It seems that they did not have much impact on the strategy or performance development.

5.3 Initiation of strategy

In 1990 to 2000 there was no corporate strategy in the case organization. The corporate strategy here means the strategy for the whole ministry’s administrative branch. There was no strategy development process. The strategy had not been considered as a requirement for a public sector organization. However, this does not mean that there was no strategic thinking or planning. On the contrary, the
case organization had a strategy working group who was considering the goals for the next election term and also what kind of organizational resources would be needed to achieve the performance goals.

In 1991, a working group called Pike (Management Information Systems Development -project) was established and it aimed at describing the key concepts related to strategy and performance management in the case organization. The working group consisted of members of the different departments of the case organization. The project defined the information needs from the management point of view, the needs for strategy analysis and statistics. It defined the key actors and reporting levels in the performance management process at the national level of the organization. It defined the responsibilities of the performance reporting in different levels: the guiding party defines the information level needed but it does not restrict the accountable subsidiary units to gather more information.

**Figure 9.** Accountability and performance management in 1992.
The final report of this working group stated (Pike 1992) that the performance includes three different parts: effectiveness, productivity, and economy. It also considered the performance hierarchically in different performance reporting levels: top management concentrated on the effectiveness of the whole organization, the municipalities on financial reporting and measures, and the lowest reporting level concentrated on the productivity.

**Figure 10.** The Pike-project: management levels and use of information

<table>
<thead>
<tr>
<th>Viewpoint</th>
<th>Information and use</th>
<th>Top Management Of the Ministry</th>
<th>Senior Management (Head s of Departments)</th>
<th>Provincial Level management</th>
<th>Local Level management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Branch</td>
<td></td>
<td>Guiding, Directive, Leading Strategic</td>
<td>Strategic</td>
<td>Partly Strategic, Partly Operative</td>
<td>Operative</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Tactical</td>
</tr>
</tbody>
</table>

The **effectiveness** from the customer point of view meant the service/product quality and quantity, and communication. **Societal effectiveness** was defined as physical, societal and psychological well-being of the citizens.

The Pike-project group also defined the roles of the senior management in performance management and strategy process. The top management of the case organization had a leadership role and they viewed the information from the strategy point of view. They needed broad-based information for making decisions and guiding the organization and the whole administrative branch. The senior management of the departments viewed the information at national level and from the strategy point of view. The subsidiary units and agencies viewed the information at the province level and their viewpoint was partly strategic and partly operative management. The lower-level of the organization gathered data for
tactical purposes to be used in operative management. Tactical information was gathered locally and from local sources and used e.g. in projects and daily operations. Furthermore, the main activities of the ministry were listed as following: strategic decisions of the administrative branch, strategic steering, strategic decisions, defining policies, presenting performance goals and their follow-up.

The performance management was based on negotiation between the ministry, its department, and the different levels of the administrative branch. The Pike working group suggested that the effectiveness should be reviewed from the customer-centric view in the yearly performance negotiations between the top management and the subsidiary units.

In the Pike-project (1992), the concept of strategy was first time defined in the case organization: “Strategy means a chosen line of action; a consciously chosen direction of action in a changing operational environment.” However, there was no corporate strategy defined. There could be many strategies (i.e. lines of operation or operative guidelines) within the case organization.

In the Pike working group, the organizational culture was defined as a culture to support performance management. To understand the relation with the performance supportive culture with the organizational actions, the performance management process was defined for the first time: “It is an internal management process that ensures the right performance goals and economic ways to reach them”. (Pike, 1992) Because the case organization defined the performance management as a management process it meant that it belonged to the senior management and they were responsible for it. The process definition was important because it clarified the role of the management as process owners. As a process it also meant that it was a vertical, and reached from top-down through the whole organization.

5.4 Linking strategy with performance management

The final report of the Pike-project also explained that the performance management was linked with the strategy. It stated that the success in performance management process depended on how well the management was able to define the strategies and agree on the performance goals with the subsidiary units and agencies that were accountable to them. Figure 11 illustrates the Pike-project’s view of how the performance is linked with the strategy.
The strategy and strategic choices were linked with the vision: “Vision is the future target state, and the organization consciously pursues towards it. Vision directs the management’s strategic choices.” (Pike, 1992)

In the Pike working group, it was also discussed that strategizing included considering the desired societal effects, the different levels of requirements in local, regional and national level and then making the goals based on these requirements (Figure 11).

**Figure 11.** Pike-project: Linking performance with strategy.

![Diagram showing the linking of strategy and performance](image)

After the goal setting, the management made the resource allocation which included organizing resources and dividing tasks. From the performance and productivity point of view the output of the strategy and organizing the resources was the organizational performance that depicted the changes in the operational environment, benefits to other actors, e.g. collaboration with other public sector actors, and what changes in guidelines or policies were made during the fiscal year under consideration. These all were compared with the original requirements and
societal effects and considered if these outputs were creating the short or long-term effects that the organization was aiming at.

The strategy follow-up was agreed to happen once a year between the departments of the case organization and the subsidiary units. The emphasis was changed from the determination of individual resource questions to deciding the resources needed for performing activities towards the agreed performance goals. (Pike, 1992, p.6) The risk in succeeding was how well the top management and the middle management were capable of transferring the strategies into goals in different levels of the organization. It was also seen important to make sure that the employees are committed in the performance goals (Pike, 1992, pp.6-9).

The information-led management was the goal with enough, timely information of the different areas of operation. In addition, the top management emphasized the importance of knowing the change drivers that would cause the operations to fail or to succeed, or even make the strategy to fail. They required alternative scenarios to choose if the operational environment changes. (Pike, 1992, p.9)

As a summary, the resource-based management was changing towards information-based and -led management within the case organization. The strategy was not seen as a corporate strategy but there were several strategies (lines of action) within the administrative branch. Each department of the case organization had different sectoral strategies to follow. Performance was seen as a process and also an economic way to reach the organizational goals set by management.

5.5 Monitoring performance

The performance and quality-project was a parallel project with Pike in the Government and led by the Prime Minister's Office. The performance and quality-project aimed at defining the performance and quality measurements within the Government. Because the chosen pilot organization in performance and quality-project within the case organization was the police organization, the example in this Chapter is from the police organization.

The start of the performance management was noticed in the different sectors: The performance negotiations started, and different quantitative outputs, products or services were required for performance management e.g. number of permits. It required resources to develop and maintain the collection of the data from different operative systems to a Management Information System (MIS) for performance reporting. It was acknowledged that control and accountability
required accurate and quantified performance data and a multidimensional reporting system. The required data was acquired from the operative systems. The Police Department had their own reporting systems: POTTI in 1996 to 2001 and POLSTAT - Police Statistics reporting system that was developed during the years 2002–2004. The Rescue Services had PRONTO - statistical system that started in 1996. The Border Guard Department also had its own performance reporting system. The different sectors of the case organization did not cooperate in developing their analysis and MIS. In addition, the data collected was not considered from the point of view of the performance management, instead the data was collected from the operative information systems for the operative management purposes.

**Figure 12.** Pike-project: An example of road safety (societal effectiveness, impact on society)

![Graph showing incidents](image)

Figure 12 illustrates an idea of the Pike-project of how the societal impact could be presented to the management. Road safety was described with the number of incidents in three different key areas: speeding, not using seat belts and drunken driving. The timeline was from 1988 to 1992 during which the number of incidents were assessed. The impact on society was better when the number of incidents was lower, or when the police actions had affected the use of seat belts, drunken driving and speeding incidents. As the figure shows, two of the chosen phenomena...
were growing in number of incidents whereas the use of seatbelts was improving during the years 1988 to 1992.

The metrics included quantitative metrics in the key areas of operations. Productivity and economic efficiency were defined (Pike, 1992) as follows:

- **Productivity** = the number of documented outputs / FTE
  (See FTE definition and example in Key Concepts and Abbreviations)
- **Economic efficiency** = Finnish marks / documented outputs
  (Finland used Finnish marks, the national currency, in 1990s.)

The impact on society was described in development trends in different areas of operation and the phenomenon was measured every two years. For example, the traffic safety impact was described as a figure of three trends representing the development trends in traffic in the areas of speeding, using seat belts and drunken driving.

Some indexes developed are still used today in performance management reporting: e.g. Traffic safety index.

The impact is evaluated based on the services the citizens receive in each of the key areas of operations (Pike, 2012). Also, the emphasis is on the service quality.

**Figure 13.** Metrics of the Finnish Border Guard in 1995-2001 (mod. Ministry of the Interior, 2000, p.33)

![Figure 13](image)

Figure 13 presents the Border Guard’s key performance figures: effectiveness, productivity and cost-efficiency. Border Guard had developed effectiveness index that was combined from the following figures: border inspections, coverage,
Border Guard’s Productivity = border inspections’ coverage / FTE
Cost-efficiency = operating costs / border inspections’ coverage.

Rescue Services and Immigration had not developed similar productivity or effectiveness metrics in 2001 (Ministry of the Interior, 2000, p.31). Rescue Services only informed that the municipalities and the provincial government were responsible of the regular fire inspections. Immigration had only verbal performance information that its decision process was to be of good quality, measurable and simple (ibid, 32). Furthermore, the ongoing central administration –project in the case organization was considering the reorganization of the Immigration as a separate department because the immigration was part of the Police Department in 1990s.

As these sectoral examples illustrate, the approach to effectiveness, social impact, productivity and cost-efficiency were different. Police considered the viewpoint of a specific societal problems and how to improve the situation (e.g. road safety) whereas the Border Guard developed an index that described the productivity, cost-efficiency and effectiveness of their daily work.

5.6 Strategic management process

The strategic management model of the case organization during the years 1992-1999 is described in Appendix 7. During these years the process consisted of two strategy-related Management Board meetings, one performance evaluation meeting, one budget frame meeting, one final account meeting, and two performance planning meetings for the next four years. (Management Board, 1992) Management Board of the case organization included Minister, Permanent Secretary and the Department Heads. The strategy meetings discussed about the changes in the operational environment, visions of the different sectors (departments) and key priorities in operational activities and projects. The performance related meetings discussed of the performance objectives and results.

Basically, the strategic management process consisted of (1) the environmental scanning: understanding the operational environment and the internal resources, gathering information of the past and future predictions, (2) strategy and
performance monitor and evaluation of the past year, (3) planning for the next fiscal year and the long-term planning, (4) strategy implementation e.g. the activities needed to be accomplished during the planning term, and (5) evaluation and control: monitoring the performance.

As a summary, of the interviewees, only three was involved in the Pike-project team, but five altogether were working in the case organization while the Pike-project was ongoing. The Pike-project was well-remembered within the team members, and the three of the interviewees had held management or expert positions within the case organization whereas one had been in an expert position and one had been an internal consultant. The main management-level and internal consult’s comments related to the benefits of Pike-project and the good quality and importance of the definition of key concepts. The management-level interviewees considered the Pike-project as the start of the business intelligence and reporting systems within the case organization. The Pike-project and its results seem to have been lost when the employees’ changed position, retired, and also because of the changes in organizational structures and management. These reasons relate to the loss of organizational memory: when employees retire or change positions, the existing information of the processes and the knowledge of the employees is lost, and there is no shared knowledge bank or knowledge transfer process within the organization.

5.7 Conclusions of the developments

Strengthening the performance management and the control capabilities of ministers in their administrative branch was also part of the Government’s strategy in 1990’s. It was seen that the productivity and performance goals should be decided in the ministry level instead of centralized in the Government level. The ministries knew their main areas of operations and how to secure the public services during the economic depression.

In 1992, when the Pike final report was published, the government's performance management thinking was still on its way, and therefore, the case organization was ahead of planning and defining the concepts within its administrative branch. The Government Resolution was given the following year, on June 17, 1993, and it stated the administration’s renewal goals to increase agility, functionality, productivity, improving the operating conditions, and streamlining and clarifying the control system (Ministry of the Interior, 2005, p.10).
From 1992 to 1999 the performance management process was institutionalized with specific documents and formats. From the beginning, Minister Mauri Pekkarinen was interested in the development of the performance and the process, and therefore, the process got the sponsorship from the top management of the organization and also from the political leadership of the Center Party of Finland. The top management’s sponsorship was necessary because as a new process and method, performance management would not have succeeded and implemented as smoothly as it did in the 1990’s. In addition, this was also important, because Minister Pekkarinen has had long-term experience in Government and politics and was interested in the development of the organization and its performance. He also did not allow the bureaucracy to be in the way of development. Like one of the interviewees commented: “He was a hands-on Minister, ready to overlook organizational hierarchies and boundaries. He wanted to get things done.” Pekkarinen also used the performance management as a political guidance tool by having the active participation in performance planning and preparation with the experts. The active role made it certain that the performance result was what was required according to interviewees.

The key change activities of the case organization in 1990’s were the decentralization of the administration, streamlining and simplifying the structures of the administration by using more information technology in services. Furthermore, the fast pace of technology also made changes to processes, guidelines, policies, and services due to increasing use of Internet. E-government and e-services took their first steps: the case organization has trained the employees how to use the person’s e-card online and developing guidelines for the e-service development (Ministry of the Interior, 2000, pp.13-16). The same key tasks were used also in the year 2000 (Ministry of the Interior, 2001, p.16).

However, the implementation and guidance of the performance management (Wahlström 2001, p.35) was organized diversely in the different sectors of the case organization. In addition, the organizational structure and the roles and responsibilities of the management, headquarters and agencies differed from one sector to another. This caused challenges in creating a unified view of the whole organization. The similarity in performance guidance was the performance accountability from one level to another.

By the end of the 1990’s, the performance management and reporting had been done yearly. The chain of accountability and reporting levels were clear. However, the top management and also the different sectors considered the whole process, information and data gathering for performance reporting and documentation
“heavy”. The top management saw that there was a need for process re-engineering and redoing some of the performance related documentation.

Management by objectives (MBO) remained in use within the case organization and it was seen as useful in individual development discussions for the yearly objectives. The concept of MBO was changed to performance management and the perspective changed from cost-based view to result-based view in the organization. In addition, more attention was paid to different roles and activities of the management, and also the different parts of the performance management process: planning, execution, and follow-up.

The process management developed with the performance management in the case organization during 1990s. Besides the process development the quality thinking took its first steps in late 1990’s in the case organization: the total quality management (TQM) and defining the quality in services were seen to be important.

Performance management in the case organization was linked to the decentralization of the macro and micro level decisions and activities and creating a chain of accountability where the higher level of the organization delegated operational level tasks to the lower level and followed up the level of performance based on the data reported. At the same time the development of management information systems (MIS) or performance reporting systems were important in order to provide the information to the management. The performance management renewal process in the case organization also meant the transition to performance budgeting and budget controlling to guide the organization’s actions.

By the end of 1990’s, the Government also wanted to see more collective performance efforts from the different administrative branches. This initiated the next reorganization and process re-engineering within the case organization.
6 The years 2000–2007: Slow pace of change in operational environment

6.1 Triggering events

This Chapter describes the organizational, managerial and processual changes during the years 2000 to 2007. The process to formulate the corporate strategy was reassessed. Correspondingly, the performance management process and documentation were re-evaluated and scheduled. It also describes the new performance management model that was adopted in the case organization.

According to one of the interviewees there had been a few management development projects: Central administration project in 2001–2002 and Management by objectives and performance management in the case organization in 2001. There were no conclusive results of these mentioned projects.

During the years 2003 to 2005, the political guidance became stronger and required cross-sectoral cooperation: Police-Customs-Border Guard cooperation (the so-called PTR–cooperation) was established in 2003. Also, the new Government resolution in 2003 (PM Matti Vanhanen’s I Government) informed new cross-sectoral programs and strategies: Internal Security Program was launched in 2004 and Securing the Functions Vital to Society –strategy in 2003. The year 2003 was therefore important in the development of the control and governance in the Finnish Government because it introduced the cross-sectoral program management as a management tool to improve the cross-sectoral coordination and control. It was also important step for the network management strategy point of view because it was the first time the cross-sectoral and inter-organizational networks were given strategic goals.

The program management was considered a new management tool to improve the cross-sectoral performance and goals. In the case organization, the most important programs were: (1) Productivity Program that started in 2003 which aimed at improving performance and productivity in the public sector, and (2) Internal Security Program that started in 2004.

The Productivity Program aimed at productivity improvements at two levels: (1) the measures affecting the entire centralized public administration to improve
productivity and (2) to influence the process development to increase efficiency and productivity (Ministry of Finance, 2005b). The inter-sectoral Productivity Program aimed at service efficiency (Productivity Program, 2004) by giving more information to the service providers within the Government and allowed them to make the decision to change the processes or outputs according to the given information. The Information-led guidance means sharing of information and the transmission, which aims at influencing the subsidiaries. The information is transmitted, for example, in forms of studies, recommendations, plans, reports, and statements. The information-led guidance did not in itself involve any mandatory obligations or sanctions, but it was non-binding. The information-led management style allowed the subsidiary units and agencies the freedom to choose what to do or not to do anything. If there was a change in processes or outputs, the information-led management was seen as successful (Ministry of Finance, 2006b; Productivity Program, 2004). The Productivity Program aimed at reducing the amount of employees within Government, but instead it became a tool for organizational resource management and reduction instead of linking the productivity development activities directly with the resource allocation and transferring activities to the private sector (Price Waterhouse Coopers, 2008).

Internal Security Program derived the first version of the program from the strategic goals of the different departments including the topics that require collaboration with other public sector actors (Management Board, 2003). The strategic goals referred here were not the corporate strategy goals but they were the different strategy and program goals that sectors had, such as, Combating Organized Crime -strategy, Traffic Safety Strategy, The Grey Economy Program, internationalization strategy, etc. The first Internal Security Program from 2004 to 2007 focused on the most important threats to internal security. These included social exclusion, violent crimes and the vulnerability of the information society. The Internal Security Program that started in 2004 introduced some new requirements for metrics to the administrative branch. However, contrary to the Government Strategy Document, not all of these metrics were existing ones.

Furthermore, other important changes were the organizational rearrangements in the Finnish Border Guard and the Rescue Services. They were related to the Emergency Response Center -administration renewal in 2001-2005 (Ministry of the Interior, 2013a) to improve the governing of the local rescue services. Other internal administrative changes are discussed with the strategy development in the next section.
Moreover, the e-services of the government and the use of the ICT increased within the case organization during this period.

At the Government level, an important change was PM Matti Vanhanen’s Government decision in 2005 to appoint State Secretaries. In line with the minister's instructions, State Secretaries assisted in political steering and represented the minister in drafting political guidelines, handling inter-ministerial coordination and harmonizing policy positions”. The Finnish Government stated that the ministers needed a right hand to make sure that the ministers’ political steering is followed. The appointment of State Secretary added another layer in the top management of the case organization in-between the minister and the employees of the administrative branch. State Secretary became a substitute for the minister when the minister was not available.

Internationally, the tsunami in Indian Ocean in 2004 caused some changes in the communication within the case organization and the re-evaluation of the crisis management nationally. 9/11- terrorist attack in the United States was a wakeup call to the Western countries. Finland was seen too distant to be a target of a terrorist attack. Even though the threat of terrorism was a universal threat, Finland had not yet prepared any preventive strategies against the terrorism. Another major international event was the war in Afghanistan that started in 2001 by the United States as part of the fight against Al Quaida-terrorism. In 2003, the war in Iraq replaced the dictator Saddam Hussein, and the U.S. military groups stayed in the country until 2011. As a summary, the program management rearranged the resource planning and management within the case organization, and thus, caused processual and administrative changes.

6.2 Strategy formulation in 2002

The challenges of creating a corporate strategy and a common strategic view for the case organization were difficult because of the division of the case organization. The ministry was seen to have two separate parts in its administration: (1) The security management: Police, Border Guard, Rescue Services, and (2) The regional and municipal management and development.

3 (http://valtioneuvosto.fi/hallitus/valtiosihteerit/en.jsp)
The division of the ministry’s operational areas was also seen in the management boards: TURJO–Management Board was for the security issues and HALJO–Management Board for the regional and municipal management.

There were also two ministers within the case organization with different tasks: Minister Martti Korhonen was responsible of the regional and municipal affairs whereas Minister Ville Itälä was responsible of the following sectors: police, immigration, rescue services and border guard.

Immigration was not yet an independent department, and therefore, it did not have the same status as the other departments: Police, Border Guard, Rescue Services, and the Regional and Municipal Development. Immigration was discussed in both management boards depending on its context: regional issues, or police and border crossing related issues. Because the division of the case organization to different operations, it was seen that the organization as an entity needed a clarification of goals and purpose—a strategy.

The need for a corporate strategy was becoming clearer because joining the EU had brought more international topics to the case organization. Also, the need for more structural guidance and goals as one entity was required by the Government (Ministerial working group, 2002). This meant that the Government and its different administrative branches were seen as separate entities, and there was no clear link between the branches.

In addition, more customer-centricity, productivity and efficiency were required in the public sector. The dual management and the division of the organization to separate sectors affected also the organizational culture. The challenges were seen in information and knowledge flows between the different parts of the organization. The top management saw a need to deal arising topics across organizational borders and considering the benefit of the entire organization and not just one sector or department. All these reasons made it necessary for the top management to consider the need for corporate strategy.

Net Effect -consultants assisted in developing the corporate strategy in 2002 for the years 2002-2010 (Uusikylä & al., 2002). The corporate strategy process was described in 2002 (Uusikylä & al., 2002) and it considered the changes in the Finnish Government as an input for the corporate strategy process and also the required changes within the case organization: the case organization needed to be more innovative and efficient than before. The agencies and departments within the administrative branch needed to be more of a strategic task agencies rather than operative agencies dealing with daily problems and licenses (Uusikylä & al. 2002, p.1). Net Effect -consultants introduced a method called the Knowledge-
Based Strategy (KBS) -method in the Strategy2010 –project (Uusikylä & al, 2002). Its key elements were: analysis, strategic flexibility, vision and strategy, operationalization of the strategy and monitor and evaluate. The Strategy 2010 – project was also based on the balanced view of the organization starting with creating the corporate vision and strategy, how to operationalize the strategy and then monitor and evaluate the success based on the strategic goals. The consultants work started with identifying the key change drivers in the operational environment and analyzing the impact of these drivers.

The consultants work continued with expert meetings to understand the need for strategic flexibility and concrete operational activities. Correspondingly, several research reports were made concerning the operational environment prior to this consultants’ strategy assignment. There were several future-oriented reports made by different working groups within the administrative branch, also by other consultants, university students and professors for the case organization. These different reports lead to confirm the five key strategic goals of the case organization: (1) Balanced regional development and governed movement of the businesses and people, (2) securing the cooperative service administration, which aimed to be functional, cooperative and such that the citizens could trust in it, (3) strengthening the good security situation and positive security culture, (4) predicting the changes in the operational environment and reacting to these changes and (5) succeeding in international cooperation and in the EU (Uusikylä & al. 2002, p.1).

The process involved identifying critical success factors with the help of the Balanced Scorecard –model (BSC); the balanced view of the organization. (See more of BSC in Chapter 5.3) The BSC-model was seen as a strategy tool for the management because it incorporated the different views of the organization. The model could be adjusted to fit to the public sector organization even though initially the model was made for a profit-organization.

According to two of the consultants involved in this assignment, the top management including the Permanent Secretary and Ministers were involved and interested in the development of the corporate strategy. The Strategy2010–project was seen as successful because the different departments were able to define their own critical success factors. (Uusikylä et al., 2002, p.2) The project gave a comprehensive picture of the case organization and its different departments and activities (Uusikylä et al., 2002, 2). Furthermore, each department defined the societal impact –objectives from their point of view (Uusikylä et al., 2002, attachment 4).
The strategy process work was seen important among the employees participating in the working groups with the consultants to define the corporate strategy (Tuominen, 2003, pp.65-66).

From the performance management point of view, the Strategy2010-project was important because it was an attempt at the corporate-level to link the corporate strategy with the Balanced Scorecard-framework (BSC): each department defined their own BSC with critical success factors and performance metrics in working groups. It was a first time when this type of work was done within the case organization. Some of the departments had done the strategy definition and linking the strategy with the performance metrics earlier, but for some departments it was a learning process. It was seen important to view the case organization as a whole, and find also horizontal goals for the whole organization. In addition, it was seen important to redefine the yearly performance management process timeline to match it better with the new performance metrics. The sectoral differences were noticed more clearly when working together in developing a corporate strategy. (Tuominen, 2003, pp.50-51)

Tuominen (2003, p.79) concluded that the case organization’s operational environments are not stable, processes are not predictable, and organizational results are not predefined as usually are the case in hierarchical organizations. However, the consultant company changed after this project and different consultants were used to continue the tasks defined by Net Effect consultants.

As a summary, the performance management moved more towards the holistic view of the performance where the organization considered different aspects of the organization equally important for the success and reaching the common objectives. But the growing impact of the networked society was not noticed in the Strategy2010-project or in the development efforts of the performance management and the BSC perspectives. The increasing importance of different inter- and intra-organizational networks was noticed in the private sector but not yet in the case organization.

6.3 Monitoring performance: The Balanced Scorecard

The performance management and metrics were sectorally developed in 1990s. This also caused the difficulties in following and having a complete picture of the case organization. Each department followed their own strategies (lines of action) and had different metrics and viewpoints how to develop and measure
performance. After the central administration project in 2001-2002 the top management reorganized the Immigration as an individual department with the similar importance as the other departments. Also, the corporate strategy was seen necessary because the separate lines of actions were making the case organization to develop unevenly based on the sectoral strategies. There was no common goal and development path. The sponsor and the initiating party of the BSC-model within the Finnish Government was the Ministry of Finance. It also organized the so-called BSC Forum as part of the project called “public sector’s role in national innovation”–project in 2000-2001. (Ministry of Finance, 2001) This new forum helped the new organizations to learn how to use the model and to describe their processes, to learn from best practices and to test their own ideas and to use the existing material in their own BSC-development process (Ministry of Finance, 2001).

Figure 14. Balanced Scorecard, (mod. Kaplan & Norton, 1992, p.72)

The Balanced Scorecard (BSC) was introduced as a new performance management and strategy tool in the case organization in 1999. The pilot working group was assigned in 1999 to plan the implementation within the case organization. The Police Department and the Finnish Police were chosen to be the pilot sector within the case organization. There were several pilot projects in 2000-2004 as well as working group meetings to introduce the new tool to the whole organization (Police Department 2001, 2002a). The police departments were instructed to use the balanced view of the organization to report their performance metrics (Police Department, 2001). It was also planned to create the vision and strategy for the police and to connect the balanced view of the organization to organization’s strategic steering. (Police Department, 2001)
Figure 15. The Finnish Police BSC, Mod. Balance Scorecard, (mod. Kaplan & Norton, 1992, p.72)

- **Impact on Society**: What can the police do to have a positive impact on society?
- **Customers and Citizens**: How do we ensure that the customers/citizens trust the police? How do we make the police work visible? Are we customer-centric and cooperative?
- **The Vision**: Finland is the safest country in Europe and we have professional, trustworthy, service-centric, and efficiently organized police force.
- **Personnel Perspective**: How can we improve our capabilities? Do we have enough resources?
- **Internal Business Perspective**: How can we develop our organization so that it is effective, and can respond fast?
The BSC-tool had four different key areas: personnel, finance, society/environment, and processes to follow (Figure 15). The different dimensions or perspectives of the organizations were linked together. According to Kaplan and Norton (2001b), the BSC-framework allows organizations to create a management tool that manages strategy; and thus creates a strategy-focused organization by viewing at strategy from four different perspectives: Finance, Customer Value, Internal Business Processes, and Learning and Growth.

In the pilot project at the police, different indicators were planned for each area. BSC was seen as multidimensional performance management model which allowed developing and controlling different areas of business to support the performance management process and different strategies. The BSC-tool was used to develop the resource and performance management plan for the following three years (Police Department, 2002b).

The key processes were discussed and described in internal working groups in 2003-2004. It was the first time that the key processes were defined at the Police Department. The process-based view was important in order to develop indicators for different processes. These indicators were applied to the BSC-matrix to support the performance planning and reporting function within the organization.

It was seen that control and accountability required accurate and quantified performance data and a multidimensional reporting system. The required data was acquired from the data warehouse, POLSTAT - Police Statistics reporting system that was renewed during 2002-2004 to support the new performance management model and different BSC perspectives of the organization. However, at first, it did not link the strategy with the performance management, because Finnish Police had their first strategy published in 2004. Also, the corporate strategy development called the Strategy2010 started in 2002 whereas the BSC-piloting started in 1999. Figure 15 describes the BSC in Police after the Police Strategy was developed in 2004. The Police Strategy was a sectoral strategy aligning future goals for the different areas of business for the next ten years. It was not linked with the corporate strategy of the case organization because there was no corporate strategy at that time.

For the piloting sector, the police, the BSC seemed to be more than a new reporting system. There was a working group planning the actual new measurements for the police (Police Department, 2001). Furthermore, it was not just minor changes to the actual information managers had received before but most of the metrics presented in the BSC were new and planned in the working group. The BSC compiled a set of strategically relevant information and presented
it in a form that helped managers to focus the use of resources towards the targets they wanted to reach.

The communication method used to get the BSC institutionalized within the Finnish Police was to communicate the new model in seminars, working groups and setting up pilot-organizations to use the BSC and to promote the usability and benefits of the new model to the other departments and national units. Moreover, it was seen important that the strategy was linked with the key processes and their indicators in the organization. Therefore, the new vision and strategy for the Finnish Police was defined in 2004.

The BSC at the Finnish Police was seen as a strategic management tool that assisted in following the processes and goals in an effective way. The strategic goals were seen as a part of a strategy process that needed reviewing when the operational environment changes. The changes of the operational environment were shown and followed with the key indicators of each sectoral area.

The key performance indicators (KPI) at the national level were developed during the BSC-project, and they are still used today: traffic safety index, a number of licenses, a number of detected crimes, a number of emergency contacts, and operational readiness in different types of tasks.

In addition, some key concepts were clarified: strategic management was seen as a management of the strategy process in which the organizational culture, structure and corporate strategy are combined together. (Virta, 2005, p.15) Strategic guidance meant the future planning, in which the management chooses the topics and guidelines that create success in operations. (Virta, 2005, p.16) Performance management means the mechanisms that secure the effectiveness of operations (Virta, 2005, p.16).

Furthermore, the critical success factors of the strategy work were considered: the successful control function, the communication, the sponsorship of the management and the key groups, and how well the BSC-model and concepts were understood (Lumijärvi et al, 2003, p.16)

Overall, the benefits of using the BSC-model from the senior management point of view were that it offered same metrics for different levels of organization, and thus, it was easy to compare the performance of the different organizational units. It also improved and changed the view of how the performance can be measured: the organization can measure other entities than just financial figures.

The Finnish Police was not the only organization within the administrative branch to test this BSC-tool. Also, other departments and agencies were implementing or considering piloting BSC-model due to the Strategy2010-project.
in 2002 that linked the corporate strategy with the performance management process. Table 6 presents some example metrics in BSC-framework from the years 2001-2004 in the different sectors of the case organization. The perspectives in case organization were: 1) Personnel and Growth, 2) Internal Business Processes, 3) Customer Value (in case organization, it meant the citizens and businesses were receiving or using the services), and 4) Societal Impact i.e. the effectiveness of the operations and services.

Table 6. Examples of the BSC metrics in the case organization.

<table>
<thead>
<tr>
<th>Metrics/BSC dimension</th>
<th>Immigration</th>
<th>Rescue Services</th>
<th>Border Guard</th>
<th>Police</th>
</tr>
</thead>
<tbody>
<tr>
<td>Societal impact</td>
<td>Controlled immigration administration</td>
<td>Reducing the amount of deaths in fires</td>
<td>Fluency in border crossing, controlled border surveillance</td>
<td>Reducing the amount of domestic violence time</td>
</tr>
<tr>
<td>Customer Value</td>
<td>Quick response time, legality of processing</td>
<td>Customer satisfaction among the ones who have telephoned an emergency call</td>
<td>legality of processing</td>
<td>Response time, legality of processing</td>
</tr>
<tr>
<td>Internal Business Processes</td>
<td>Processing time; number of outputs; application turnaround time</td>
<td>Answering time in Emergency Service calls; Response time in urgent calls</td>
<td>number of unauthorized border crossings; turnaround time in processing</td>
<td>crimes reported to the police and their turnaround time</td>
</tr>
<tr>
<td>Personnel and Growth</td>
<td>FTE</td>
<td>FTE, Training days</td>
<td>FTE</td>
<td>FTE, Training days / trainer</td>
</tr>
</tbody>
</table>

The metrics show that the measuring was result and output-based quantitative calculations. There were no qualitative metrics. There was a link to be seen between the different BSC perspectives: processes, customer value and societal impact. The Personnel and Growth –perspective measured FTE or training days, but the link between Personnel and Growth –perspective’s metrics and the other perspectives of BSC was not clear. The different departments of the case organization had not considered the comprehensive view of the case organization. The BSC was considered more of a performance metrics reporting method rather than a strategy tool to be used for overall monitoring of the organization and its different areas.

As a summary, in years 2000-2004 the performance management process within the case organization developed specifically the strategic direction and data
management in reporting systems (i.e. PRONTO in Rescue Services, and POLSTAT in Police). The key areas for development have included improving performance agreement practices transition from two-year performance agreements to yearly agreements. In addition, the sectoral goals were to link the departmental strategy process with the budget and performance management process. The key idea was to keep the consistency of the processes and activities within the organization while being prepared of the changes that might arise from the operational environment or from within the government. The key indicators of each sectoral area were used to indicate and track changes in the operational environment. The timely follow-up of the performance indicators (PIs) allowed managers to react and change resource allocation. The strategic goals were seen as part of a strategy process that needed to be reviewed as the operational environment changes.

The challenges of the performance management were the multilayered organization with different areas to follow, which made it hard to decide the key indicators of the whole organization. Also, the division of the management—two management boards: Turjo and Haljo - in the case organization made it difficult to see the common future goals for the organization. Turjo was the Management Board for the security issues whereas Haljo was the Management Board for the regional affairs.

The key interest within the Government in the early 2000s was the internal control and efficiency of the whole Government. The program management and performance management were seen as the management tools to improve the performance and Government’s internal coordination. The bureaucracy and silos of different administrative branches were seen to hinder the internal cooperation within the Government (See Tiihonen, 2006, pp.66-68). Therefore, the new programs and also the new frameworks—Balanced Scorecard and Performance Prism—were introduced in early 2000s in the different administrative branches.

In addition, the planning process changes were decided to do in a pilot project during the summer of 2003, where the police was the pilot. The reform led to the Performance Plan -document (the current Operating and Financial Plan) established in a revised form in December 2003. The reform materialized on June 10th, 2004 on the planning order, signed by the Ministers Rajamäki and Manninen, as well as Permanent Secretary Viljanen. In addition, in 2003 the new performance renewal project started in the Government (See more Ministry of Finance, 2005a, 2006a) and introduced the new Performance Prism -framework and performance reporting levels.
The BSC-model experimentation made it also easier to see the benefits of another performance model, namely the Performance Prism.

In 2004, the government decided to launch a new program for Internal Security. It was aimed to enhance the cooperation and collaboration of different government agencies to improve the internal security (Ministry of the Interior, 2004). The BSC was seen to support the new Internal Security Program goals because it already followed the business indicators and reviewed the changes in the operational environment.

As a summary, the changes in the top management and the political leadership with the new centralized guidance on performance management led to changes in the case organization and how they process and report performance metrics.

6.4 Reviewing corporate governance

The performance of the top management was not seen adequate. With the change of the political leadership and the new Permanent Secretary Ritva Viljanen who started in 2003, the case organization started to reconsider the dual structure of the organization and its management with the two separate management boards: (1) TURJO–security Management Board, and (2) HALJO–regional and municipal administration and development–Management Board. In addition, there were two ministers, namely Minister of Interior Kari Rajamäki and Minister of the Regional and Municipal Affairs Hannes Manninen in the case organization from 2003 to 2007. Both the Ministers had a different political background.

Permanent Secretary and Ministers saw that a change was needed because the duality in the organization was also detected in the organizational structure, processes and operations. The duality caused the overlapping in use of resources and projects. The new Management Board required organizational efficiency and renewal of the processes and prioritizing tasks (YTOMI, 2005a). The renewal of the organizational structures and processes were seen necessary.

6.5 Evaluating and making corrections

The results of the Strategy 2010–project paved the way to the next development project: the Ytomi-project. Ytomi words mean “analyzing the key activities”. The project aimed at the definition of the key processes and linking the strategic
planning with the performance objectives that were the results of the Strategy 2010–project as defined by Uusikylä et al. (2002, p.70). The Ytomi-project plan aimed at responding to the challenges posed by the central government reform. The project’s goal was to make an effective and innovative organization and to make the ministry also more of a strategic headquarter, which are no longer burdened with the operational tasks like license management. (Ytomi, 2005a)

**Figure 16.** The Ytomi process map (YTOMI, 2005c, p.21)

![Ytomi Process Map](image)

Ytomi-project was seen important for improving the performance of the case organization by reducing the trivial tasks and improving resource allocation. Ytomi-project was managed by Bearing Point consultants during the years 2005-2006. The consultants role was first to review the existing material and analyze it, and secondly, to organize the meetings with the project members and the top management and document the meetings. (Ytomi, 2005a)

The Ytomi-project consultants suggested (Ytomi, 2005b) that the previous management, performance and organizational development projects were not properly communicated to the organization and their results were not used, and
employees continued working as before. There was no commitment to changes. (Ytomi, 2005b) Change management had been ignored. In addition, the consultants claimed that Ytomi-project was needed in the case organization because management and decision-making was slow and zigzagging due to the result of poor planning process. The personnel policy and the atmosphere in the case organization were weak and “stale” in general (Ytomi, 2005b). The consultants concluded that only a relatively small group knew how things are done and managed in the case organization and the other employees did not have a clue how the decision-making happens or how it is divided (Ytomi, 2005b).

Figure 16 illustrates the process and the department map of the case organization in 2005. The Ytomi-project consultants first made a current state analysis of the case organization and then proceeded with the suggestions for development needs.

The process map created by the Bearing Point consultants in the Ytomi-project (Ytomi, 2005c, p.21) showed that there were both key processes and supporting processes. The key processes (Ytomi, 2005c, p.21) were the steering, legislation and internal affairs whereas the supporting processes were the Information Management, Human Resources (HR), Financial Services, Communications and Procurement. When you compare the 2005’s organization to Figure 5 and Figure 49, you can see a difference in organizational structures and processes.

However, as the project continued, it was seen that the amount of work was more than expected. In the final report (Ytomi, 2006), the current state was illustrated, the future target state was roughly described, the management processes identified, and each department had identified the key activities and also the activities that would not be part of the case organization’s activities in the future.

Objectives of the Ytomi-project (Ytomi, 2006) were the following: The top management was responsible of guiding the corporate strategy and the goals. The department managers planned their sectoral performance plans in accordance with the jointly agreed schedule and performance management process. The corporate strategy needed to be effectively communicated throughout the organization.

In the Ytomi-project (Ytomi, 2006) issues that needed to be changed were: The clarity and transparency of the performance management process was not obvious to all the management or employees involved in the performance management activities. The consultants suggested an improvement to change the departmental schedule and process to be same in each department within the case organization. This was an important step because now the performance management was seen as a corporate-level process to be managed and scheduled with a specific, joint
schedule in reporting and performance agreement -activities. Previously, each department had been able to plan and schedule their own performance management process and activities. There had been more independency for each sector in reporting and activity planning.

It was seen important that the top management including Ministers were actively involved in corporate strategy development so that it would not stay as a “pseudo-development” process; just “a paper” as one of the interviewees commented. (Ytomi, 2006. pp.1-8)

The Ytomi-project participants had commented that there were too little facts behind the follow-up of the performance goals, and it was based on assessments or estimates in some cases. (Ytomi, 2006, p.8)

In the Ytomi-project (Ytomi, 2006, p.8), it was also stated that “The Operating and financial plan is the only strategy in the organization.”

Figure 17. The corporate strategy process of the case organization in year 2006 (mod. Ytomi, 2006)

In the Ytomi-project (Ytomi, 2006), the strategy process was described the same as the performance management process in different departments of the case organization (Figure 17). The Operating and financial plan was made for the three years ahead. The departments were allowed to have other supporting plans, such as, Information Management strategy, HR–strategy, and other long-term guidelines and strategies for the specific operational sectors. The corporate strategy i.e. the Operating and financial plan was based on the Government Program and the Government strategy document (Ytomi, 2006, p. 8). The planning order guided the yearly operational and financial planning by setting the financial and operational targets that needs to be reached with the resources available. The goals were divided to sectors and their areas of expertise. The strategic priorities, societal impact objectives and operational performance targets were defined by the top
management. The planning order outlined the corporate strategy of the case organization describing the societal impact –goals and key operational performance objectives. The Ytomi-project concluded that the structure of the three year operational and financial plan needed to be clarified so that the corporate strategy becomes clearer (Ytomi, 2006, p. 8).

After the Ytomi-project, the top management started to review yearly the performance results and give a written feedback as suggested in the Ytomi-project (Ytomi, 2006, p.9).

The pre-scheduled yearly planning and reporting cycle (Figure 17) was defined as follows (Ytomi, 2006, p. 11): During the months of December and January, the top management defined their requirements for the next one to three years. The clarifications to the requirements were added during March-April. The societal impact –objectives and operational performance targets were defined during the months of April and May. The departments developed their own performance targets from May to November and the top management approved them during the months of November and December. The follow-up and reporting of the previous year’s objectives happened during the first two quarters.

As a summary, similar yearly planning cycle is still used in the case organization even today: the requirements are defined during the spring time, the previous year’s results are reported and reviewed during the first two quarters, and the new planning order is written during the months of May and June, the performance negotiations and review of the yearly plans are scheduled during the last quarter.

The Ytomi-project also connected the corporate strategy with the performance management process by including the corporate strategy goals in the planning order each year. However, the view that the operational and financial plan is the same as the corporate strategy is different than what the previous consultants agreed upon. The operational and financial plan describes the operational activities and resources to be used, and therefore, from the strategic management point of view, it can be defined as a plan of action which is one definition of strategy. However, performance management is not the same as a corporate strategy. Usually, performance management is seen as a tool in strategy implementation and a control tool to follow the use of resources and results of the organization. As a summary, Ytomi-project sprouted few development projects within the case organization as well as renewal of the performance management documentation and the role of the top management in the performance management process.
When introducing new processes and goals as what happened in the Ytomi-project and also in the Strategy2010-project, new performance targets can promote new working methods, and networking within the organization. Both the Ytomi and the Strategy2010–projects were seen useful in this aspect: to promote networking in forms of interorganizational working groups and cooperation across organizational boundaries while developing new processes and prioritizing activities. During and because of these projects, the management understood the necessity to improve the control and guidance by assessing the activities, the processes, and the performance management process. These projects were also organizational learning processes for the management and employees involved in the performance management and strategy development. However, both these projects were important learning processes for the top management. Each time the political leadership change, the change of the Ministers happens, and the new top management has to learn to work together, and the new Ministers have to learn the topics and activities of each sector under his administrative branch.

Furthermore, the role of the departmental management and the Permanent Secretary changed after these development projects to handle more administrative issues that previously were handled in the Finance and Administration departments. The critics after the change was that the departments and the experts were left out and the choices made and responsibility were only in the management boards. The interviewees commented that after this Ytomi-project. The communication of the decisions and their implementation happened via performance management process.

It was seen that the sectoral changes were not so rapid or sensitive to changes in the operational environment whereas the important changes that were within the Finnish Government and its program development e.g. Internal Security Program, Productivity Program and Government Program that changed the goals within the case organization according to interviewees.

### 6.6 Monitoring performance: The Performance Prism

In 2003-2004, the Finnish Government implemented the performance management and accountability reform, whose main objectives were to guarantee sustainable economy, the efficiency of resource allocation and use, as well as operationally efficient public service management. The performance reform’s motives were the result-based monitoring and guidance of the observed
development needs within the public sector, as well as to safeguard the welfare state in a situation where the funding base was a subject to a significant, for example demographic challenges, like aging population. (State Treasury, 2007, p. 5)

In addition, each ministry had to evaluate their financial report and performance starting the year 2005. This included assessment in performance goals, the success in reaching the goals and the ministry’s view of what needs to be developed in the future. Performance management and accountability reform focused on the performance management structures and processes. The most important structural reform of the performance management process aimed at defining the basic criteria for performance. Another new feature was emphasizing the numerical performance targets. The performance reform was based on the perspectives of the Performance Prism –framework. (State Treasury, 2007, p. 5) In the Budget Decree (1243/1992) the performance basic criteria is presented according to the Performance Prism structure (Figure 8) as follows: (1) impact on society, policy effectiveness, (2) operational performance: operational efficiency, productivity, chargeable activities, profitability, co-financed activities, cost-equivalence, (3) outputs and quality management: deliverables and public goods, services, quality of deliverables, (4) HR-Management and development.

The Performance Prism model (Figure 8) was aimed at increasing the horizontal comparability of the different administrative branches within the Finnish Government. The model also supported the vertical control and guidance within the Government. In practice, the societal and policy impact goals were derived from the Government Program and mobilized by the performance management process in each administrative branch.

The centralization of the performance management reporting and demands for more unified control within the Government were the reasons why the new performance framework was developed. The Ministry of Finance guided the development of the Performance Prism framework, and in part facilitated the content management and cooperation among the different administrative branches. This new performance management tool was first implemented in 2003 (Ministry of Finance, 2003). However, it was not taken into account by the case organization until the year 2005 because of the transition time from the use of the Balanced Scorecard methodology (BSC) (Police Department, 2001, 2002; Lumijärvi, Virta & Kujanpää, 2001) to the Performance Prism model.

The so-called Performance Prism model (Ministry of Finance, 2006a) described the general effect chain of a government agency or a public sector organization. The renewal of the performance management control and process related to the
need to clarify the process. The individual “ministries are responsible for the functionality of performance management and for the control development within their respective operational branches” (Ministry of Finance, 2006a, p.7).

The operational core of the Performance Prism is in the ability of the agreement parties (ministry and agency) to find the balance between the available resources and the results to be accomplished with them. The basic idea of performance management in operations is to balance resources and goals with the efficiency and quality. It also essential to ensure that the desired effects are cost-efficiently achieved. (Ministry of Finance, 2006a, p. 3)

The Performance Prism had different perspectives: policy targets (policy effectiveness) and operational performance (output targets) that included: operational efficiency (productivity, profitability, and cost-equivalence) Outputs and quality management (goods and services, service capacity and quality), and HR-management (resources and capabilities). (Ministry of Finance, 2006a, p. 10) The input-output-outcome model of the Performance Prism aims at linking the resources with the goals in a cost-efficient way (Figure 18).

The transition period from the BSC to the new Performance Prism –framework was not so easy. The BSC-tool was never completely implemented within the case organization because of the new framework called the Performance Prism introduced by the Ministry of Finance for the whole public sector. The BSC-tool was seen as a good tool to use in performance measurement. It was seen more confusing to have different performance frameworks introduced within such a short time and the top management of the case organization did not communicate
this change to the organization or why the BSC was given up so suddenly. There was not enough communication within the organization why the Performance Prism was better than the previous one. For the employees it looked like the management was going after one model to another for no particular reason, as one of the interviewees explained the switch to another performance model. One interviewee said that the management just went after one consultant’s model to another, the newer the better. However, it required some tweaking in the metrics again because the four dimensions of the BSC were transformed to Prism’s three levels. There were similarities: measuring resource use (FTE), financial reporting and some key operative figures in each sector. The difficulties were in deciding how to describe the impact on society.

Even if the Performance Prism seemed to be comparable to the BSC-framework, it was more focused on result-based planning and the accountability of the public sector agencies, on monitoring cost-efficiency and on reporting the results. It also made it possible to compare different government agencies when they all used the same framework and had similar areas and indicators in common areas e.g. when reporting HR and financial figures.

Performance Prism was based on the policy targets set in the Government Program. In its annual planning processes, the case organization used the Government Program to formulate its own societal impact goals. The Finance Department of the case organization conducted an annual review of performance in different sectors in yearly performance reporting. Different sectoral activities were followed and reported using the performance management process and resources directed according to the annual focus areas. The performance targets for each business area were negotiated in the yearly meetings. These targets were based on long-term strategic guidelines and the operational and financial plan for the next five years at the governmental level. The commonly agreed upon performance goals were later on translated into team-based, sector-based or individually-based yearly goals.

Each agency of the administrative branch suggested the performance goals and then negotiated the goal-levels with the departments of the case organization in an annual performance agreement meeting. The annual results were reviewed after the six months and then end of the calendar year when the next agreement is prepared. Operating and Financial Plan contained the reporting of the goal-levels achieved. The case organization drew up the annual reports, and Government used these to report the Government Financial Status Report for the Parliament each year.
It was seemed that strategic planning and performance management were linked together because the different departments of the case organization had introduced their own sectoral strategies. The departments aimed at linking their own sectoral strategies with the performance management process and translate their sectoral strategy goals to performance goals. However, this was a challenging task because the data collected was from the operative systems and what they were planning to collect and store in the databases, not for the measurement of strategy goals and performance management metrics. All the departments had attempts to describe and measure their own performance and societal impact, but the yearly timeline was too short to measure such thing and also because changing the performance reporting systems was costly and time-consuming.

As a summary, the challenges with both the BSC and Performance Prism -models were: how to define the metrics for policy effectiveness and societal impact because the challenge is how to find a metrics that can only depend on the actor itself and is not affected by any other actors (Lumijärvi et al, 2003, 80). Many of the considered metrics were based on calculated changes in the operational environment e.g. number of border crossings or number of crimes in a year. The case organization’s different sectors approached the effectiveness or societal impact–measurement challenge from the point of view how the actor was able to perform the duties given to it.

The Performance Prism –model allowed the Government to view the different administrative branches and the agencies with a similar performance reporting system. Previously, some of the organizations had used the BSC, but some had just their own reporting systems. The Government saw that the transparency in State’s reporting was important, and therefore, the different administrative branches were requested to use the similar model in performance management and to report the performance and personnel information and expenditures to Netra i.e. the State Treasury’s online reporting service (See more of Netra in Chapter 5.6). Each administrative sector was required to report on policy effectiveness and its development, and horizontally on major Government issues, and these have been specified as the principal content of the final accounts –report of the central government since 2004 (Ministry of Finance, 2006a, p.120).

In general, the performance management was seen as a social marketing tool to market successful and effective results to the citizens. The performance management process was seen as a management’s strategy tool to guide the organization’s activities towards the performance goals, and thus, get the results the management wants. The lack of communication and coordination between
different parts of the organization was seen as a problem the interviewees and the top management. In addition, performance management training and using the performance management information systems (MIS) were seen necessary.

6.7   Performance management

The Operating and financial plan was the strategy after YTOMI- project. The strategy measurements were therefore described in the corporate strategy that was the Operating and financial plan (YTOMI, 2006).

In the Operating and financial plan each department of the case organization described how they supported the overall performance of the case organization and strategic priorities for the years 2008-2011 (Ministry of the Interior, 2006, p.5) as follows: (1) balanced regional development as well as national and strengthened regional competitiveness, (2) an effective, reliable and secure service management, (3) securing basic services for citizens, (4) a good security situation and strengthening positive safety culture, and (5) promoting active and controlled immigration policies. These strategic priorities were set by the Finnish Government (Ministry of the Interior, 2006, p.11) in the Government Program.

The Operating and financial plan of the case organization for the years 2008-2011 was made in 2007. It did not have strategy goals but strategic priorities for the different departments of the case organization. The Operating and financial plan for the years 2008-2011 also included the yearly Performance Plan for the following year 2007 (Ministry of the Interior, 2006). The Operating and financial plan included the next year’s plan and budget proposal and the forecast for the three following years. In the Operating and financial plan, the case organization suggested the budget frame for all the sectors and agencies in its administrative branch for the years 2008-2011 and a budget proposal for the next year 2007 (Ministry of the Interior, 2006, p.41). The performance goals were set for the year 2007 for each sector (Ministry of the Interior, 2006, pp.41-68).

The performance metrics were uneven between the different sectors of the case organization because some of the departments had used the Performance Prism - perspectives (operational efficiency, outputs and quality, impact on society, HR-management) but some had only described performance metrics based on key operative objectives. The following tables present some examples of the metrics for the year 2007. Each table presents the metrics for the realized results for the year 2005 for comparison. The years 2006-2007 are estimated goals. There was also
uneven amount of metrics when compared the different departments. In addition, there was some mismatch with the concepts used: some departments used estimate when they reported the years 2006-2007 but some used forecast for the year 2006, and plan or objective for the year 2007.

The societal impact/policy effectiveness was described verbally and there were no metrics for the years 2007-2011. The examples of the societal impacts were (Ministry of the Interior, 2006, pp. 54-56): Shortened investigation times (police), effective prevention and investigation of violent crimes (police), successful PTR—cooperation (police). However, the other departments did not describe their societal impact and policy effectiveness.

The following tables illustrate the different performance perspectives and metrics of the three departments, namely Police, Rescue Services and Border Guard.

**Table 7. Example of the performance metrics (police) (Ministry of the Interior, 2006, pp. 51-56)**

<table>
<thead>
<tr>
<th>Performance perspective / Name of the Metrics</th>
<th>Year 2005</th>
<th>Year 2006 (estimate)</th>
<th>Year 2007 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR-Management: The number of employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11016</td>
<td>10921</td>
<td>10816</td>
</tr>
<tr>
<td>HR-Management: The avg. age of the employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>42</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>HR-Management: The turnover rate of the employees parting from the organization %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12,5</td>
<td>7,6</td>
<td>7,6</td>
</tr>
<tr>
<td>HR-Management: Hired %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>HR-Management: the proportion of women in management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,46</td>
<td>5,83</td>
<td>5,9</td>
</tr>
<tr>
<td>Operational efficiency: cost / reported crime, euros, not more than</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>335</td>
<td>371</td>
<td>332</td>
</tr>
<tr>
<td>Operational efficiency: Crime combating, proportion of working time spent, %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37,4</td>
<td>37,4</td>
<td>37,4</td>
</tr>
<tr>
<td>Outputs and quality management: Open cases in financial crimes, number</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1941</td>
<td>1800</td>
<td>1700</td>
</tr>
<tr>
<td>Outputs and quality management: Closed cases in financial crimes, number</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1706</td>
<td>1900</td>
<td>1900</td>
</tr>
</tbody>
</table>
**Table 8.** Example of the performance metrics (Rescue Services) (Ministry of the Interior, 2006, pp. 57-60)

<table>
<thead>
<tr>
<th>Performance perspective /Name of the Metrics</th>
<th>Year 2005</th>
<th>Year 2006 (forecast)</th>
<th>Year 2007 (objective)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR-Management: departure turnover %</td>
<td>-</td>
<td>55</td>
<td>4,5%</td>
</tr>
<tr>
<td>Operational efficiency: The number of fire inspections, % at least of the objective</td>
<td>85%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Operational efficiency: Advising service received, % of the population</td>
<td>10%</td>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>Operational efficiency, Quality of service: Ranking in the international comparison (made every 3 years)</td>
<td>Year 2004 18</td>
<td>&lt;18</td>
<td>&lt;15</td>
</tr>
<tr>
<td>Operational efficiency: answering the emergency calls; 90% of the calls answers within ten sec.</td>
<td>94,8%</td>
<td>86%</td>
<td>90%</td>
</tr>
</tbody>
</table>

**Table 9.** Examples of the performance metrics (Immigration) (Ministry of the Interior, 2006, pp.61-64)

<table>
<thead>
<tr>
<th>Name of the Metrics</th>
<th>Year 2005</th>
<th>Year 2006 (forecast)</th>
<th>Year 2007 (plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational efficiency: Net expenditure / decision (immigration, citizenship)</td>
<td>356</td>
<td>348</td>
<td>379</td>
</tr>
<tr>
<td>Operational efficiency: Decisions / FTE</td>
<td>142</td>
<td>145</td>
<td>148</td>
</tr>
<tr>
<td>HR-Management: The number of employees</td>
<td>237</td>
<td>237</td>
<td>232</td>
</tr>
<tr>
<td>HR-Management: Departure rate of the employees, %</td>
<td>29%</td>
<td>26%</td>
<td>22%</td>
</tr>
</tbody>
</table>
Table 10. Examples of the performance metrics (Border Guard) (Ministry of the Interior, 2006, pp. 66-68)

<table>
<thead>
<tr>
<th>Name of the Metrics</th>
<th>Year 2005</th>
<th>Year 2006 (forecast)</th>
<th>Year 2007 (plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational efficiency: Border inspections (coverage %)</td>
<td></td>
<td>99,9%</td>
<td>100%</td>
</tr>
<tr>
<td>Quality management: Quality of the border inspections</td>
<td>99,7%</td>
<td>99,4%</td>
<td>99,9%</td>
</tr>
<tr>
<td>Operational efficiency: Productivity (coverage /FTE)</td>
<td>107</td>
<td>105</td>
<td>100</td>
</tr>
<tr>
<td>HR-Management: atmosphere at the workplace (scale 1-5)</td>
<td>Year 2004: 3,6</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>HR-Management: Departure rate of the employees, %</td>
<td>6,6%</td>
<td>7,9%</td>
<td>8%</td>
</tr>
<tr>
<td>HR-Management: maintaining professional skills (training days/FTE)</td>
<td>20%</td>
<td>20%</td>
<td>18%</td>
</tr>
</tbody>
</table>

The metrics were gathered from the performance systems that each department had developed: Police had their POTTI that was renewed in 2004 to POLSTAT. The Finnish Border Guard developed a new performance system that was taken into production during the year 2001. The Rescue Services had their own statistical system called the PRONTO that started in 1996. All these departments were making sure that their statistics were collected and available for performance reporting.

6.8 Government level performance monitoring

The Finnish State reporting system called Netra has been used since the year 2007 (www.netra.fi) to support the performance management within the administrative branches and the unified performance reporting goals within the Finnish Government. State Treasury is providing the state level performance reporting service, which includes (1) the financial figures, (2) personnel, and (3) the planning and outcome performance information. (State Treasury, 2007, p.5) Netra supported the open government and transparency goals because citizens were allowed to search and read about the performance and financial reports of the different administrative branches and agencies.
Figure 19. The number of goals for the year 2014 for the Finnish Government in Netra-reporting.

<table>
<thead>
<tr>
<th>Perspectives</th>
<th>Number of goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Societal impact</td>
<td>975</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>574</td>
</tr>
<tr>
<td>Outputs and quality management</td>
<td>1647</td>
</tr>
<tr>
<td>Human resources development</td>
<td>377</td>
</tr>
<tr>
<td>Total</td>
<td>3573</td>
</tr>
</tbody>
</table>

Figure 19 presents the number of goals for the whole Government for the year 2014. It shows that most of the goals are for the outputs –perspective, and least goals are for the HR –perspective.

Figure 20. Netra-reporting: the number of goals for the year 2013 in the case organization.

Within the case organization, Netra has been viewed as another resource-demanding mandatory reporting because the Government did not assign any extra resources to handle and develop the reporting. It was just another task added on top of other performance tasks. Yet, it simplified and visualized the comparison.
between the different administrative branches and their performance reporting. It also made it transparent and easy to access for any citizens to use and to compare the reporting from different administrative branches.

Figure 20 illustrates the number of performance goals for the case organization in 2013. It also depicts the reached and partially reached goals (only the societal impact/policy effectiveness perspective is assessed), and not assessed goals (the other perspectives). The most goals are for the outputs-perspective and the least goals are reported for HR-management.

From Netra-reporting point of view it seems that the Performance Prism-perspectives are not in balance. The assessment is concentrated on the societal impact and policy effectiveness, but the most metrics and goals are set for the outputs and service/product quality perspective of the Performance Prism model.

There is no information how the different perspectives are supporting each other or how they are linked together.

6.9 Summary of the performance reporting and objectives

The problem with the societal impact and policy goal measurement was the weakness of the guidance and allowing the vague goals and results e.g. “improve”, “develop”, “stays the same” and “does not deteriorate” in the Operating and financial plan’s text (see e.g. Ministry of the Interior, 2006, pp. 11-12). According to some of the interviewees (incl. managers and experts), the weakness of the presentation of the societal impact was due to the reason that the management did not want to be responsible of a situation where their sector had not reaching the goals and therefore they allowed the vague and weak goals in the Operating and financial plan. But this was also a result of the process-based communication where the performance and resource planning was a separate activity and distant from the operational daily activities according to the interviewees. However, it was also seen discouraging for the employees to have vague societal impact and policy effectiveness goals.

The metrics were considered to be good or fair because they still described the general statistics of each sector in the case organization.

Furthermore, the fast pace of implementation of the new Performance Prism hindered the proper development of new performance metrics to fit the new Performance Prism–framework. Therefore, the different sectors used the existing metrics and adjusted them to fit to the new model of performance reporting.
However, the societal impact was more difficult to measure because of the concept’s vagueness.

Moreover, conflicting and overlapping goals and output requirements with the Internal Security Program and the performance management goals did not increase the overall success in improving performance because too many goals caused the employees and the managers to ignore some goals. In addition, the Internal Security Program seemed to go on its separate route and not communicating enough with the different sectors about the goals and especially when reaching the goals needed more resources or more inter-organizational cooperation according to interviewees.

The performance management as a process improved during 2000 to 2007 and also the reporting and communication changed during the same timeline. However, the performance methods, metrics and results remained the same because of the soft control and guidance.

The performance management documents were renewed so that the Planning Order was introduced at the corporate-level in 2008 whereas in early 2000s it the different departments had written their own planning order for subsidiary units and agencies.

The feedback to the subsidiary agencies and units was conveyed after the fiscal year annual financial and performance reporting by June the following year. The feedback included evaluation of the subsidiaries’ performance, productivity and financial reporting and how they had reached their yearly objectives. In addition, the feedback included positive (what has been improved since the previous reporting), negative comments (what needs to be done) and other development ideas for the future. The feedback system was implemented in 2005. The feedback was important in further developing the performance reporting and accountability within the case organization.

The Productivity Program that was introduced in 2003 with its strict requirements of reducing public sector employees did not affect the performance metrics and objectives because the results were allowed to be “remains the same”, “does not deteriorate” or “is developed”. Nonetheless, with fewer employees the case organization had to create more e-services and less face-to-face customer services. The Productivity Program changed the working methods to cooperative and co-creating and also slowed down development projects because there were fewer resources available. However, it didn’t improve the performance or productivity within the case organization according to interviewees. According to Price Waterhouse Coopers (2008) mid-term report of the Productivity Program,
the productivity when measured by outputs / FTE does not adequately describe the amount or quality of outputs and services offered. This does not fulfill the original goals of the program when it was started. In practice, the FTE -based metrics complement the frame-budget management. FTE -based metrics also is comparable metric with other administrative branches. Besides, according to Price Waterhouse Coopers (2008) the Government could not just cut the frame-budgets of the different administrative branches because that would have led to postponing investments and cutting off evenly across the operations with the ‘cheese cutter – method’.

6.10 Evaluation of the strategic management process

In 2008, the top management had realized that there was two different strategy processes: the official one and then the realized one. The strategy process was not seen as a single, uniform process. The top management had understood that the strategy and process can change from one year to another. The top management also realized that there were different variation of what was understood as a corporate strategy and the strategy process for the corporate strategy. The different sectoral strategies and their processes were considered as corporate strategies. It was seen necessary to redefine the terms used in the performance management and strategic planning.

In addition, the operational and financial planning in the performance management were seen more pressing than the strategy. The emphasis was on performance management instead of the corporate strategy.

The Operating and financial plan –document were seen too complicated and detailed. The planning order was seen necessary to be a corporate-level document instead of the sectoral planning document. The change was planned in 2007 and implemented in 2008 as part of the corporate management and guidance renewal.

The top management had realized that the commitment to the idea of the corporate strategy existence varied within the case organization. That hindered the implementation and reaching the strategic priorities presented in the operational and financial plan. It was seen that the corporate strategy needed more preparation, analysis of the operational environment, and resources to update the strategic priorities. Therefore, the strategic priorities were not seen enough but a separate strategy process for the corporate strategy was seen necessary so that the operational activities would not trump the strategy goals. The top management had
realized that there were not enough resources for the strategic planning whereas there were dedicated resources for performance planning in each sector of the case organization.

The cooperation across the sectors within the case organization were seen lacking commitment and orchestration. The corporate-level management were seen important for the case organization in order to support the corporate-level goals and planning.

It was also seen necessary that the different projects, organizational and processual renewals were linked with the strategic priorities and performance goals.

The corporate strategic long-term plans were planned to be published in the future review-reports e.g. Ministry of the Interior 2020. However, the reviews were eventually done by each sector e.g. Rescue Services 2020, Border Guard 2020, Police 2020 and Immigration 2020.

The mid-term strategic plans were scheduled to be made for each Government term. Moreover, the mid-term strategy plan was also planned to be written for the last years of the current Government’s term for the years 2009-2010. However, as the process and needs were clarified during the year 2008, the top management decided that the corporate strategy needed a working group to prepare the corporate strategy for the years 2009-2012. In 2008, it was also planned to have one single process for the corporate strategy and the operational and financial plan. But that was also changed and in practice, there became two separate processes due to different organizational needs and timeline requirements. In 2008, it was also planned to have workshops every other year to link the corporate strategy and the performance management together. However, this plan was not realized.

The yearly operational and financial planning was scheduled and stated in the operational and financial plan –document. The top management saw it necessary to link this document with the budget framework so that there would be a better linkage with the resources available, and the operational and financial planning and performance.
The years 2008–2011: Incremental changes in operational environment

7.1 Background

This subchapter describes the endogenous and exogenous changes that affected the case organization in strategy and performance development. The endogenous changes were the start of the Finnish Immigration Service in 2008 and the renewal of the regional administration in the beginning of the year 2010. The ALKU-project aimed at renewing the regional administration, and termination of the provincial governments.

The Productivity Program that started in 2003 was still ongoing and limited the number of employees and hiring in the case organization. It also increased the need for e-services and the reduction of local governmental offices and starting the joint service development with the different government agencies. The Productivity Program was seen essential because there were no signs of economic boom ahead and the number of public sector employees was too high when compared to the economic growth.

While the first Internal Security Program was ending and being evaluated, the second Internal Security Program was planned in 2007 to start in 2008. The second Internal Security Program for the years 2008 to 2011 was an important program affecting the case organization and its strategy development. It focused on the prevention of the major marine and environmental accidents, fighting against organized crime, extremism, terrorism, human trafficking, domestic violence, and reducing illegal immigration. Its goals were important and required a broad-based cooperation within the public sector and with NGOs. It also supported and improved the development of the local security planning in different provinces. In addition, the criticism towards the second program was: (1) there were too many activities to be measured, (2) it concentrated on the public sector and not included enough of the other actors in the security field, and (3) it had a wide range of activities including the daily safety of citizens and communities to more general security topics. The EU’s Internal Security Strategy was adopted in 2010, but the second national Internal Security Program (2008-2011) was planned in 2007 and
had started in 2008, and therefore, it could not follow the EU’s new Internal Security Strategy and its goals.

In 2009, the ICT Agency Haltik was established from the Police ICT department. The Finnish Government Shared Services Center for Finance and HR (PALKEET) started in 2010 combining the existing service centers of the different administrative branches.

In 2010 the provincial governments were ended. There were also several internal organizational restructuring from 2008 to 2011 within the case organization: the two reorganization phases of the police in 2008 and 2010, the renewal of the Emergency Response Centers starting in 2010, and reorganization of the immigration integration services starting in 2009. The Finnish Immigration Service Agency called Migri started in 2008 replacing the Directorate of Immigration that had existed since 1995.

From the year 2008 to the year 2011, the operational environment continued to change: more school shootings, stock market crashed and the banking crises happened in the United States, and the ripple effects were seen in the EU. The war in Georgia started in 2008 with Russia.

In Finland, the economic depression started in 2008. The EU was struggling with sluggish economy, high unemployment, and facing the challenges that the collapsing housing market in the United States and Lehman Brother’s bankruptcy caused in global markets. Kauhajoki’s school shooting in 2008 raised more questions of how to prevent these events to happen in the future.

The Utö incident by Andreas Breivik in 2011 caused the re-evaluation of the security preparedness of the Finnish security officials: what needs to be done if similar event happens in Finland. In Sweden, the young immigrants were setting up fires and damaging cars in Malmö area in 2007-2008. It was seen as a sign of what an unsuccessful integration to the society can cause.

### 7.2 Identity crisis

In 2007, the Finnish Government decided to start the ALKU-project to renew the regional state administration i.e. the provincial administration and the administration of the local employment and economic development centers (Ministry of Finance, 2009). Regional development was transferred to Ministry of Employment and the Economy and municipal development and local administration development functions were transferred in accordance with the
Government Program to the Ministry of Finance at the beginning of the year 2008. In addition, immigration and integration affairs were transferred from the Department of Labor to the case organization (Ministry of the Interior, 2008). The renewals of the regional administration in ALKU led to the termination of the provincial governments in 2010. This was a major organizational and administrative change in the beginning of the year 2010 and the start of the Regional State Administrative Agencies. It changed the levels of performance reporting but the process was still the same as before. The ALKU-project aimed at renewing the regional strategic guidance and reporting, regional implementation, planning and operational development tasks (Ministry of Finance, 2008). Besides the ALKU-project, there was also the restructuring of the Police and termination of the provincial police management i.e. the PORA I -project in 2008 and the PORA II -project in 2009 (See more of these PORA-projects e.g. Haraholma, 2011).

**Figure 21. Identity crisis of the case organization**

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<table>
<thead>
<tr>
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The concentration on security and immigration issues was more imminent in the tasks given to the case organization since the beginning of 2008. The case organization changed from dealing with Internal Affairs to Internal Security issues and the regional and municipal administration and development was no longer part of the tasks of the case organization.

This identity change was not so clear within the case organization when considering the corporate strategy goals and performance management metrics because just removing the regional and municipal affairs from the security goals
does not mean that organization starts acting and performing towards the new goals.

The strategy process started in 2008, the same year as the structural and identity change happened. The new corporate strategy was for the years 2009-2011. The performance process was a yearly process however it continued the same way regardless of the identity change of the case organization.

The internal security as a concept was not internalized or well-understood within the case organization and therefore, the organization continued as before without making any prioritization or review of their goals and how they fit with the new identity. The case organization wanted to be the focal actor in the internal security area, representing the state-centered security (police, border guard, immigration) to prevent the threats in the physical, “real” world, but also in the fields of more modern security threats in the cyber world. In fact, the threats in cyber world have increased and they have overcome the threats in real world during the past decade. This is caused by the fast pace of the ICT-development and because Internet-mediated economies and payment systems. There are two types of threats: (1) physical world threats, and (2) cyber world threats, and then also the combination of these previously mentioned two types. The internal security aims at securing the society, the community and the lives of the citizens by preventing the threats towards the society.

But the identity change of the case organization did not happen overnight. It took several years before the new identity was internalized. Ministry of the Interior changed its official name in 1.1.2014 from Sisäasianministeriö (Ministry of the Internal Affairs) to Sisäministeriö (Ministry of the Interior) and finalized the identity change by renewing its visual appearance and logo as well. The old name had been in use for the past ninety years. The old name reminded of the time when the regional and municipality governance were still part of its administrative branch. The new name and visual appearance was to reflect the change in the identity from the internal affairs to the internal security.

### 7.3 Strategic management process for the years 2009–2011

The background and history of the basic concepts, the strategic management process and performance management had been tested during the 1990s. However, the institutionalization of the link between the strategy, vision, and organizational performance was not clear. This Chapter describes how the corporate strategy for
the years 2009-2011 was developed within the case organization and the participants and their roles in the process. It also describes the efforts to link the corporate values, vision, and strategy with the performance management process.

**Figure 22.** Cascading strategy formulation process (mod. Fountain Park, 2008)

The corporate vision in 2008 was: “Finland is the most secure and pluralistic country in which the international competitiveness is supported by the following issues: active immigration policy and every citizen feels equal and safe in the society.” ([www.intermin.fi](http://www.intermin.fi))

The organizational values were: sharing, openness, trust, working together and cooperation.

The strategy formulation was a cascading process with different phases and various participants in each phase: the organization and the management had to agree on the corporate vision in order to be able to decide on the focus of the strategy and the strategic imperatives. Figure 22 illustrates the cascading strategy development process for the strategy cycle.

After the consensus on vision and strategy had been reached, the next step was to agree on accountabilities and responsibilities related to the strategic imperatives for the strategy cycle. When this phase had been finalized, the strategy was cascaded from the top to the lower levels of the organization.

Furthermore, it was necessary to link this process with the performance management process because the performance management process included the
definition of the measurements for annual planning and also for the following three years.

7.3.1 Strategy preparation

Overall description of the strategy development process from the year 2008 to 2009: There were four strategy working group meetings during the year 2008. Two different consultant companies were used to prepare, analyze and overall assist in strategy preparation and vision tuning.

The first consultant firm called Perfecto Ltd. started in January 2008. Their initial job was to formulate a strategy preparation method that would allow more actors to participate in the strategy preparation. On February 25th, 2008, the Management Board had decided that the strategy preparation needed to ensure a sufficiently wide-ranging participation and involvement of all employee groups. These consultants finished their job on April 15 2008.

After their work was done, the next consultant company, Fountain Park Ltd., started in fall 2008. Their job was to gather information for the strategy content and get more comments on the initial strategy content prepared in the strategy working group meetings.

The process continued in spring 2009 with the management meetings and then a half day seminar was organized in January for the management after the approval of the new strategy and strategic goals.

7.3.2 Initiation of the strategy working groups

The top management considered that the strategy and vision needed to be clarified, and therefore, the top management hired consultants from Perfecto Ltd on January 2008 to coach in strategy process.

But before the strategy development was about to start, the top management realized that the management needed training. Also the experts from different departments that were participating in the strategy development and/or the performance management process needed coaching in understanding and internalizing the new strategy and organizational values.

The consultants decided on having four strategy working group sessions as a training program during March 13th, 2008 to April 4th, 2008 (Innanen & Aaltonen, 2008). Their role was described as trainers, coaches, and facilitators in the process.
Each strategy working group had participants of the different departments. The participants were chosen based on their status and tasks at their department. They were managers and experts from different departments of the case organization (Innanen & Aaltonen, 2008). However, the departments were allowed to choose the experts and managers and thus, the initial idea of the Management Board meeting was not realized i.e. to have a sufficiently broad participation of different employee groups.

The chosen participants were based on the criteria that their current tasks needed to be related to strategy development and performance management in their department. The participants were given questions to consider before each of the strategy working group meetings.

The strategy working group’s material was based on the review of the case organization’s operating and financial plan for 2009-2012, as well as the annual report and performance reports of the year 2008). In addition, the working groups looked over the departments' sectoral strategic documents and their operating and financial plans.

According to Innanen and Aaltonen (2008), the organized workshops aimed to:
1. Inter-sectoral contributions and preparations of the future operating and financial plans,
2. Connecting the daily operations with the strategic priorities, and
3. to have a better understanding of the relationship with the strategic goals and practice.

As work progressed, the top management of the case organization also raised the idea that the workshops can generate ideas and suggestions for the further development of the guidelines of the case organization (in referring the planning and strategy guidelines and documentation). In addition, the strategy workshops discussed the strategic process and documentation practices, their important role in the operationalization of the strategy and understanding of the content of the strategy. (Innanen & Aaltonen, 2008)

The first workshop of the planned four training sessions was to motivate the participants to preparation and implementation of the strategy, to make the chosen five strategic priorities familiar and link these with the daily work in the departments. This was accomplished by the lecturing of the best practices of the strategy implementation, as well as doing some team work. Team working included participants of the same sector to review their own department priorities, projects and other financial planning documents. The team members were also asked to draw connections between the Ministry’s strategic priorities, and operating and financial planning documentation.
The top management had chosen five strategic statements in January 2008 to be discussed and reviewed in the training sessions:

(1) to establish a constructive safety culture and to improve the prerequisites for prevention of accidents and crimes, (2) to promote the active, bi-directional, good integration of immigrants to the Finnish society and implementation of a comprehensive, coherent and active immigration policy, (3) to promote good ethnic relations, non-discrimination and equality, as well as the prevention of racism principles of the society, (4) to increase the preparedness of an expanding civil crisis management. Apart from security, the emphasis is on democracy, equality and good governance, (5) to reform and synchronize administrative procedures and operative practices in a controlled manner.

The second workshop handled a department-specific views of the ministry-level definitions (vision, values, strategic priorities, operating and financial planning documents), and produce ideas and proposals for the above mentioned ministry-level process. This was accomplished by two different team works: one of which focused on the strategy process development and the second team work considered the content of the strategy at the ministry-level. The first team discussed on the yearly schedule, the formation of the documents, the communication process, the participants of the strategy process, and the task division between the Finance Department and the other departments. The second team contemplated on the focus areas of the strategy.

The limitation of the topics and actions for the next three years were prioritized among the strategy working group participants and with the top management. The result of the strategy process is therefore a compromise of what most respondents considered to be the most important topics and actions for the following three years.

According to Innanen and Aaltonen (2008), all departments appeared to be biased towards these workshops but afterwards the participants had commented that these workshops were necessary. It was noted that the administrative development projects were related mostly to the strategy statement number five. Rescue Services, Police and Border Guard noticed that their own operating and financial plans focused almost entirely with the strategy statement number one, while the Migration Department linked their operating and financial reports heavily on strategy statements two and three.

In addition, all departments produced content for their own operational planning, and presented the views of the Ministry's vision and the existing strategy statements in relation to the strategy development process.
As a summary, the strategy process seemed to be mostly familiar to the group, which is responsible for the strategy process as well as for the performance management process in the case organization. The managers and experts, who were responsible of the specific sectoral topics, concluded that the strategy process as well as the performance management process and their linkage had remained unclear. Only a few of the workshops participants was familiar with the operating and financial reports and other planning documents of the case organization, even though the Operating and financial plan should have been the principle guiding document of both the strategy and performance planning within the organization (Innanen and Aaltonen, 2008).

There are numerous external policy documents, for example, the Government Resolution, and various EU documents. Besides these external documents there are different internal documents, such as sectoral guidelines, programs and policies, and all of these different documents form a highly complex picture with a lot of overlapping topics. It was agreed that logical relationships of both internal and external documents had to be clarified. (Innanen and Aaltonen, 2008) The total map of all of these documents would certainly provide both the managers and the experts a better chance to guide and to control the resource use in the case organization.

Perfecto consultants worked from January to mid-April in 2008.

This was an interesting review of how the strategy and performance management process was discussed in spring 2008. It showed that the internalization of the strategy or performance management process had not happened within the case organization or even among the employees whose tasks related to strategy, planning and performance management. It was interesting to notice that the managers involved did not have a full picture of all the related documents of these two processes: strategy development and performance management. If they do not know what the organizational goals are and then what their goal is and how they guide the resources?

This part of the process development showed that the processes were not institutionalized within the case organization. It was unclear what the order of the internal and external documents were and their “ranking” when compared to each other.

In general, public administration performance management relied on performance measurements as a means of improving the efficiency and value for money in public service delivery. These measurements were combined to generate comparative yearly scores, which in turn serve as effective inter-departmental, or
inter-jurisdictional tools for fostering incentives to either improve sectoral or departmental performance or in general the whole public sector performance. This also created a problem when the same measurements are used year after year. The comparisons in development were easy to follow but these measurements did not change when corporate strategy and strategic goals changed as has happened in the case organization.

7.3.3 Environmental scanning phase

The planning order was given in June 2008 for the case organization and its subsidiary agencies. The planning order was part of the performance management process. This was a yearly activity within the case organization.

As a parallel process with the performance management, the Management Board decided to establish a working group for the strategy preparation for the years 2009-2010 because it was seen necessary to link the corporate strategy with the Government Program (Martikainen, 2008). This working group included many of the same members as the ones participated in Perfecto training sessions during the spring 2008.

In 2008, the Government was PM Matti Vanhanen’s II Government. Its governance term was from April 19, 2007 to June 22, 2010. Similarities and linkages with the subject areas of the corporate strategy and the Government Program were seen: Internationalization, the EU, promoting the human rights and democracy, responsible usage of public funds, long-term resource planning, and transferring resources from administration to services (see more of Government Program for the years 2007-2010: www.vn.fi).

The next steps in the strategy development process were to start to gather information for the corporate strategy content. The idea was to present the key areas of strategy and then ask for the comments and consider the goals then further on the strategy working groups and among the top management.

The Finance Department of the case organization used the consultants to ask the different external stakeholders e.g. trade unions, NGOs, private sector organizations, other government agencies and citizens to comment on and to prioritize topics in different business areas to be the strategic goals for the case organization.

The crowdsourcing method was first introduced to the case organization in a morning coffee session organized by Permanent Secretary Viljanen in 2008. Her
morning coffee sessions were aimed at being inspiring, innovating and bring new tools and methods to the organization and develop discussions of how to use and implement them in a government context. The morning coffee sessions were aimed towards the whole organization and not just for the management.

The crowdsourcing was done with the Webropol system. The Webropol was an easy tool to use to gather information online because it allowed access to different organizations and the information was gathered for the consultant’s use. Each respondent in the Webropol was allowed to comment online and prioritize and add new topics in the Webropol system. The Webropol has been used in the case organization in customer surveys, for example in satisfaction-surveys in IT-services, but this was the first time it was used to ask for comments about a strategy.

435 respondents answered the Webropol-questionnaire. The respondents were from the case organization, or they were members of the cooperative partners and other external stakeholders. Only 35.5% of the Webropol had participated on the strategy working group meetings. The consultants from Fountain Park reviewed the Webropol results. They also wrote a management summary of the responses. They had one consultant full-time in this process to gather the responses and analyze the results. The other consultants reviewed her reports and commented on them. The consultant who mainly participated in this work was no longer employed by the consultancy firm, and therefore, some questions of this data gathering and analyzing process remained unanswered.

The Webropol was considered an easy tool to collect the relevant information from open-ended question answers, and to group the responses of the respondents to different segments (sectors as networks of organizations were considered as segments).

The analysis of the responses in the Webropol was illustrated as graphics of network analysis, a so-called word map (See Figures 24-29). In these analyzes the sectors were networks of organizations, and each sector (e.g. border guard, police, immigration, top management) were considered as an own network or a group. Also, the responses were analyzed with the root words and their frequency related to other words in responses. Root word –term is used here to show the most frequently used word in the word map-analysis in Figures 24-29.

The final report of the consultants was used as a basis for the strategy development process. According to the management summary (Fountain Park, 2008), there were initially five statements chosen to be the strategic statements. These strategic statements were high-leverage imperatives for the strategy cycle.
(the next three years). These five strategy statements were: (1) to boost the preventive actions, (2) to ensure the safeness of the citizens and the security in the society, (3) to be active and responsible in immigration policy, (4) to ensure the professional and motivated staff in changing circumstances, (5) Personnel turnover is predicted by improving the operational processes, securing the needed capabilities and cooperation. These strategy statements were presented to the respondent and if you agreed, you did not have to write any additional comments.

Respondents’ own prioritized topics

The respondents were allowed to write their own comments and opinions of important topics and goals to be prioritized for the corporate vision and strategy. The respondents were allowed to comment by just positioning their reply on a target figure (Figure 23).

The respondents were allowed write a longer comment related to their answer or to any other previous comment left by another respondent. However, not all the respondents wrote any comments. The respondents could also prioritize earlier comments from other respondents without knowing who had given the comments. The comments of the respondents were collected onto the target figure with the scale of 1-10 (10 = the most important for the realization of the corporate vision and 1 = the least important) (See Figure 23). The open-ended comments ranged from methodology and metrics to national level comments. The list of important issues for the realization of the case organization’s vision:

- disorganized crime
- immigration support (other than existing support systems)
- supporting aging and retired citizens
- to consider what a normal person would consider important
- new methods
- effectiveness of schools
- from reactive to proactive actions
- more women and young to lead
- courage to be more active
- more young people required
- to look for synergies
- Government level strategies in order
- school safety
- to hire more young people
• to create a Green Card system
• to improve communication of the Rescue Services
• identity protection
• effective, prosperous organization
• working in pairs
• to improve initial counseling and guidance
• security officials closer to citizens
• planning and construction safety
• metrics, metrics, metrics
• need to develop knowledge-based management
• Finland needs to be more active in immigration issues

The list shows that the topics and written comments were uneven when considering the need of resources. Some comments were linked to the working methods (working in pairs) and some comments were related to the aging public sector employees (more young people required, supporting aging, more women and young to lead). The management style and knowledgeability were criticized (need to develop knowledge-based management, proactiveness needed), and that it was gender- and age biased (more young and women needed to lead). These comments implicated that the HR–strategy was not seen adequate for the needs of the future challenges. The organizational culture and processes were also criticized: the organization were seen passive instead of active (more courage to be active), ineffective unsuccessful (effective, prosperous organization, proactiveness needed), and distant from the citizens. The comments implicated that the performance was not monitored with the right metrics or no metrics at all (“metrics, metrics, metrics”).

The aging society was also seen as a concern (more active in immigration issues, aging and retired citizens).

Some of the topics required preventive and cooperating activities of several actors in local and central government (e.g. School safety issues). The comments also showed the impact of recent events: two school shootings in Jokela in 2007 and in Kauhajoki in 2008.

Some of the participants’ comments indicated that the topics are not all related to vision or strategy of the case organization but rather to issues that are important to the respondent. Some of the comments were related to a specific process e.g. recruiting and communication process of the case organization, and some in
working methods. Some comments were related to specific sectoral topics (e.g., immigration, migration).

The responses also showed that the initial guidance and instructions of this questionnaire was not sufficient because many answers do not relate to vision or strategy. Besides, the internalization of the concepts of strategy and vision seemed to be poor. The respondents were not sure what a strategy or a vision was or what was meant with these concepts. It also looks as if the institutionalization of the strategy and vision had not happened.

**Figure 23. The target figure of the topic prioritization (mod. Fountain Park, 2008)**

The prioritization of the responses show that the respondents valued the effectiveness and successful organization, the effectiveness of schools, and the working methods most (scores = 9-10 in Figure 23). The respondents considered that more resources were needed to reach the organization’s vision. The school safety and the disorganized crime were seen less important for the vision (scores 1-2 in Figure 23). Furthermore, low scores for the topic: “Government level strategies in order”, and the visibility in immigration topics. As a summary, even though the school shootings had happened in 2007-2008, their impact for the
organizational vision seemed to be minimal, whereas the organizational effectiveness and lack of resources to realize the vision were seen more important.

**Presentation in the form of the network analysis of the strategic goals**

Each strategic statement was illustrated in a network analysis figure. The network analysis figure and identified root words were made by a network analysis tool in Webropol text mining section. The following Figures 24 to 29 present the analysis of the responses in the Webropol questionnaire in relation to the strategic goals. The figures present an illustration of the frequency of the root words (they are presented in bold frames in the figures). *Root words* in this study are the words most frequently appearing together.

It should be noted that not all of the replies were related to any of these root words presented in these following figures. Some replies were totally different than any other replies and not related to strategy, goals or vision.

Each figure was analyzed by a junior consultant and the senior consultant reviewed the junior’s work after the analysis was done. The employees of the case organization were not involved in the information gathering via Webropol and the analyzing process.

**Responses in strategic goal: to boost the preventive actions**

The root words in the Figure 24 are: preventive, effect and activities. The related words that had occurred with the root words were presented in a form of a word network map. The number in the line represents the occurrence of a specific word in the comments.

Key comments of the respondents related to the first strategy statement: to boost the preventive actions (Figure 24):

- “It is important to prevent as many societal threats as possible before any harm is done. For example, you cannot consider that the Ministry of the Interior is the only partly responsible for taking care of the social exclusion of the children and young people in the society.”
- “The ministry can do some actions to correct the societal isolation of the young people.”
- “It is important to concentrate on the preventive actions. You only start doing when it is necessary to do something, but not before.”
• “It would be better to talk about effectiveness than improving societal impact. But the most important thing is to guide the activities towards increasing preventive activities.”

• “This is a vague goal: What are the preventive actions? What are the risks and threats? You need to have a real-time threat analysis first.”

• “This is mostly related to police and rescue services and no other sectors, such as crime prevention, fire and accident prevention. Are the key activities then going to target these specific areas?”

• “Developing concrete measurements of the goals and regular follow up of the goals. How to measure the societal impact and if it has improved? Without proper measurements it is hard to say if the organization has reached its goals.”

• “The goals need to be concrete and based on vision.”

• “Preventive activities are important especially now after the school shootings in both Jokela and Kauhajoki. The topic of preventive activities includes attitudes, training, developing information systems, processes, and measurements of activities. It is challenging to measure preventive activities but as a goal it is okay.”

The respondents were worried about the societal topics and securing society: societal isolation, and school shootings were related together because the school shooters were known to have been isolated persons in both cases. Preventive activities were seen necessary to avoid such events from happening again. Societal isolation refers here to complete or near-lack of friends and a support network.

The responses show that the security related issues were seen important. However, it was also clear that the respondents had not been explained to about the scope of the corporate strategy and what sectors or topics it needs to contain e.g. the comment: “This is mostly related to police and rescue services and no other sectors, such as crime prevention, fire and accident prevention. Are the key activities then going to target these specific areas?”

Moreover, the preventive actions were seen as a narrow topic, even though preventive actions can involve different actors in public and private sector, and NGOs. The goals were seen as too narrow. It seems that the respondents were not part of the strategy group because they were criticizing the chosen strategy statements.
Furthermore, the measuring societal impact and creating measurements were seen as a challenge, even though it was not directly linked with the specific strategic goal in question.

Most comments got the effectiveness of the preventive actions and how to improve the effectiveness e.g. societal impact and effectiveness of the organizational activities. As a summary, in order to boost the preventive actions, the organization needed to find more effective ways to tackle the threats against the society, to measure and analysis the results, and to be more proactive and not just talk about doing something.

**Responses in strategic goal: to ensure the safeness of the citizens and the security in society**

It should be noted that the Finnish word “turvallisuus” can be translated to “safety” or “security” in English. When the respondents have replied using the word
“turvallisuus” For example, basic safety can refer to the area of Rescue Services (e.g. safety training of the fire rescue workers or safeness of the buildings and homes) whereas the basic security can refer e.g. to the basic matters that must be secured in all conditions in the society and the promoting the population's security and well-being and maintaining the functioning of society. The basic safety and security were both ranked highest in the comments.

Figure 25. Word map's root words in comments related to the second strategy statement: to ensure the safeness of the citizens and the security in society (mod. Fountain Park, 2008)

Main comments of the respondents related to the second strategy statement (Figure 25):

- “The Ministry should concentrate on the safeness and functionality of homes now that the population is aging, so that more and more citizens can live at home longer.”

- “The security is too enhanced in the vision and repeated too many times. It would be better to talk about creating “basic security”.”
• “The previous strategic goal supports this one, because it is easier to maintain and improve safety than to create the feeling of safeness among citizens if the feeling has disappeared or diminished. Also, this goal fits all the departments of the case organization.”

• This is too generic goal, more operative goal would be better.”
• “The Ministry needs to improve the communication with the citizens to support the success of this goal. Maintaining security and safety requires also other parties like non-government agencies and voluntary workers, and not just government officials. One goal should be to improve the usage of existing networks.”

• “Openness is the key. It creates trust.”

• “The number of policemen needs to be secured. Now also Border Guard is doing police activities such as crime combating tasks without a proper training and experience. This is not improving basic safeness of the citizens or the security of the society.”

• “The basic safeness is not related to the goals of the ministry. It is more of the social workers’ area of business. The Ministry of the Interior ought to talk about security instead.”

• “The Productivity Program of Finnish Government is not supporting the goal of maintaining security and safeness. The requirements of being more effective in government are conflicting with the resource allocation in preventive activities.”

The respondents commented about the task division and overlapping tasks of the different sectors e.g. the crime combating tasks. In addition, the resource allocation and the task division between the different administrative branch was also raised e.g. who is responsible of the basic safety: the case organization or the social workers in Ministry of Social Affairs and Health. The use of the resources in overlapping tasks was not efficient. The resource allocation was also a concern due to the Productivity Program that started in 2003.

The resource allocation and use of networks in performing activities was seen important. The networks could use actors from different government agencies, private sector and NGOs. The lack of resources, for example, the police officers, was seen as a problem. The insufficient amount of police officers was seen as a threat to the strategic statement and the security in society.
Responses to the third strategy statement: to be active and responsible in immigration policy

The third strategy statement was chosen because it related to the growing sector of immigration and the integration of immigrants to the society, and workforce migration. It was seen important to have a strategy statement related to these topics. In order to have more working age immigrants, the immigration policy needed reviewing. It was seen that the aging society was a risk, and that Finland needed more immigrants to support the welfare society’s goals. Furthermore, the economic recession had started in 2008, and there was no forecast yet how long the recession would last and how it would affect the employment situation in different sectors.

Main comments of the respondents related to the third strategy statement: to be active and responsible in immigration policy are presented in Figure 26:

- “This goal is creating immigration policy. A strategic goal should not be a policy. Ethnic equality and non-discrimination should be included in all the goals and not just in the immigration policy related goal.”

- “Openness and service centricity are important and there could be more of those.”

- “It is not enough to have an administrated, equal, and work-related immigration if the integration to the surrounding society does not happen. The language and other training for the immigrants need to be sufficient so that the equality in work happens. Also, immigrants should be educated about the Finnish culture and society and values. Immigrants need to live in Finnish society obeying the laws and regulations—the Finns should not need to learn their habits and rules.”

- “This is more of a vision than a goal.”

- “Training immigrants and allowing immigrants to be part of the work force.”

- “Reducing discrimination in different societal classes and in different geographic areas. There should not be any difference between ‘original population’ and ‘the others’.”

- “Finland should be active in recruiting capable work force in order to create a financially secure future. This should include the assessment of the impact of recruiting work force from different
parts of the world and what impact these create to the society in a long term and what changes are going to happen in demography and politically."

- “Finland needs to keep its position and political line concerning immigration policy regardless of what happens in the neighboring countries.”

- “Attitudes need to be checked (at school, at government agencies, in individual homes). Active immigration policy recruiting work force from abroad is conflicting with the Productivity Program of Finnish Government. How is the effectiveness in productivity going to happen if the jobs are diminishing and still more and more people are going to be recruited? Who is going to do the paperwork in public sector agencies?”

**Figure 26.** Root words in comments related to the third strategy statement: to be active and responsible in immigration policy (mod. Fountain Park, 2008)

The main comments linked the immigration and related actions as the most important: actions to support the immigrants’ integration, training, policy making, and making immigrants as part of the workforce. Moreover, the respondents also criticized Finland’s position and political line in immigration if Finland starts to follow the neighboring countries.
The Swedish immigration policy was seen unsuccessful during the time of this strategy formation because of the riots in suburbs, burning schools, and car fires started by the young Muslim immigrants in 2006–2008. The respondents were well-aware of the problems that can happen when the immigration policy is not thoroughly considered, and where some of the suburbs are mainly populated by immigrants. The integration to the society did not seem to have happened in these suburban areas in Malmö.

Responses to the fourth strategy statement: to ensure the professional and motivated staff in changing circumstances

Figure 27. Root words in comments related to the fourth strategy statement (mod. Fountain Park, 2008)

Main comments of the responses are presented in Figure 27:

- “This goal could be a broader goal: the Ministry of the Interior is a leading organization in creating EU-cooperation. Currently, the Ministry of the Interior does not have a clear EU-policy.”
- “International issues are not separate from the national issues.”
• “It is important to develop metrics to measure international cooperation.”

• “Each business areas or sectors have their own strategies. This goal should concentrate more on the societal impact.”

• “Finland should concentrate on the nationally important international issues and not wasting scarce resources. The most important thing is to participate in international forums and be heard.”

• “Active cooperation in international forums. Finland and the Ministry of the Interior need to confirm what are their needs and limits.”

• “Forecasting changes in the operational environment. The Ministry needs to be proactive instead of reactive in international issues and in decision making.”

The respondents did not stress the resource capabilities in their answers. However, the lack of resources was commented about in their responses. The respondents considered more of the general topics: changes in operational environment, international issues, policy making, and international cooperation. It seems that this strategy statement was unclear to the respondents in terms of what was meant with it. The respondents seem to interpret it to mean the high-level strategies and policies whereas the capability-word in the statement did not receive any comments. Ensuring employees were interpreted as to what are the areas of responsibility of the case organization and its sectors.

Responses to the fifth strategy statement: Personnel turnover is predicted by improving the operational processes, securing the needed capabilities and cooperation.

The fifth strategy statement was chosen because it was seen necessary to attract skillful and capable workforce and also keep the existing ones in the case organization. The prediction of personnel turnover was seen important. In order to calculate the right amount of personnel, the management had considered that the fine-tuning of operational processes was important, and thus, understanding the capability requirement in processes and cooperation. Figure 28 describes the main comments of the respondents related to the fifth strategy statement. The comments were:
• “This goal is not good. It implies that personnel turnover is a goal. It also implies that the personnel turnover is wanted.”

• “Personnel and their capabilities are the basis of the organizational learning. But Government’s Productivity Program already states how many employees are allowed to have and how many are going to retire within the next few years. There is no reason to have this as a goal. The Ministry already knows the number of employees and the personnel limits set by Government’s Productivity Program.”

• “Personnel turnover is not related to capability development. The capability development happens via learning and experience.”

• “It is more important to consider the operational processes and activities than calculate the personnel turnover.”

• “The colleges in the security area (Police College of Finland and Emergency Service College) need to cooperate in training the employees and students in the security area.”

• “Managers need to be more active in developing their own sectors. They should be ready to change the work processes and give new opportunities to different employees.”

• “The personnel turnover means that the Ministry will have fewer resources. This should implicate that we need to prioritize our projects because we will have fewer resources in the future to do the operative activities and projects.”

• “The aging society is going to be a challenge in the future. Also, employees of the Ministry of the Interior are retiring. This means that important experience and capabilities are vanishing from the organization and no one will replace the retired employees because of Government’s Productivity Program and its limits.”

The respondents commented that the personnel turnover was not a goal. Instead the respondents suggested training, changing work processes and job rotation (e.g. “to give new opportunities to different employees”). Aging society and aging employees were seen as a future challenge. In addition, the Productivity Program and the limitations in recruiting were seen as an internal threat because the existing knowledge and capabilities vanish with the retiring employees. Their knowledge was not transferred to organizational memory. Most of the comments were related to capabilities of the personnel because of the recruitment challenges due to the Productivity Program and also because of the aging employees in the
Figure 28. Root words in comments related to the fifth strategy statement (mod. Fountain Park, 2008)

The links between the words represent the connection between the root words, and the numbers represent the occurrence of the words together.

Henkilö = Personnel
Osaam = capabilities
Tavoit = a goal
Kehit = to develop
Poist = personnel turnover
Tärkeä = important
Toim = operational
Toimin = an action
Yhteis = a cooperation

Top management’s perspective

The top management of the case organization was asked about their views of the presented strategy statements: (1) to boost the preventive actions, (2) to ensure the safeness of the citizens and the security in the society, (3) to be active and responsible in immigration policy, (4) to ensure the professional and motivated staff in changing circumstances, (5) Personnel turnover is predicted by improving the operational processes, securing the needed capabilities and cooperation. The top management chose that the most important topics were Immigration and Security. The related root words were: plurality in society, and multiplicity of values in the organization (see the following Figure 29). The key issues were the following:
• “Security/Safety and equality are part of the Ministry’s vision.”
• “The importance of well-being and prosperity of the Ministry includes the working processes and employees, equality and security.”
• “Security/safeness in society: Security officials need to be closer to citizens.”
• “The meaning of the internationalization and how to implement it to the strategic goals.”
• “The EU is important from Finland’s point of view.”
• “Service-centric view of the Ministry: Service capability of the Emergency Response Centers.”
• “More resources needed.”
• “The Ministry needs to concentrate on its core businesses.”
• “School shootings: The officials need to have a stronger Influence at schools; exclusion of the young people and children.”
• “Immigration policy: Integration to the society and training for the Immigrants.”
• “Importance of preventive activities, for example, prevention of organized crimes.”

The comments of the top management were more related to specific sectoral-related activities when compared to the comments of the other respondents.

This can be explained also with the age and the busyiness of the top management: some of the Department Heads were almost in their retiring age and had scarcely used the computer in their work. Many of them had worked for the case organization or for another public sector organization for decades. When they had become a manager, the personal computers were not used daily in the management work. The fast pace of technology and the use of computers in daily work was a change that had not been embraced by all the managers. Similarly, the workload and the continuous flow of meetings were seen as challenges when requesting managers to answer a list of questions related to strategy statements. Some of the managers had more time, and gave longer answers, whereas some concentrated on their specific sectoral problems and challenges in the future.
The difference of the answers between some of the top management and the rest of the respondents were that the other respondents had answered in their own words in Webropol whereas some of the top management had answered questions presented and written down by the consultant. The question is how well did the consultant interpreted the top management’s answers and the hidden meanings. The consultant’s view of the answers might have differed from the manager’s meaning.

**Figure 29.** Top Management views of the strategy statements (mod. Fountain Park, 2008)

**Consultant’s view and summary**

According to Fountain Park consultant (Fountain Park, 2008) the vision and the strategic goals were principally approvable although they needed clarification and summarizing. The respondents considered that the best way to continue is to concentrate on the core activities of the organization, and also using preventive actions and prioritizing activities.

The cooperation between the departments and across organizational boundaries was seen to be a good idea. There was not seen any change resistance in the
answers. On the contrary, the change approval was good. In addition, the image of the case organization needed renewal: from reactive to proactive. The top management saw that the organization was reacting to changes instead of predicting and preparing to possible changes that could happen.

There were some differences between the top management answers when compared to other answers. The international aspect was commented by the other respondent: “why this international aspect needs to be mentioned in the strategy when it is not our core business” (Fountain Park, 2008).

However, the respondents of the top management agreed to keep the international aspect of the strategy.

Figure 30. Initial comments of the topics important to the case organization and its vision (Fountain Park, 2008).

The respondents that had participated in the strategy workshops considered the importance of the internationalization, equality and criticized the competitiveness and importance of the immigration policy in the strategy: “International competitiveness and immigration policy can be left out” (Fountain Park, 2008).

In addition, there were comments of how to measure the security and pluralistic society? Also, the respondents commented on the use of superlatives: “Do you
always have to be best – the most secure country in the Europe? Why can’t the statement just state: a secure country?” (Fountain Park, 2008)

Moreover, the emphasis is on security. Another important prioritization is that from the citizens’ point of view and how they experience feeling safe in society.

Figure 30 shows the consultant’s view of how the comments were divided by importance and diversity: some comments were considered mutual to the whole case organization, and thus, had higher standing in corporate strategy. Some comments were seen less important, and therefore, they could be removed from the strategy. Then there were comments that were either potential or weak signals that could not yet be determined if they were really important and had any impact on the case organization. For example, important topics (top left corner of the Figure 30) were: processing activities and tasks, prioritizing, and concentrating on key activities, and specifically the service capacity of the Emergency Response Centers. Examples of the top right corner topics were: finding synergies within the organization, preventing societal isolation of the young and children, modern tools, balancing the work and the amount of employees. Examples of the bottom left corner (less important, can be waived): disorganized crime, cross-organizational cooperation in fighting terrorism, supporting the elderly and aging society. Examples of the bottom right corner (weak signals): internationalization as part of every employees’ work description, reorganizing government’s agencies dealing with security issues, Finland’s point of view in immigration, visibility, and no more development programs.

7.3.4 Strategy formulation

At the beginning of the strategy development process, the original five statements were: (1) to boost the preventive actions, (2) to ensure the safeness of the citizens and the security in the society, (3) to be active and responsible in immigration policy, (4) to ensure the professional and motivated staff in changing circumstances, and (5) Personnel turnover is predicted by improving the operational processes, securing the needed capabilities and cooperation.

The final result of the strategy development process concluded with the following strategy statements: (1) to increase preventive activities, (2) to take care of the citizens’ safeness and society’s security in changing circumstances, (3) to implement active and responsible immigration policy, (4) to ensure professional and motivated personnel.
Even if the international aspect and the EU were discussed in the strategy workshops and with almost all of the initial statements, it was left out of the final strategy. Also, the topics related to cooperation, competitiveness, and personnel turnover were left out. The new strategy had different actions related to its different strategy statements showing that the top management had carefully considered what actions were needed to ensure the fulfillment the strategy in a given timeline (See Appendix 2 of the specific strategic actions).

After the top management agreed on the final version of the corporate strategy in the management meeting, it was presented to the employees in February–March 2009.

These strategy statements were included in the operational and financial plan for the next three years for the whole administrative branch and also in the yearly performance plan. Each sector considered these strategy statements when they reviewed their own operational and financial plan and yearly performance plan. They were replaced when the new strategy for the years 2012–2015 was introduced and published.

The identity change of the case organization had been noticed due to the following statement in the corporate strategy document (Ministry of the Interior, 2009a, p. 4): “Ministry of the Interior focuses on crimes, accidents and prevention of the internal security dangers, other disturbances and threats. Ensuring the safety of people and society by means of operational activities remains a key priority. Third major focus area is immigration.”

7.3.5 Summary of the strategy development

The new approach in this strategy development was to include more respondents in the early phases to receive more comments on strategy and vision. The broader information base was seen essential to develop an accurate view of the operational environment and where the case organization stands. The effort to link the corporate strategy with the Government Program was also a novel task for a working group that started in 2008. Considering the performance management as a parallel process with the strategy was also a new idea.

In addition, the cross-organizational, common organizational goals were seen important even if they were not included in the strategy: cooperation, trust and the use of new technologies, and information-led and knowledge management. These common organizational goals are important because with cooperation you can
affect to social exclusion, violence, crime prevention and risk prevention. The international cooperation was also seen important especially with the other EU-member states. The international aspect included following international policies and EU-directives. In community-level, cooperation and management of immigration was seen important, and especially to avoid creating neighborhoods in which the majority of residents are immigrants.

From the administrative point of view, the preparation and reviewing of the laws were seen important. Promotion and protection of the human rights, a democracy, equality, and the right to a fair trial and good governance were seen important.

Citizens’ trust in authorities and other actors in the security branch is a basic requirement when developing civil and customer-oriented activities.

The case organization planned to use new technology, knowledge, and information in its management operations. The responsible party of the information and knowledge-led management is the top management of the case organization. According to Käyhkö (2009), the information- and knowledge-led management was intended to support the implementation of the strategy.

These organizational goals were seen prerequisites for the new strategy to succeed. However, there were no methods or clues of how the top management had planned to get these organizational goals to become institutionalized and accepted widely within the case organization and in its different levels.

Moreover, the strategy working groups were not planning scenarios if something does not go as planned. In addition, there was no plan in place for the “black swan” cases i.e. hard to predict, unlikely-to-happen scenarios, but if it happens it has a high-impact event which has a major influence on the future (see e.g. Taleb, 2007), such as: the terrorist event in 9/2011, the tsunami in Thailand in 2004 or the most severe bus accident that has ever happened in Finland that did happen in Konginkangas in 2007). All these events happened even though they were unlikely to occur. These incidents caused several changes in the crisis communication and cooperation of the different sectors of the case organization and between the different administrative branches.

During each strategy term there has been a serious incident that has caused changes in processes, inter-organizational cooperation, management or communication. Therefore, these black swan- cases should be considered while developing the next corporate strategy.

As a summary, the formation of the strategy content and statements seemed to be based on (1) global events and trends (e.g. immigration policy issues), (2)
national events and trends (e.g. school shootings), (3) Media (e.g. what has been written in media, so-called "hot topics", aging society), (4) Respondents' own experiences (e.g. lack of resources, gender imbalance in management, aging employees), and (5) influencers: these can be political leaders or parties that had an effect on how and what were prioritized depending on what party was in power, or they can be consultants presenting their own new trends in management. This includes also the Government Program and other cross-sectoral programs.

Figure 31. Development of the strategy content and statements.

7.4 Evaluation and control

The next step after the new strategy was chosen and approved by the top management was to integrate the strategy to the performance management. But first the new strategy needed to be introduced to the different organizational levels.

The top management required each sector in its administrative branch to consider the corporate strategy from its own point of view and what it means in operative management and in resource allocation. The steering of the policy goal implementation belonged to the departments of the case organization whereas the agencies within the administrative branch were in charge of implementation of the strategy and operational activities.
After the top management had accepted the corporate strategy then the following three months the Financial Department of the case organization prepared the planning order for the administrative branch. This was an important step because it was the first year the corporate strategy was going to be implemented. The planning order was ready in May 2009 and the corporate strategy was attached to it to make sure that the departments and agencies took notice of the strategic goals and their implementation in their preparation for the annual operating and financial goals for the year 2010.

The Department Heads and Permanent Secretary had the performance review meetings in August-November 2009. In December 2009, the Management Board of the case organization reviewed the first year of the strategy and assessed the success of the launch of the strategy and the first year of the strategy implementation.

**Measuring and assessing the strategy and handling emergent strategies**

The linkage between the strategy and the performance management process remained superficial. These two processes, namely the strategy and the performance management, were separate processes. The performance management was reviewed yearly and performance agreements were made yearly with specific metrics. The performance management process was more institutionalized than the strategy process.

Even if the strategy was reviewed yearly, there were no metrics for it. The need for measuring strategy was not considered. There was no thought what is considered as a successful or failed strategy. The review of the corporate strategy and its goals were to be discussed and reviewed in the Management Board yearly. However, this process has not been published and what the discussions and results were. Besides, the change of Government happened in 2011, and therefore, the practices changed in the Management Board. These changes encompassed dividing the management decision process in the Management Board to two: The previous Management Board meetings continued in which the material was provided for each meeting beforehand. In addition, there is currently a sort of a written-procedure, where no discussions happen and where all the related documentation is forwarded to the members of the Management Board. In this latter process, the Permanent Secretary makes the decision in the topics presented without further discussion.
The strategy remained somewhat distant to the organization, “a strategy on a paper, not an active strategy” as one of the interviewees described it.

Some of the goals were a bit vague and do not describe how the goal was supposed to be measured e.g. “Good ethnic relations in society are realized”. Likewise, the preventive actions “reduce the number of crimes” did not take into account the fact that it also depended on citizens’ and businesses how active they were to report the crimes to officials. For example, the police suspect that there were more hacking in Finnish IT-systems than what the businesses actually report to the police. In addition, vague goals, such as, stating “increasing preventing actions” how much increase is enough for a strategy to be successful and what is the level that the top management requires for this goal? There was no mention of the required levels of actions.

Furthermore, some of the goals did not implicate the use of internal resources vs. the use of external resources and what impact was actually made by the internal resources and what by the external resources or cooperative networks.

In the corporate strategy, the amount of personnel and working hours were estimated to be increased with a certain percentage during the strategy timeline because the text description indicated that the recruiting process needed to be reviewed and also taking into account the retiring employees and their knowledge and how to transfer the individual knowledge to the organizational memory. This was considered to be done in short term projects. When assessing the success of this part of the strategy, the HR-viewpoint seem to have succeeded in this corporate strategy because the retired/retiring employees were used in some agencies in short term projects and also the case organization offered part-time jobs for retiring/retired employees in 2011-2013. However, when the economic recession started influencing more forcefully in 2014 and the Government’s cuts were necessary in many areas of business, all the new recruiting and projects were put on hold.

Likewise, the case organization considered that the e-services needed to be increased in all of its sectors to reduce the face-to-face contacts with the citizens in customer service and thus, reduce the number of employees doing customer service tasks. Therefore, in 2010-2014 there were many e-service improvement related projects that were initiated during this strategy term and also during the next one. Some new e-service solutions were launched during the corporate strategy’s timeline.

The corporate strategy did not include the metrics for the networks even if more and more work are done in cross-organizational networks: Police-Customs-
Border Guard (so-called PTR-network) or Immigration-Police-Border Guard (MPR-network) and in different working groups, e.g. working groups of the Internal Security Program. In addition, the effectiveness or the societal impact of these networks was not measured. It was unclear if the networks brought any real benefit or performance boost to the case organization.

The Internal Security Program reported yearly its own results of the Internal Security goals. However, they were still separate and not communicated so well within the case organization or between the different cooperative parties according to the interviewees. In addition, it was hard to see the link between the EU’s Internal Security strategy and the Finland’s Internal Security Program.

When considering the strategy process and crowdsourcing, it was interesting to see that the organizational changes were ongoing from 2008 to 2011 and it was seen in the comments as “balancing the work with the amount of employees” and “no more development programs”. The respondents were tired of continuous organizational changes and development programs.

Furthermore, the importance of the different topics was interesting to review: the terrorism topic was seen not so important in 2008 during the strategy development process in the crowdsourcing comments. It was included in the strategy text in preventive actions: “The counter-terrorism strategy will be prepared and implemented.” In September 2009, Minister Holmlund set a working group to draw up a first version national counter-terrorism strategy that was published in June 2010 (Ministry of the Interior, 2009c; Ministry of the Interior, 2010a). The weak signals of the importance of the counter-terrorism strategy were not seen in the case organization, and it was dismissed as being not that important in the strategy process discussion. In addition, the EU’s counter-terrorism strategy was published in 2005 (Council of the European Union, 2005). This national counter-terrorism strategy could also be described as an emergent strategy because the signs had been there to be seen: the EU-level strategy, increasing terrorism threats, growing immigration and border crossings, these all lead to the emergence of the new national counter-terrorism strategy. Especially urgent it become after Norway’s Utø incident, a so-called lone-wolf terrorism attack triggered by Andreas Brejvik in 2011, because it started the review of the national security protocols, and more efficient cooperation and communication with different authorities. When evaluating the success of this corporate strategy, even though the new national counter-terrorism strategy was published in 2010 (Ministry of the Interior, 2010a) it was not implemented during this strategy term. The next Government made a decision on the new national level counter-terrorism strategy.
on March 2014. Moreover, the prevention of radical extremism was not yet included in topics of this corporate strategy although the weak signals of this had been noted globally.

In addition, the IT-crimes and cyber security were not seen in comments even though the IT-related crimes were increasing during the past decade.

As a summary, the corporate strategy was seen static, not changing even though the operational environment changed. There had not been considered a change process to the strategy in case of emergent events.

7.5 Performance management process in 2008–2011

The performance management process in 2008-2011 used the Performance Prism–framework in reporting the performance in each sector of the case organization. Performance Prism was introduced in 2004 to be implemented in starting in 2005 in the case organization. During the year 2012, the Ministry of Finance started the renewal of the performance management process (See more in Chapter 8.10).

The performance management process had received conflicting reviews within the case organization in 2008. Some considered it as a mandatory process and unavoidable reporting, but some considered it as a management strategy tool to assist in operational and financial planning. Therefore, the top management decided to clarify both the performance management process, the yearly schedule together with the new corporate strategy's needs and improve the documentation starting in year 2009.

The performance management process had a fixed, institutionalized yearly schedule. The beginning of the year started with implementing the operational and financial plan and the performance agreements of the management and the subsidiary agencies and units in the administrative branch. During the springtime, the planning order was being prepared. The analysis of the operational environment was included in the planning process. Both the planning order and the operational environment analysis were discussed and accepted in the Management Board. The operational environment analysis included views from both the internal and the external stakeholders. The internal stakeholders were the employees in different levels of the case organization. The external stakeholders were the other parties that were involved in the projects, working groups and processes of the case organization.
The planning order was sent out to the different departments and subsidiary agencies and units in June. The operational and financial plan was being prepared during June - November 2011 with the performance agreements of the management and the subsidiary units and agencies. The performance agreements were accepted and signed in December. The operational and financial plan was accepted in December as well as the HR-plan for resources and the estimate of the current year’s performance results. The performance agreements within the case organization are made between Minister, Permanent Secretary and the Department Heads regarding their work. Each department head then makes performance agreements with the subsidiary agencies and units in their sector.

Figure 32. Performance management process in 2009-2011.

7.5.1 Performance metrics

The performance metrics included the sectoral metrics of the different perspectives of the Performance Prism: (See Figure 8): 1) societal impact, policy effectiveness, (2) operational performance: operational efficiency, productivity, chargeable
activities, profitability, co-financed activities, cost-equivalence, (3) outputs and quality management: deliverables and public goods, services, quality of deliverables, (4) HR -Management and development. Examples of the metrics used during the years 2009-2015 are portrayed in the Appendix 3. Appendix 3 also has some additional comments of the performance metrics.

National Audit Office analyzed and assessed the performance and strategic guidance in the case organization in 2012. According to National Audit Office (2012, pp.39-42) indicated that the Finnish Border Guard’s societal impact metrics were not explained in annual reports and financial statement reports and there were no explanation of how the values of the metrics were calculated. National Audit Office concluded that the Finnish Border Guard had also verbal explanations to support the quantitative metrics in different areas being measured. However, the metrics were considered inadequate when compared to the objectives (ibid, p.119). The Finnish Border Guard had also developed their sectoral operational and financial plan for the next four years to support the corporate performance process. National Audit Office stated that this was not authorized by the top management. The Finnish Border Guard had explained that the sectoral operational and financial plan and its objectives were directed towards the employees of the Finnish Border Guard. This internal, overlapping planning document had several sectoral -based objectives and development projects. (ibid, p.82) Because there were so many internal objectives it was difficult to see what were the strategic goals and the prioritization of goals (ibid, p.84). Furthermore, qualitative metrics and their descriptions were still being developed for the Finnish Border Guard (ibid, p.84).

The police metrics did not explain how the actual police work had affected reaching the objectives or the success or failure (ibid, p. 119). The police metrics—especially in the area of crime combating—were seen inadequate (ibid, p.119). Besides, the cross-sectoral viewpoint as well as police administration viewpoint were missing in performance reporting (ibid, p.119). In addition, the local police departments had too many separate topic related metrics to follow yearly. These metrics were given by the National Police. Therefore, performance agreements between the National Police Board and the local police departments were sometimes conflicting and incoherent in their goals when considering the strategic goals of the case organization (ibid, p.70). In addition, the performance goals and resources did not seem to match in local police departments (ibid, p.70). Moreover, some of the reported results were collected manually, for example, the metrics related to permits. The metrics related to operational efficiency and quality were
seen inadequate (ibid, p.71) Furthermore, metrics were missing in cross-sectoral cooperation in both the police and the Finnish Board Guard reporting (ibid, p.71, 82)

National Audit Office indicated that the cost-effectiveness information was collected from different sources (2012, p. 71). This can mean that the reliability of the data could turn out to be unreliable because the data used in metrics could have been collected and stored for different a reason and have a different meaning. Especially process related information could be unreliable according to National Audit Office (ibid, p.71). In addition, the National Police Board was requested to support the local police departments with supplementary analyzed data to support their police operations and assisting them in reaching corporate strategic goals (ibid, p.71)

Rescue Services and Emergency Response Center’s reporting was accurate but could have included more information. Immigration metrics did not seem to match the objectives according to National Audit Office (2012, p.120)

National Audit Office (2012, p. 120) concluded that the financial reporting did not adequately match the set objectives in different sectors of the case organization.

The performance metrics currently used in the police are based on a variety of historic data collection processes that pre-date the selection of the performance framework and its perspectives. This same is true with some of the metrics of the other departments.

7.5.2 Performance evaluation

Each year after the annual reporting each ministry has to evaluate and report its own assessment of the previous year’s success in performance and its financial reporting. This assessment includes the following: 1) assessment of the performance and how the performance goals have been reached, 2) are the reported results in line with the performance guidance and accountability, 3) the supervising organization has to assess the development needs of the subsidiary organizations or sector, 4) what further actions are needed in the supervised organizations in the future to improve the performance, and 5) what actions the supervising organization is going to take to improve performance. (Ministry of the Interior, 2011c, p.8) For example, the comments of the performance of a certain sector or department included both positive and negative comments.
Table 11 summarizes some evaluations presented in 2011’s evaluation of the financial and performance reporting of the fiscal year 2010.

**Table 11.** Examples of evaluations in different sectors for the year 2010 financial reporting and performance.

<table>
<thead>
<tr>
<th>Department/Sector</th>
<th>Positive development comments (what has been improved since the previous year)</th>
<th>Negative comments (what needs to be improved)</th>
<th>General development comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immigration</td>
<td>Performance was increased despite of the growing immigration and the increased number of cases being handled.</td>
<td>The department has not taken into account several previous comments of the different permissions and that handling time of the different permissions varies. The need to separate the different permission is important because otherwise it falsifies the cost-result based calculations.</td>
<td>The EU’s best practices in the area of immigration and permits processing need to be considered and taken into account. The department needs to be more preventive and future-oriented in its actions.</td>
</tr>
<tr>
<td>Police</td>
<td>The performance has developed according to goals.</td>
<td>The financial report does not include the national units even though they are separately attached with the financial report of the National Police Board. The financial goals have not been reached in each Police Department.</td>
<td>The performance management process from the departmental level to the National Police Board and its subsidiary units and police departments need to be further developed to support organizational development.</td>
</tr>
<tr>
<td>Police</td>
<td>There are improvements in metrics, such as; the percentage of solved crimes has improved.</td>
<td>Some metrics, such as, the investigation time of crimes has increased.</td>
<td>ICT-solutions used need to be renewed. Metrics, analysis and controller-type of actions need to be improved within the police organization.</td>
</tr>
<tr>
<td>Department/ Sector</td>
<td>Positive development comments (what has been improved since the previous year)</td>
<td>Negative comments (what needs to be improved)</td>
<td>General development comments</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Police</td>
<td>The organizational restructuring of the police in the beginning of the year 2010 and the concentration of the police operations to the National Police Board was seen to have been largely successful. The strategic responsibility remained with the Police Department of the case organization.</td>
<td>There have been some topics related to this decentralization that required adjusting since the beginning of the year 2010 when the restructuring happened, such as, the resource and task division between the department and the National Police Board.</td>
<td></td>
</tr>
<tr>
<td>Rescue Services</td>
<td>Emergency Response Centers’ services are still considered exceptional and reliable according to customer surveys. The response time in emergency calls was improved.</td>
<td>When preparing and planning to implement a new law, the related information needs to be available to all the parties involved.</td>
<td>Preventive analysis is needed.</td>
</tr>
<tr>
<td>Border Guard</td>
<td>The restructuring of the organization improved the productivity.</td>
<td></td>
<td>Renewal of the internal orders is necessary due to new information systems being implemented.</td>
</tr>
<tr>
<td>Border Guard</td>
<td>Increased international cooperation has been taken into account.</td>
<td></td>
<td>The Border Guard has been successfully partnering in major programs within the administrative branch.</td>
</tr>
<tr>
<td>Department/Sector</td>
<td>Positive development comments (what has been improved since the previous year)</td>
<td>Negative comments (what needs to be improved)</td>
<td>General development comments</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Border Guard</td>
<td>Renewal of the equipment has proceeded as planned.</td>
<td>None</td>
<td>The strength of the Border Guard is in its preventive analysis and actions.</td>
</tr>
</tbody>
</table>

Since 2011, the case organization has also scored the sectors in their overall effectiveness, productivity, and societal impact - results and how they have reached their planning goals (See Appendix 4 of the metrics). For the year 2011, the scores (from 4 to 10) were given in 2012 as follows: Police received the score 8, Border Guard received the score 9, Rescue Services 7.5 and Immigration 7.5. (Ministry of the Interior, 2012d) The reasons why the scores were lower than ten were explained as follows:

Police (Ministry of the Interior, 2012d, p.13): “Verbal evaluations of police performance development have been compared to the previous year, but the evaluation of the year 2011’s performance targets and the actual results is minimal.” The top management wrote also that, the target and the estimate differences should have been paid more attention. Also the qualitative development could have been assessed more. In addition, the top management commented that the grouping of the information was not unified in different tables. (Ibid, pp.13-15) The % of the results should have been presented with one decimal in the report in order to show the changes in the development more accurately (Ibid, p. 13). The top management also required the police to concentrate more on the regional differences in 2010 but that topic was not addressed in the report. The top management noted that the new organizational reform (PORA III-project) was on its way (See more of PORA-projects e.g. Haraholma, 2011; Ministry of the Interior, 2012). The top management also saw that there were positive development such as the development of the e-services, preparation of the long-term ICT-development, and renewal of the resourcing plan. (Ibid, pp.13-15)

Border Guard (Ministry of the Interior, 2012d, pp.19-20): The top management noted that the development had been in line with the previous years’ plans, cost-effective and productive. There was no development suggestions made.
Rescue Services (Ministry of the Interior, 2012d, pp.21-22): The top management agreed that the sector had managed to reach its goals and sometimes even exceed its goals. Employee satisfaction goals and sick-day goals were not reached. The resource taking projects need to be agreed with the corporate ICT strategy before starting them in order to be able to keep the projects in their timetable.

Immigration (Ministry of the Interior, 2012d, pp.27-29): Not all the goals were reached but otherwise the yearly result was good. The capacity to receive immigrants and asylum seekers was not enough, and thus, the application handling time was longer than estimated. The cost-effectiveness of services was not reached. The sector needs to pay more attention to the communication in order to be able to respond more proactively and to join the media conversation more actively. The top management suggested that the sector needs to pay more attention in resourcing the planning and finance development tasks.

As a summary, it seems that the performance planning and feedback were done quite thoroughly: the comments ranged from comparing the plans and the results and how the verbal report was made. Also, the top management seemed to be concerned about the resourcing in planning tasks as well as overall resource usage and forecasting the resource usage in the coming years. The scoring from 4 to 10 seemed to be 9 if there were no specific comments and 7.5 if there were any performance goals that were not reached.

7.5.3 Performance evaluation and the change of Government in 2011

The new Government and the new Ministry of the Interior Päivi Räsänen started in 2011. In order to support the Government transformation and the start of the new Government in 2011, the performance analysis report was prepared for the Prime Minister’s Office. This report had an inventory of the major costs in each sector divided in the following groups: salaries, rents, purchases and other costs. Each sector’s main cost was the salaries ranging from 53 % to 74 % of the total costs of the sector and the other costs were each between 3 to 9 % (Ministry of the Interior, 2011d). Figure 33 presents the division of the different costs of the case organization (mod. Ministry of the Interior, 2011d, p.6)

Moreover, the case organization also listed the major productivity enhancing projects or programs during the years 2006-2010 so that the next Government
would be able to see the development being made within the administrative branch (Ministry of the Interior, 2011d).

In order to improve the performance of the case organization, the top management decided to support the development of e-services in immigration (UMA-project) and renewal of the separate police operational systems to be all-in-one enterprise resource planning system (VITJA-project). Also, the continuance of the organizational restructuring was seen necessary. During 2010-2011 there were two organizational restructuring within the case organization: The Finnish Border Guard was successful in transferring to two-tier organization and the Police was reorganized by tasks and resources related to the strategic and operational management so that the strategic management remained as a task in the Police Department and the operational management was transferred to the new National Police Board in the beginning of the year 2010. (Ministry of the Interior, 2011d)

Figure 33. The division of the different costs of the case organization in 2009. (Ministry of the Interior, 2011d, p. 6)

The case organization also suggested several development suggestions to improve the societal impact of the administrative branch. These included the automation of the border checks that included biometric checks of the border crossing parties. For the police, the case organization suggested the lengthening of the police careers from the current retirement age (from 58 to 63) up to 68 years.

The case organization also suggested that the permits need to be renewed to be e-services (e.g. licenses, passports) because this would save both customer service resources and customers’ time in applying and queuing for services.

As a summary, the change of Government in 2011 was prepared within the case organization by giving information for the new Government to understand what has been done for the past five years and what were the main development projects planned and suggested for the new Government’s term.
7.5.4 Financial and performance reporting after the change of Government

After the new Government and the new Ministry of the Interior Päivi Räsänen started in 2011, also the fiscal year’s financial and performance reporting of the case organization changed in 2012. It was more detailed in its description of the different sectors and their performance objectives when compared to the same report in 2011 (See Ministry of the Interior, 2012b, Ministry of the Interior, 2013b).

The reporting had details of the societal impact and the key tasks of each sector during the fiscal year. In addition, the police sector was not reported with the other sectors in 2012 (Ministry of the Interior, 2013b).

Moreover, the reorganization of the police called PORA III started in 2012. PORA III-project aimed at restructuring the administrative tasks and reducing the number of employees of the police organization and concentrating on the key tasks of the police.

As a summary, the financial and performance reporting has been in change and it seems that the top management has not kept up with the organizational changes and updated the sectoral performance reporting in their fiscal reporting. It would be more clear if all the sectors report their performance similarly in order to have one view of the case organization’s financial and performance.

7.5.5 Strategic planning and performance management

The planning order for the years 2011–2014 described the strategic goals, vision, and analysis of the operational environment (Ministry of the Interior, 2009d). The next years operative and financial planning was to be linked with the Government’s Program, policies, other programs, and the administrative branch’s strategic goals. The operating and financial plan for the years 2011-2014 were to describe the actions and resource planning related to the actions of how to reach the strategic goals and support the Government Program and policy goals with the resources available and actions to be taken.

The planning order also stated that each department of the case organization needed to support the agencies, national units and colleges within the administrative branch with more information if they needed to develop the operating and financial plan for the next four years. In addition, the case organization had established a working group for performance and planning in 2009 to support the information exchange between the different departments of
the case organization (Ministry of the Interior, 2009d, p.2). This working group included members of the different departments of the case organization. Moreover, the Financial Unit of the case organization was now responsible of the strategic and performance planning. The planning order also described the responsibilities in performance management process within the case organization and its departments.

**Figure 34.** The relation between the different corporate- and Government level documents in performance management and corporate strategy development.

The planning order was supported by some background information to help to prepare the Operating and financial plan. The background information included the analysis of the operational environment: (1) international development especially in the geographic regions near Finland were seen important, (2) the EU’s new Internal Security Program to be published later on for the years 2010-2014, (3) crisis management especially related to natural disasters were seen important to enhance the international cross-border cooperation. In addition, global events like wars, economic depression, and natural disasters were seen to be drivers to impact global immigration and cross-border movements and crimes, (4) social isolation
were seen important societal factor that needed to be prevented, (5) societal values were seen changing due to multicultural and multi-religion background of immigrants, (6) socio-demographic changes e.g. aging population, population concentration on big cities, and desertion of the rural areas were seen as a societal challenge. (Ministry of the Interior, 2009d)

The corporate strategy document also illustrated the linkage between the different corporate and Government level documents and their relations.

7.6 Organizational enablers and inhibitors of linking the strategy and performance management process

The general evaluation of the corporate strategy and performance management processes requires understanding of the success factors of the corporate strategy. This is discussed in this Chapter.

Besides linking the two corporate-level processes together the challenges were seen within the organization: the official processes vs. actual practices in different sectors. This was also noted in 2008 in the case organization. In addition, it was noted that there were formal organization and then a shadow groups that were doing decisions beforehand in smaller groups before the formal decision-making process. Bureaucracy was seen hindering the decision-making process and reaching the goals. Lack of resources was seen as a challenge in reaching the goals whereas the cross-organizational cooperation were seen important due to lack of resources. Unclear goals as far as what was understood important in different levels of organization were seen hindering the success in reaching the goals. Organizational enablers to reach the goals were seen the collaboration, cooperation, accurate resource allocation in strategically important areas and understanding the values, vision and goals similarly in different levels of the case organization.

Participative management was also seen important because in early 2000s the top management was seen distant and the dual Management Board caused division in the case organization. After the Ytomi-project, the duality of the organization and its management were gradually fading due to the single Management Board and joint decision-making process in the case organization. Participative management encourages the different stakeholders, e.g. internal and external stakeholders, to participate and input in the development of the corporate strategy, performance management process and goals as well as analysis of the operational environment. Participant management requires asking the employees to participate
and comment. Example of how the participative management had been used in the strategy process was the Webropol-questionnaire in the strategy process. In addition, participative management was applied in the strategy morning coffee sessions with the whole organization organized by the Permanent Secretary Ritva Viljanen starting in 2010. Figure 35 presents the organizational enablers and inhibitors in reaching the strategic goals.

*Figure 35. Organizational enablers and inhibitors in reaching the goals.*

<table>
<thead>
<tr>
<th>Organizational enablers</th>
<th>Organizational inhibitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participative management</td>
<td>Processes vs. actual practices</td>
</tr>
<tr>
<td>Resource allocation</td>
<td>Formal and informal organization</td>
</tr>
<tr>
<td>Shared vision and values</td>
<td>Bureaucratic organization</td>
</tr>
<tr>
<td>Encouraging collaboration and cross-functional cooperation</td>
<td>Lack of resources (e.g. employees, time, money)</td>
</tr>
<tr>
<td>Idea gathering meetings</td>
<td>Unclear goals, different views of what is important and what is not</td>
</tr>
</tbody>
</table>

7.7 Performance reviews in different organizational levels

Performance was reviewed at the different organizational levels of the case organization. The corporate strategy had no pre-agreed measures to follow and therefore it was not followed similarly.

The performance was reviewed in the following levels: individual and team level were the operational performance reviews made by the management. The individual performance objectives were made for each year in discussion with the employee and his supervisor. Team refers here to a business area responsible of certain activities e.g. in the Finnish Border Guard: border inspections or in the Police: crime prevention and investigation. Not all the teams had performance objectives.

Unit level performance metrics refers here to the national units and agencies. Their performance agreements were made between the management and the supervising party (i.e. the department of the case organization).
Department level can also have different performance metrics and they relate to the whole sector and its performance e.g. Immigration, Rescue Services, Police and Border Guard. These are more of a sectoral performance reviews of how the whole sector has managed to keep up with their agreed objectives, resources and financial budget. In addition, the Department Heads made the performance agreements with the Permanent Secretary and with the minister of the case organization for each fiscal year. These performance agreements were more personal goals for the Department Heads rather than the departmental performance related agreements. Corporate-level performance relate to the whole case organization and how the whole organization has succeeded in its goals. The corporate-level or the goals of the different government programs (i.e. Productivity Program, Internal Security Program) are reviewed and evaluated separately.

The strategic performance reviews are the activities listed in the Government Program and how the whole case organization has succeeded in the goals of the Government Program. The organizational renewal and capability development happens through the process of evaluation of the organizational performance in different levels of performance reviews.
8 The years: 2012-2014: turbulent operational environment

8.1 Background

This subchapter describes the changes in the top management, the Finnish Government and the management decision processes that affected the development of the next corporate strategy and renewal of the performance management process and documents. It also describes the Finnish Government ongoing programs and OECD reports that affected the strategy and performance management processes.

The administrative headquarters of the Minister in the case organization had increased since 2005 when the political State Secretary–system was introduced. When PM Katainen’s Government started in 2011 and Minister Päivi Räsänen assumed the office, her administrative staff included eight employees (Ahokas, 2014). The administrative staff increased the levels of the bureaucracy in the management decision processes of the case organization.

Each department made their long-term future resource planning towards the year 2020 to support the strategy and performance management planning. This was important because of the long-term economic recession and the need to reduce the public sector’s employees and to improve the performance in the public sector due to the tightening resource and budget situation.

In 2011, the Prime Minister’s Office launched Kokka-project to strengthen the state level corporate steering, the information base of the Government’s decision-making, and the development of procedures for the efficient implementation of the Government Program. The current corporate steering included the activities of the Prime Minister’s Office: coordination and supervision of the functioning of the corporate steering and assuring and monitoring the effective implementation of the Government Program. Ministry of Finance was responsible of the State’s corporate steering with respect to the economy and administration. The meeting of Permanent Secretaries of the different administrative branches had an important role in harmonizing the corporate steering and implementation of the Government
Program’s goals and to management of the different Government entities. (Kokka, 2011, p.44)

Kokka-project also suggested more inter-sectoral goals and the co-responsibility of different Ministers in planning and implementing the Government’s goals in these inter-sectoral topics. The goals of the Government Program were monitored in the online Senaattori-monitoring system: the responsible party, the topic, the program/project, level of implementation and readiness, funding sources, indicators. (Prime Minister’s Office, 2011)

Kokka-project also considered the location of the Government policy programs and projects: if they are located in the respective sectoral ministers then the depth of the substance is guaranteed but the horizontality of the program or project might be reduced (Prime Minister’s Office, 2011, p. 42).

The Productivity Program ended in 2011, but its legacy was still affecting the case organization: the reduction of the employees, increasing the cross-organizational cooperation, and the growing number of internal and external networks and increasing the development and use of e-services.

The second Internal Security Program for the years 2008 to 2011 ended the same year when the next Internal Security Program and the new corporate strategy were planned. The third Internal Security Program started in 2012 for the next three years and it aimed at preventing and finding solutions to the security problems that were considered the most important from the perspective of everyday life (Ministerial working group, 2012). In addition, its goals were supposed to be fulfilled by the different administrative sectors within the limits of their operational and financial planning (Internal Security Program, 2012, p. 4). However, the criticism it received was based on its large number of goals and the success in these goals depended on more resources than what was available and also wide cross-sectoral cooperation within the public sector (see e.g. National Audit Office, 2012, pp. 19-20)

Moreover, OECD’s country evaluation in 2010 claimed that Finland’s performance management system had partially failed in combining the operational goals and the societal impact. The link between budgeting and setting the performance goals were seen weak. OECD suggested that the performance management, budgeting, strategic planning and the preparation of the next year’s budget frame should be linked together more efficiently. This also led to the renewal of the performance management system within the Government. The Department of Finance started the renewal project of the performance management system in 2011.
In 2009 the Finnish Government requested OECD to examine Finland’s Government’s ability to respond to horizontal challenges at the state level and horizontally across the sectoral borders in the Finnish Government. OECD reported that the government had lost its agility to anticipate and manage complex societal challenges with its current policy management. OECD concluded that the Finnish Government was fragmented and lacked the ability to effectively cooperate across the organizational borders. The vertical structure of policy making is well-suited for well-known and easily anticipated societal challenges, but not so well-suited for complex, cross-sectoral challenges. The current performance management model is based on the vertical policy making and goals, but not horizontal, inter-sectoral goals. This is also part of the competition between the different departments of the Finnish Government and the political parties in power. This has caused the departmentalization of the Government and its tasks which does not efficiently support the horizontal and cross-sectoral cooperation. The departmentalization, the silos of the Finnish Government, hinders the problem-solving capability of the ministers. This siloism can also be seen within the administrative branches like in the case organization.

The integration services were transferred to the Ministry of Labor and Economy in 2012. Since 2010, Minister of Labor, Lauri Ihalainen, of the Ministry of Employment and the Economy, and the case organization were jointly responsible for monitoring the volume and structure of labor migration and for developing monitoring methods (www.intermin.fi). During the year 2013, the case organization started to major restructuring, namely the restructuring of the Finnish Border Guard and the Finnish Police. The renewal of the Emergency Response Centers was still ongoing.

Internally, the challenges were seen with the supervision within the case organization since 2012. There were very public cases of the Finnish Police, such as leaking information of the police data bases, and one of the team leaders was suspected in being involved with the organized crime gang, and some incorrect purchasing cases within the Finnish Police. There was also a discussion if the supervision of the police had failed. In addition, Minister Räsänen had to confront the National Police Commander in several occasions requesting explanations of these previously mentioned cases and incidents.

Internationally, both terrorism and the radical extremism threat had increased. ISIS organization was growing, The Crisis in Ukraine, the EU’s economic sanctions against Russia and Russia’s import ban affected Finnish produce market and export business (Ministry of Finance, 2014). In addition, the economic
depression had been going on since 2008. Nokia’s downfall in 2012 was a major setback to the Finnish economy and labor market in many municipalities because Nokia had developed the Finnish ICT-sector with its products, R&D, contractors and subcontractors since 1990s. The public sector reform to reduce the jobs in public sector was seen mandatory in this economic situation.

The Finnish Security Intelligence Services reported that several Finns had left to war in Syria and also fight in ISIS-terrorist organization. Western intelligence agencies have been concerned of these self-radicalized ISIS-fighters with battlefield experience coming back home: They have training in explosive and connections to terrorist networks. How will they be able to integrate to a non-Islamic society, and will they assist in a terrorist attacks in their own home country?

The increasing popularity of the extreme right and left parties in the EU were also seen as a cause of uncertainty internationally.

The riots in Stockholm immigrant areas in 2013 were seen as an example of an unsuccessful immigration policy. This caused a re-consideration of the immigration policy in Finland.

In Finland, the officials were able to prevent several school shootings and a bombing at the University of Helsinki in 2014.

8.2 Renewal of the performance management and control system within the Finnish Government

The feedback was collected yearly from the implemented Performance Prism–model and what different administrative sectors think about it. The critique the Performance Prism model has received stemmed from the difficulty in finding metrics for societal effects. Hardly any government project or program starts and ends within one year. In addition, the Ministry of Finance was noticing the growing hierarchy and management of the performance management system within the different administrative branches. The maintenance of the reporting systems, the collection of the data for reporting the performance indicators (PIs) and the personnel doing all the related work was increasing. It was seen important to lighten the burden of performance reporting within the Government (Ministry of Finance 2012a, 2012b). The case organization had also commented how difficult it is to measure, for example, societal impact or Internal Security Program’s goals because many topics require cross-organizational collaboration and cannot be measured within one organization and in a one-year-timeframe in performance
agreements. Also, the same resources are needed in different projects and programs, and thus, the daily work lacks resources if the employees are participating in different cooperative working groups and programs.

In 2012, the Ministry of Finance (2012a, 2012b, 2013a) started the renewal of the performance management process to supply the needs of the administrative branches and to response the challenges of measuring the goals and considered to allow the performance metrics to be reported once in three years.

The suggested model for the performance agreements included common parts: Government Program, cross-sectoral programs and their goals, other common goals for the whole government and administrative branch –level goals. There would be multiyear goals or goals for the period when the elected government is in power (Ahonen, 2012). The plan is to renew the operational culture and develop the Finnish Government’s guidance and control system (Ahonen, 2014). The renewed control system would include a four-year performance planning and agreements within each agency/ministry (Ahonen, 2014). The performance planning would be developed and renewed same time when the individual strategy for each agency/ministry is renewed (Ahonen, 2014). However, what are still missing are the cross-sectoral strategy and program checking and goal checking within the Finnish Government. The renewal of the control and performance system would also require continuity from one Government to the next one; otherwise the planning and goals would not be fulfilled if the new Government with its policy guidance changes the performance and goal requirements. Other Government’s concerns are the high-costs of the welfare state, the large amount of the employees in the public sector, the looming recession and the financial instability of some of the EU-countries and banks. Also, it has been discussed if the fiscal decision-making should concern the whole public sector and not just the central government. Reducing staff also concerns the case organization and its internal security goals and public services e.g. police, rescue services and border guard. This can mean lowering the level of public safety and safety in communities. It also affects the strategy and performance management goals because with fewer resources the goals are unrealistic and unreachable.

The Finnish Government requires more in time, fast information than before due to less preparation at the Finnish Government level (Husman & Johansson, 2014). The case organization has realized this too due to a more planning and preparation within the ministry-level and co-creation of services with other public or private sector actors. Prime Minister Jyrki Katainen has also started sort of ad hoc information gathering sessions regarding different topics. During these
sessions he and his Government ask information and trends of specific topics e.g. immigration. These topics are related to issues that Government sees important and also issues that are not so well known and the Finnish Government feel as if they need more facts. This also shows the importance of the expert information guidance and increasing information needs for guidance and decision-making within the Finnish Government.

**Figure 37. Top-down guidance of the Finnish Government and co-creation and cooperation of different actors.**

The top-down guidance of the Finnish Government included different guidance methods and levels (Figure 37): policy guidance based on the Government Program, and the Central Government’s Program management — model since 2004. The key cross-sectoral programs were e.g. Internal Security Program, the KEHU-Program which aimed at supporting the strategic renewal of the Central Government (the KEHU-Program) (Ministry of Finance, 2014a, 2014b). The KEHU-Program is the centralization program of the financial and administrative services of the different ministries. The Effectiveness and the Productivity – Program, the so-called Vatu-Program, during the years 2011–2015 (Ministry of Finance, 2013b) was also one of the guidance programs within the public sector.
In addition, also purchases and information technology and architectural planning were controlled within the Finnish Government and its different branches.

The guidance was multi-leveled and also sometimes overlapping due to different program and performance requirements. The case organization realized that it needed to cooperate with other private and public sector actors and also with citizens in service co-creation, and fulfilling the different performance goals. An example of these overlapping and simultaneously resource-demanding cooperation networks are the Internal Security Program and PTR–cooperation.

PTR–cooperation also included peer-to-peer -service development e.g. in information systems such as SIS II –information systems that is used by the Finnish Border Guard, Customs, Police, Foreign Ministry, Customs and the Ministry of Defense.

The service development and product offerings as well as interaction with citizens have changed during the past two decades because of the rapid technology development. E-services have become more and more the way of the case organization rather than face-to-face customer service. Citizens have been able to report crimes and public safety and security –concerns online, too. More and more of the tasks are moved towards the citizens to perform rather than hiring customer service employees for face-to-face service. It can be said that the value of services is co-created together with the citizens and businesses and not only within the public sector.

8.2.1 Agreement on corporate guidelines for 2020

The top management considered the future strategy 2020 and chose a strategy statement. It was said that this statement was not a corporate strategy, a corporate vision, or a mission statement. It was a performance and requirements based statement - what needs to happen by 2020 to ensure the capabilities in the future.

"Ministry of the Interior modernizes and adapts to meet the challenges of the 2020s and to secure its capability to perform its most important activities." (Viljanen, 2012)

However, other options were considered (Viljanen, 2012):

- "We work to ensure the change in functional capacity."
- "Ministry of the Interior aims at modernizing its operations and is able to respond for 2020 - century challenges."
• "Ministry of the Interior aims at modernizing its operations in order to be able to respond for 2020 - the challenges through cross-sectoral coordination."

• "Ministry of the Interior renews its operations for 2020 and is responsible for - the challenges of taking care of the cross-administrative cooperation and their functions with regard to the most important tasks."

• "Ministry of the Interior Administration to modernize operations in order to be able to perform its core activities and to meet the changing service-needs for decades to come."

These statements show that the top management had realized the importance of renewal and requirements of service requirement based changes. There also shows the need to modernize the operations and requirement of cross-sectoral coordination. The sectoral silos were seen as a problem and the overlapping tasks and projects were a challenge to coordinate. All these are important for the fulfillment of the corporate strategy in the future: modernization of the operations, cross-sectoral cooperation, renewal or services, taking care of the core activities.

8.2.2 Performance metrics and evaluation

Operational and financial plan for the years 2013-2016 and for the next fiscal year 2012 had some variation in the sectoral metrics than in the previous one (see Chapter 6.7.1).

The renewal was based on the requirements of the new guidance by the top management and the change of the Minister and Permanent Secretary. It was also made because of the feedback of the existing performance management process and its documentation that was considered to be lengthy and heavy. The changes also had taken into account the feedback of the top management to the sectors and also the comments of the National Audit Office in their reviews of the operational and financial performance of the case organization.

The values of the metrics were also changed based on the yearly performance and results and thus, the results also changed the planning for the years 2012-2016. See more in Appendix 4.

The top management had prepared the comments of the final accounts for the year 2013 (Ministry of the Interior, 2014b) for each sector. The scores of the
different sectors are presented in Table 12. The scoring shows that the sectoral development has either stayed the same or improved 0.5 since 2011.

**Table 12.** Sectoral performance scoring in the final accounts for the years 2011-2013.

<table>
<thead>
<tr>
<th>Sector</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
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<tbody>
<tr>
<td>Police</td>
<td>8</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Border Guard</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Rescue Services</td>
<td>8</td>
<td>7.5</td>
<td>8</td>
</tr>
<tr>
<td>Immigration</td>
<td>7.5</td>
<td>7.5</td>
<td>8</td>
</tr>
</tbody>
</table>

The verbal comments were as follows:

Police (Ministry of the Interior, 2014b, pp. 8-10): The recording of the results has changed, and therefore, the comparison of the current vs. previous years is difficult to do. The project management needs to be renewed and sharpened together with the corporate IM. The unified form of the final account of the police sector is to be developed together with the top management and with the Ministry of Finance. In addition, the top management considered the development of the performance reporting important. The top management emphasized the development of joint cross-sectoral goals, productivity indicator development and measuring the productivity of the police work. Also, the verbal assessments of the police performance need to be given more attention.

Border Guard (Ministry of the Interior, 2014b, pp. 11-12): Most of the key projects have continued as planned at least in their most important parts. Performance was as planned. The cost-effectiveness was not as planned.

Rescue Services (Ministry of the Interior, 2014b, pp. 14-15): The sectoral goals were reached well. The top management requested the continuance of the active improvement of the organization and its functions. They also requested more cooperation between the agencies within the sector.

Immigration (Ministry of the Interior, 2014b, pp. 21-22): The sectoral development has been positive during the past years. The top management requested more efficient performance guidance of the reception centers of the immigrants and asylum seekers. The process of managing asylum seekers needs to be improved because the goals lacked behind. In addition, the recording needs to
be verified of all the areas of the sector including the reception centers so that the recording is impeccable and correct. The increasing use of e-services will also affect the billing and receiving payments, and therefore, the process needs to be rechecked.

The newest addition in the final account comments was to include also the corporate view of what the top management needs to do in certain sectors such as the comment with the Border Guard (ibid, p. 12): “Ministry of the Interior will keep decision-makers informed of the Border Guard’s situation so that it will be able to keep up with a credible and independent functioning at the borders and territorial waters.” This referred to the resourcing of the Border Guard and the increase border crossing in the east border.

As a summary, it was interesting to notice that Border Guard still got the same score even though there were problems with cost-effectiveness and with its projects. The other sectors scores seem to vary based on the productivity, performance and cost-effectiveness results but not Border Guard’s scores (see Table 12) however their scoring system differed from the other sectors, and they were based on complex calculations including various aspects of the topic.

The case organization should pay more attention to unify its scoring and the basis of scoring i.e. what results can cause the scoring to drop and what not. In addition, the Immigration has lots of development issues, but its scoring had improved from the previous years. Furthermore, the size different of different sectors should be taken into account when considering the performance and results because now that has not been addressed adequately. Also, the joint ICT-development is made by Police and that has not been addressed or reviewed in performance and final account comments - reporting.

8.3 Strategy development for the years 2012-2015

The strategy process used several documents to support the information gathering within the case organization and also from external sources: future operational environment reports, CAF-reports from 2009 to 2011, national and EU-strategies. It was seen that the information-led management needed more sources to support the decision-making and also to predict the future for the internal security area. The following describe the two self-assessment frameworks used in the information gathering process.
8.3.1 Environmental scanning phase

Environmental screening included the self-assessments within the case organization and also crowdsourcing.

Self-assessment frameworks

The case organization used two different self-assessment frameworks, namely CAF and Viitta, during the years 2009 to 2011. The goal of these self-assessments were to improve the processes and assess the roles, tasks and methods used, concentrating especially the key tasks that will remain in the case organization and not be outsourced to the service centers like Haltik—the IT Agency of the administrative branch—that started in 2009, or PALKEET – The Finnish Government Shared Services Center for Finance and HR – that started in 2010.

CAF—common assessment framework

The qualitative assessments have been done in the form of CAF (Common Assessment Framework, See more CAF 2013) as self-assessments in 2009-2011 for all the agencies and units within the administrative branch. These assessments showed some improvement areas such as the cooperation across the organizational boundaries. Some of the units and police departments had used this CAF-framework in their qualitative assessments already in 2006. The organizations saw some benefits in using self-assessment tool for assessing their strengths and weaknesses; however, this CAF-framework was not taken into yearly mandatory performance management process. For example, the developments listed included for example, the following HR and knowledge management -development issues: improvements of the content of the individual performance discussions, work rotation possibilities, employee rewards, and knowledge transfer from the seniors/retiring employees to the organization. These improvements and development areas were not directly linked with the corporate strategy and goals. However, they do affect the organizational performance, culture, and workplace satisfaction and employee motivation. The case organization also tested self-assessment for the performance management process. This included the following findings: the activity and task needs more prioritizing, and the key tasks of the organization need to be clearly identified. Also, the Government Program and the corporate strategy needs to be used more strictly as guidelines when starting new projects and programs at the case organization. (Ministry of the Interior, 2011a,
p.3) The results of the CAF self-assessment was used in the strategy development process that started in 2011 for the years 2012-2015 (Ministry of the Interior, 2011a)

In summary, the timing of using the self-assessment tool i.e. the CAF-framework was during the same time when the case organization had changed its “identity” from Internal Affairs to Internal Security ministry. Therefore, it was an important finding to notice that the key activities need to be clarified and identified because the administrative branch and case organization’s role had changed. In addition, like the Finnish Immigration Office (2011) noted in its final CAF-report, that strategic partners, networks, and cross-organizational cooperation are important for future success.

Viitta

Viitta was another self-assessment tool to assess the current state of the roles, processes, methods and tasks of the financial and HR-personnel (State Treasury, 2011)

The case organization participated in development of the self-assessment tool with the State Treasury and piloted it (Ministry of the Interior, 2010b). The top management wanted that Viitta self-assessments were made during the fall 2010. Each agency and unit assessed their own results and reported the results with the performance agreements in the performance management process. The top management and especially its Finance Department wanted to find out development needs for the future that were easy to implement. In addition, it was important to know the current state of the financial and HR-personnel tasks and processes in order to understand the benefits and costs of the suggested developments (Ministry of the Interior, 2010b).

The functional units, like HR-management and administration, were the ones that were also easier to be outsourced because they were not the core activities of the ministries, or merged together within the different government branches. The merging of the administration and services was planned in 2012-2014 (KEHU-program) and was going to start on March 1st, 2015. (Ministry of Finance, 2014b)

Crowdsourcing

In 2011 when the preparation started for the next corporate strategy for the years 2012-2015, the same crowdsourcing methodology was used as in the previous strategy process in 2010-2011. This time 280 respondents answered the Webropol-
questionnaire that was made by Fountain Park consultants (Viljanen, 2011). Of the respondents, 182 were employees of the case organization and 98 respondents from the external stakeholders. External stakeholders involved different public sector organizations and NGOs. This result implicates that more the questionnaire had more visitors than respondents. There were 633 open-ended answers (Viljanen, 2011) which portrays that some respondents wrote more than one open-ended comments.

The comments of the Webropol-tool were seen useful. However, there were more respondents and comments to process than what the Financial Department had anticipated. The Financial Department of the case organization was responsible of the strategy process in the case organization. The communication of the corporate strategy for the years 2012-2015 was the same as in the previous one (Fountain Park, 2011).

The following figure shows the division of respondents in different respondent groups (Fountain Park, 2011).

**Figure 38. Division of respondents (mod. Fountain Park, 2011).**

8.3.2 Strategy development process

The overall description of strategy development process during the years 2011-2012 is described next.

The background documents are the Government Program and the current strategy (for the years 2008-2011) and its goals. Guiding was seen capricious and unbalanced between the Government Programs and organizations operational and
performance planning. The process or program owners did not communicate frequently or enough with the line management, and therefore, it was seen that there was resource guiding past the official hierarchy. Therefore, the consultants as well as the participants of the strategy development process received more information to support the strategy development. Because it was seen necessary to link the Government Program and its goals with the corporate strategy and then also the sectoral level long-term plans (i.e. Immigration 2020, Police 2020, Rescue Services 2020, Border Guard 2020), the Internal Security Program and its goals with the corporate strategy. In addition, the assumptions of the changes in the operational environment and their effect on the administrative branch were gathered in the operational environment review-report.

The Web-based background analysis (staff and stakeholders) was made in September October 2011 with Webropol-tool. The next step included the interviews of the management of different agencies under the case organization. The first draft of the corporate strategy was outlined in December 2011–January 2012. The strategy development process used Webropol-tool to collect the ideas and opinions of the strategy statements in years 2008–2009 and 2011–2012. In addition, self-assessment tools (e.g. Viitta and CAF) were partly used to support the strategy development process in years 2009-2011 but they were mostly used to support the individual, team and organizational performance. Other strategy tools used were the strategy workshops, strategy sense making with the consultants and the strategy as a dialogue–development with the consultants.

The process continued during January-February 2012. The strategy draft was discussed and communicated within the administrative branch as follows: management meetings were organized first with the directors of different agencies; the top and middle management had three joint strategy days organized; open strategy communication events for the employees of the case organization, and department management meetings and the management forum. The process ended in February 2012 with the approval of the corporate strategy (Viljanen, 2011). The final corporate strategy goals and actions are listed in the Appendix 5.

8.3.3 Changes in strategy content and metrics

First this subchapter will assess and compare why some issues were changed from the previous strategy document to this new corporate strategy. The metrics for the new corporate strategy goals were listed with the corporate strategy (See Table 13,
Ministry of the Interior, 2012c) as a separate list of how the corporate strategy is going to be measured. In the previous corporate strategy the strategy was described in actions what needs to be done but there were no specific metrics. However, what was good in the previous strategy was the description of the strategy process. That was probably not necessary for the strategy document but it was informative and explained the readers what and when something was done related to the strategy. Probably it would be a good idea to have a similar “strategy order” as there is a planning order document, which then could describe the process and the timeline of the actions and when the feedback is done related to the current strategy. This would be a way to institutionalize the strategy. In addition, the linkage between the different corporate and Government level documents was explained in the previous strategy documents. This is useful information to update because it clarifies why these different documents are made and what is their relation. This could be included in the yearly planning order.

In the previous corporate strategy (Ministry of the Interior, 2009a) it was not so easy to see what had been developed and what not during the strategy term. In addition, the topics were wide, and therefore, some topics were partly succeeded. However, there were no conclusions when the corporate strategy was successful and when not. Is partly succeeding strategy then a successful strategy? In some areas of business, and in some topics, maybe yes, because if you consider writing a new national level guideline (e.g. counter-terrorism strategy), it was written but not implemented during the previous strategy’s timeline. It was implemented during this new corporate strategy’s timeline in 2014. Sometimes the timeline is missed, but the work is done. This could also implicate that the resources are not matched with the strategy goals and needs or there are two few resources knowledgeable of this particular topic. The Government changed in 2011 and that hindered the Government level decision-making process.

The changes in the operational environment were taken more into account than in the previous strategy development process e.g. the IT-crimes and cyber security were finally included. However, it seems that the organization still functioned and thought like “the old organization” meaning the old Ministry of the Interior with the Internal Affairs identity, and “do things like they have used to do without realizing the changing world around them” as one of the interviewees commented. The IT-crimes and cyber security could be described as emerging strategy because there were weak signals of its importance and also the increase in the amount of IT-crimes were growing all through the 2000s. EU’s cyber strategy was published also in 2013 which showed the good timing of this topic in corporate strategy.
Some of the metrics are measured within the strategy timeline (1 to 3 years); some are made as indicators with a scaling of 1 to 5. An example of the metrics was the border crossing indicator. This topic was mentioned in the text of the operational and financial plan of the year 2011 meaning that the passenger and freight transport across the border will be separated and border crossing will be more efficient. However, this index or development of it is not mentioned in the operational and financial plan for the years 2013-2016 (Ministry of the Interior, 2012c).

The corporate strategy still did not include the metrics for the networks even if more and more work are done in cross-organizational networks: Police-Customs-Border Guard (so-called PTR-network) or Immigration-Police-Border Guard (MPR-network) and in different working groups, e.g. working groups of the Internal Security Program. In addition, the effectiveness or the societal impact of these networks was not measured. It was unclear if the networks brought any real benefit or performance boost to the case organization.

The Internal Security Program reported yearly its own results of the Internal Security goals. These goals and the reasons for the content of the program in the required timeline were not communicated efficiently within the case organization or between the different cooperative parties according to the interviewees. They were separate from the operational and financial planning and from the corporate strategy goals. Finland’s Internal Security Program seemed to go on its own path, separate from the EU’s Internal Security Strategy and other development projects and programs.

Moreover, the corporate strategy goals required an explanation of what kind of an effect is required with certain goals and activities. For example, if the case organization states that “we emphasize the preventive actions in the cross-organizational cooperation and with different partners”, how is that going to affect the society, communities, citizens and businesses? What is the desired effect that the top management wants? What is the desired effect that the communities and citizens want?

Furthermore, the changes in the operational environment were taken more into account than in the previous strategy development process e.g. the IT-crimes and cyber security as well as the prevention of radical extremism topics were finally added. Nevertheless, it seems that the organization still functioned and reasoned like “the old organization” meaning the old Ministry of the Interior with the Internal Affairs identity, and “do things like they have used to do without realizing the changing world around them” as one of the interviewees commented.
In addition, it seems that some of the indicators measured the ongoing changes in the operational environment, but only recently taken into account and prioritized within the case organization. Furthermore, some of the indicators did not necessarily measure the activities of the case organization but were more trends of what was going on in the society or in the operational environment.

**Table 13. Corporate strategy metrics (Ministry of the Interior, 2012a)**

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Desired result</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of days the financial crimes are processed</td>
<td>Less than 300 days / case by the year 2015</td>
</tr>
<tr>
<td>IT-crimes and preventing cyber security threats</td>
<td>The amount of resources in this area is increased the risk of being caught of these type of crimes is increased</td>
</tr>
<tr>
<td>The customer visits related to police licenses and permits</td>
<td>Customer visits are reduce by 1 million by the year 2016</td>
</tr>
<tr>
<td>employment level of the graduates</td>
<td>The number of graduates are measured so that it will be more correct with the actual need, so that the unemployment of graduates is reduced and graduates can be employed within 6 months of graduation</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Index: 100 in 2011 to be at least 134.6 by the year 2015 (This measures the success of the whole case organization. The societal impact and effectiveness is measured in Netra for all the administrative branches)</td>
</tr>
<tr>
<td>Development of the border crossing points</td>
<td>Index result 2.5 by the year 2015</td>
</tr>
<tr>
<td>E-services</td>
<td>90% of the services to be e-services by the year 2015</td>
</tr>
<tr>
<td>Processing of the asylum seekers is expedited</td>
<td>Expedited 50% from the year 2011 to the year 2014</td>
</tr>
<tr>
<td>Well-being at work</td>
<td>All agencies have the barometer (VMbaro) at the level of 3.4 (See more about VMbaro <a href="http://www.baro.vm.fi/">http://www.baro.vm.fi/</a>)</td>
</tr>
<tr>
<td>Economic efficiency and productivity</td>
<td>Qualitative estimate, the result to be 7.5 with the scale of 4-10</td>
</tr>
</tbody>
</table>

Some metrics were simple e.g. same as in the performance management process, and some were evaluations of the overall performance of the sector (economic efficiency and productivity) which was a qualitative scoring given to each sector of their performance and results during the fiscal year being assessed.
However, when considering the score in the last one (7.5), the scoring had been at least that since 2011. There was no effort increasing the effectiveness and productivity in different sectors (see Table 12 of performance scoring of the different sectors).

The metrics were not developed in the strategy workshops but separately. There was no documented process how these specific metrics were going to be followed or reported. However, the idea of reporting the metrics with the same timeline was an improvement. The case organization had now both quantitative and qualitative measurements for its strategy goals. However, the effect desired in the society, within the citizens or within government was not yet informed in the corporate strategy document.

### 8.3.4 Summary of the goals and challenges in implementation

The top management involvement in strategy development was more visible in 2011-2012 with the department management interviews made by the strategy process owner and the Permanent Secretary Viljanen. Likewise, the strategy sessions for the middle management and open sessions for the employees made the strategy more alive and the strategy communication more thorough from top-down in the organization.

According to Permanent Secretary Ritva Viljanen (2011) strategic planning and goals for the administrative branch were: cooperation across organizational boundaries, uniform administrative branch and strong corporate policy within the administrative branch, strengthening the strategic guidance, productivity, efficiency, effectiveness and cost-effectiveness.

The Government Program was the guideline when developing the corporate strategy for the next three years. The other documents included the national strategies and policies, administrative guidelines and internal strategies (e.g. personnel strategy, Information Management.-strategy).

Operational and financial planning documents as well as the budget restricted and directed the content and goals of the corporate strategy. The challenges in implementing and following the strategy were as follows: Realistic measures (feasibility, resources, and schedules), prioritization of the proposed goals, and clarification of the key messages in corporate strategy and how to communicate them, concreteness of the goals, and the importance of avoiding overlapping in tasks and coordination across organizational boundaries.
Cooperative programs across the organizational and sectoral boundaries do not arise from practice but rather seen important for saving governmental resources and to tackle some wicked problems in the society whereas the practical projects arising within the organization are seen to have a real need and aim to concrete changes within the administrative branch. The wicked problems of the society are considered such that no single organization can cope with the challenges of these evolving problems. These problems can involve different industries and government branches like, e.g. terrorism, and grey economy crimes and therefore need wide public and private sector cooperation. However, when considered the strategic goals and their implementation, it seems that there is a gap between the top management and the lower-level of organization where the role of the management is important linking the organizational performance and the strategic goals and to notice the weak signals within the organization and in operational environment that are important for the future strategy.

Figure 39. Renewal of the corporate strategy for the administrative branch (mod. Viljanen, 2011)

The challenges of developing metrics are related to the data collection: most data is collected from the existing information systems that are not made for measuring performance goals. The different business areas have created their own reporting systems for performance management. However, the metrics’ data is still gathered to the reporting systems from the existing operative information systems.
that have been there for 10-15 years. The operative information systems have not changed when the organization has changes or the strategic goals have changed. The performance metrics used in the case organization are quantitative, e.g. number of students, the amount of crimes, the amount of immigrants, the amount of accidents, and the amount of border crossing. These metrics have stayed the same for the past 15 years within the case organization even if the structure and administrative branch has changed and the government in power has changed.

Furthermore, the easiest part of the measurements is seen the bottom of the Performance Prism (Figure 8): the resources and capabilities: e.g. the number of training days, the number of employees. In addition, the case organization has used consultants in HR-management and to assist in the organizational development issues when concerning the strategy development and the strategy dialogue in order to improve the organizational capabilities to better understand the strategy process and the strategy dialogue (Humap, 2011).

The most difficult to measure is the effect on society. For example, Border Guard Department has tried to consider the effectiveness and productivity as an indicator already in 2002: how fast the organization operates on emergency situations (50%), preventing activities (30%) and noticing events (20%) (Kurki & Wahlström, 2002). Currently in 2013 (The Finnish Border Guard, 2014) they have described the societal effect in different indexes and follow the changes yearly. Rescue Services has made a list of critical success factors and what needs to be done in a certain timeline (duty/timeline/person responsible/project etc.) in order to fulfill the strategic and performance goals (Rescue Services Management Forum, 2007). However, there are no unified reporting method within the case organization how to describe and measure societal effects and productivity. Different sectors report as they see fit.

The quantitative performance measurements are, for example, number of reported crimes, the number of permits, number of solved financial crimes, number of emergency calls etc. These metrics assess only the own activities of the each department and business area. There are no cross-organizational metrics even though the cooperation across organizational boundaries have been encouraged and even forced by law e.g. Police-Customs-Border Guard cooperation (the so-called PTR–cooperation) since 2003 and by Government Programs, and also nationwide cross-sectoral programs such as the Internal Security Program since 2004.

Furthermore, the organizational “silos” make it hard for the organization to see the case organization as a whole, and thus, the need for a corporate strategy. It is
easier to consider the strategy for sectors, “silos”, as for the entity on a paper, called the Ministry of the Interior. The silos can make the realization of the strategic goals difficult if it is unclear who is responsible for the realization of the goal.

Because the case organization has defined several strategic goals, a contradiction between different goals is possible; especially if there is a need to prioritize the strategy goals due to lack of resources. Contradiction of the strategy goals means the pursuit of one goal would hinder or harm the pursuit of some other goal (Aaltonen, 2007, p.173).

Figure 40. Cooperation forms and their governance. (mod. framework figure by Pisano & Verganti, 2008)

Figure 40 illustrates the types of cooperation forms that the case organization has participated. However, these types of cooperation have not been measured or taken into account in performance management even though they have a great impact in organization’s success and productivity. The types of forms illustrated are: (1) regulated-hierarchical (e.g. Internal Security Program which has
accountability in activity level to the Government and also each responsible administrative branch has accountability to produce results in their respective activities); (2) regulated and networked (PTR is regulated and a network and MPR-cooperation are partly this and partly hierarchical); (3) voluntary and networked (own development projects that raise from practical needs or innovations which do not have budget or resource accountability); and (4) voluntary but hierarchically governed, e.g., IT Projects which require the hierarchical governance because of the projects’ impact to the whole organization, their budget and resource accountability, and the common architectural requirements. Nevertheless, the participants can volunteer to participate in a project as experts.

The challenge in strategy and performance point of views is that these networks take a lot of resources. They have an impact on the daily operations and especially in improving cooperation across organizational boundaries. However, these are not included in any of the performance metrics or strategy goals. PTR-network is the oldest and long-lasting network because it started in 2003, and therefore, its value and resource management should be re-considered from the performance and strategy point of views. The recent report of PTR–cooperation (police-customs-border guard-cooperation network) (Jukarainen & Laitinen, 2014) concludes that the multi-agency unit should be established separately to improve the result-based management and capability development. If the PTR–cooperation can be assessed and reviewed in a performance management process, it is a significant step towards a network-based resource management. The network orchestrator could allocate the network resources towards the strategy needs.

8.4 Strategy development after 2014

In December 2014, the top management had decided to start the new corporate strategy development process but this next one would be the Internal Security Strategy. The Internal Security Program will end in 2015, and the Internal Secretariat would be merged with the administrative staff.

The preparation of the new corporate strategy involved the internal research coordination group with members of the different departments of the case organization and agencies such as the Police University College, Emergency Response Center, Crisis Management Center, The Emergency Services College, the Finnish Immigration Service, and the National Police Board.
The different research participants were asked to suggest research related topics in the internal security area. The top management reviewed them and chose topics that involved creating new indexes for the internal security area during the springtime of 2015. The case organization needed to start a working group to determine the following topics (Ministry of the Interior, 2015, p.2):

1) To determine the concept of the internal security,
2) To assess the current state of internal security,
3) To analyze the short- and long-term challenges,
4) To define roles and responsibilities now and in the future,
5) To make concrete proposals for the next Government Program, and

The working group’s term was divided in two parts: by the end of March 2015 the working group needed to finish all the background work and evaluate all the relevant documents. These documents included the future reports of the different administrative branches, the Internal Security Program’s reports, the administrative renewal of the Finnish Police (PORA III report), architecture-renewal project in the public sector, the case organization’s cost evaluation report, public sectors’ expenditure and structure report, horizontal report, and EU’s Internal Security Strategy and national actions based on it. The horizontal report is based on the situation reporting that started in 2003 when the Government decided that it will need more information to support the management’s decision making. The situation is gathered from all the different administrative sectors and also from media. (Ministry of the Interior, 2015)

The second part is the actual strategy work that will last from April to October 2015. The goal of the strategy work is that the new strategy will replace the current the Internal Security Program and the previously developed corporate strategy. The objective is to merge the Internal Security Program’s objectives as well as the previous corporate strategy in this reform process. It was seen that the Internal Security Strategy will function as a coordinating document because coordination is required from the different parties in internal security area. The control function needs to be developed further. Also, the objectives of the Internal Security Strategy are to make the internal security related operations more efficient and cost-effective. The top management has noted that the clarification of the concept of internal security will also clarify the jurisdictional boundaries of the different parties. (Ministry of the Interior, 2015)
The strategy work is supposed to develop methods and tools to be used in control and guidance (Ministry of the Interior, 2015, p.2):

- The determination of the resources necessary for the strategically important, core functions
- The determination of the resources necessary to provide services for citizens in internal security area and to further strengthen the cooperation with the different officials in local safety planning
- To protect businesses against crimes
- To solve the jurisdictional barriers and responsibilities
- To improve cooperation with the private and third sector
- To support the transition of siloism of the different Internal security actors towards the corporate goals
- To increase the use of information and research in internal security area
- To monitor and evaluate the strategy’s effectiveness and implementation

The strategy development work will be done employing different parties: the top management, the Secretariat preparing the strategy work, the different actors of the case organization and other key actors, other administrative branches, and other stakeholders e.g. unions.

As a summary, the corporate identity transformation towards to be the Ministry of the Internal Security seem to have finalized. The top management has noticed the necessity to merge the Internal Security Program and the corporate strategy and consider the content of both these documents with some additional documents as background information for the new strategy. Moreover, it seems that the top management has noted the problems with the siloism and internal competition between the different sectors as hindering the development of the whole corporation.
9 Summary and discussion

This Chapter summarizes the findings of the previous case description Chapters. This Chapter also reviews some of the previous research in light of the development process with the performance management, and linking strategy with the performance management.

In addition, the topics reviewed in this Chapter relate to the roles of different parties in the processes, processual and managerial tasks, and challenges linking the performance management with the corporate strategy development. The interesting topic of the use of strategy consultants in the strategy development is also addressed.

9.1 Role of the process owner

The role of the strategy development process owner within the administrative branch was to do the high-level management of the development of the corporate strategy in 2002 and in 2008, but this role changed in 2011 to participate in interviews with the different senior managers with the Permanent Secretary Viljanen. The role of the process owner also included the initiation of the development of the new corporate strategy every three years and to make sure that the consensus of the corporate strategy and the goals were reached within the timeline and present the compromise of the new corporate strategy to the Management Board to be reviewed and accepted.

The same person was the owner of the performance management process and the strategy development process in the case organization. It was seen important because both processes were supposed to be linked together. Each process can provide feedback to the other one, and thus, the outcome is more than if they were completely separated.

However, the interaction between the two processes is important, and challenging. The strategy work is usually seen as a top management’s task, however the interaction between the organization and the top management can accomplish more because then the corporate strategy will be shared and institutionalized.
The interaction and strategy dialogue was initiated during the last corporate strategy development in 2011-2012. The more interaction with the organization, the more likely it is that the corporate strategy will be shared meaning that the employees will consider the strategy as part of the daily operations and not just a top management’s work.

Because the process owner is one and the same in the performance management and in the strategy process, there are synergies seen: e.g. the information is available in both the processes and their virtual or temporal teams. However, the ownership and related activities are time-consuming, the development is lacking when the owner is responsible of both the processes. It seems that only mandatory yearly tasks are performed.

The process and system owner is critical for the success of the performance management (cf. previous studies of Carman & Fredericks, 2010; Preskill & Boyle, 2008). In the case organization the performance management information systems are divided in different sectors and are based on the sectoral development process since 1990s. There is no common performance management system at the corporate level. The online reporting Netra (see Chapter 6) is the common reporting systems for the administrative branch. Netra provides a high-level reporting that it does not support the top management’s need for sectoral or organizational development needs.

9.2 Role of the top management

Top management refers here to the case organization's top management including Minister, the Permanent Secretary, the State Secretary and the Department Heads. The managers and directors of the national units, different agencies, and colleges within the administrative branch are not included in the top management in the case organization.

When considering the role of the managers in public sector in the strategy context, the role is more of an ambassador (Johanson, 2009, p.884) and their "most important task being designing the principles for forming and terminating contracts with external stakeholders." (ibid) When evaluating the role of the top management in the strategy development and performance management, one can easily conclude that the top management has a crucial role in both of the processes: they need to be involved and be sponsors of the processes, follow up the implementation and results. They need to participate in the strategy dialogue and to
communicate the necessity of the corporate strategy, the need to reach the strategic goals and to communicate with the different levels of the organization of the benefits of the formal strategy process and the importance to link the corporate strategy with the performance management. The employees need to understand the strategy goals as the organizational goals and their relation with the corporate strategy.

The Management Board of the case organization has different roles: its institutional role provides the link between the organization, operational environment and resources. It has the internal governance role, in which its role is to monitor the performance and outcomes and make changes if necessary. It is also accountable to the Finnish Government of decisions made and of the performance and outcomes of the whole organization and also to the citizens and society as a whole. The Management Board processes the topics that are presented to them in the meetings. They make comments on the topics, but they do not work together as a team to develop or create something new, like e.g. a new corporate strategy.

Interactivity in the strategy process is as critical as in the performance management process. The performance management process shows that the yearly follow-up session with the different levels of the organization is important in both setting up the performance goals as well as reaching the goals. The responsibility of the organizational performance lies on the hands of the management. They need to allocate the resources and follow-up with the performance and make changes if the required outcomes do not seem to come true.

The top management as well as the senior management can affect the acceptance of the strategy goals by interacting with the employees frequently and allowing them to form their own views of how the strategy shows in their own activities. It is difficult for the employees to commit to a corporate strategy and its goals if it is not understood, if it has remained as a “paper strategy”.

Permanent Secretaries have had a significant role in developing the strategy process by supporting the hiring of the consultants and also in participating in the interview process of the Department Heads. However, their role has not been fixed in the process. It has depended on each Permanent Secretary and Minister what role they want to have in the process. This also shows that the strategy development process is still forming and it is not yet institutionalized.

Permanent Secretaries and Ministers have had an even stronger role in the performance management process since 1991, by first sponsoring the development of the performance management within the case organization, by choosing the pilot-sectors within the case organization to test the BSC-tool and by participating
in the performance agreement discussions with the Department Heads. The follow-up of the performance agreements and goals are discussed with the Department Heads and Permanent Secretary and Minister each year.

When considering the strategic goals and their implementation, it seems that there is a gap between the top management and the lower-level of organization where the role of the management is important linking the organizational performance and the strategic goals and to notice the weak signals within the organization and in the operational environment that are important for the future strategy.

When considering the economic situation and the cuts the Government and the top management intended to execute in the case organization during the years in 2014-2017, the top management has to accept that robust corporate performance demands bolder shifts in resources over time. The resource reallocation and prioritization of tasks are some of the most important tasks of the top management. Yet too often the internal competition and compromises between the line managers can make the top management remain prisoners of the old management processes that have evolved during the past decades that do not deliver the performance results that they are looking for. Sometimes even the sectoral management are playing for their “own teams” rather than for the good of the whole administrative branch making it more challenging to change the existing management processes and goals.

The changes in political leadership and the parties in power are sources of sluggishness within the case organization. Usually, the change of the political leadership means changes in goals and the top management. The recent decade has shown a multi-party Government that lasted for the whole term of the Government. This has partly been beneficial for the case organization because the goals of the Government Program have been reviewed with the same political parties and ministers that set the Program’s goals. However, there are also more compromises done within the political parties due to the multi-party governance than during the earlier years like in 1990’s when the Governments in Finland did not last for the full governing term.

Additionally, when considering possibilities of the future research in the area of politically nominated top management and their role and impact in the case organization and within the Finnish Government, the power of the political parties for the Government term is probably too extensive. There need to be some continuance in previous Government’s decisions and goals for the next one. The short term Government will disrupt the development process within the
administrative branches. Moreover, the political nominations are not improving the knowledge-base or the quality of the management of the administrative branches.

The middle management’s role in the implementation of the strategy is crucial because they run the daily operations and their responsibility is to make the strategy alive for their underlings, and to keep the strategic goals in mind when considering resource allocation and performance. This supports the findings of Sull, Homkes, and Sull (2015, pp.65-66): In their research, they discuss about distributed leaders referring not the senior management, but the middle management that is closest to the employees representing the organizational values to their underlings. When considering the case organization, the organization is lean in day-to-day management that if any unit or middle management pursues its own goals instead of the corporate strategic goals, it can undermine the top management’s efforts to lead the organization towards its vision. However, when the daily operational management is lean and lacks the resources, it is easy to consider the daily tasks ahead and forget the corporate strategic goals by accident. The top management’s role is to support the middle management and to offer corporate guidance in fulfilling the strategic goals.

When considering the performance and evaluating performance of the top management and the middle management, the yearly performance reviews consider the overall performance of the sector and how the sector has reached its performance goals. However, the performance goals are usually close to the existing level of performance that there seldom is a major change in organizational performance. This research also supports the recent comparative EU-level study by Pollitt (2006, p.35) that showed that in Finland, even if an agency failed in their performance results, there is no “sacking over that issue” (ibid) or “hard ways to use against them” (ibid). Only when the Permanent Secretary or the department/agency director has changed, the previous performances and processes have been contested, and some employees have left the organization due to unresolvable issues with the new management, or changed their position and tasks. This has happened in the middle management and in the expert-level but not in the top management-level.

**Strategy practitioners**

Strategy as practice-viewpoint (SAP) concentrates on the ways in which the strategy practitioners are enabled or restricted in their work by the organizational and social practices (Whittington, 2006). In this research, the strategy practitioners
were the top management and the experts chosen to participate in the strategy workshops in 2008 and in 2011 strategy development processes. The practitioners were allowed to have training in strategy work, the sense making of strategy and the strategy dialogue process by the external consultants. The restrictions in the strategy development process were the organizational resources (too few resources) and the lack of institutionalization and follow-up of the corporate strategy.

The organizational restrictions were the organizational boundaries, the “siloism”, and the strictly hierarchical top-down management style and the management decisions within the “silos”. The limitations of the strategy development were the closed process which restricted the innovations and ideas in the strategy development process. The siloism and the close process of the strategy development also allowed the manipulation of the strategy context according to the needs of the specific sector instead of the common organizational needs for the strategy goals. The use of consultants was also seen as a way to avoid the manipulation of the strategy context because the consultants were used as facilitators in the strategy workshops and meetings. However, the manipulation of the strategy context towards own needs was also considered as a positive technique due to the different sizes of the departments within the case organization. The size of the department was also a sign of importance within the case organization, and thus, that area of business should be emphasized in the strategy context.

9.3 Roles of the consultants

This subchapter describes the usage and the roles of the consultants in the strategy development process. Because the timeframe of this research is from 1991 to 2014, it is long enough to assess the impact of the consultants and their work within the case organization. This subchapter also assesses the short-term and long-term impact of the consultants’ work and if the results have been achieved in the process.

The increasing use of consultants started in early 2000s. They were used for different areas of business. However, this research concentrates solely on the use of consultants in the strategy and performance management development during the 1991-2014. Sometimes the consultants’ work was a one-time task and after it was done and processed within the top management, it was put aside and forgotten (e.g. Humap 2001; Strategy2010). Sometimes, the outcomes of the consultants’ work continued within the case organization as different development projects and
additional reporting tasks (e.g. YTOMI, 2006). The summary of the different roles of the consultants are illustrated in Figure 41.

**Figure 41.** The consultants' roles in the strategy and performance management development.

The strategy consultants from Fountain Park were used during the year 2011 to 2012 to coordinate the strategy workshops, to sum up and analyze the responses, and to assist the participants of the strategy workshop to understand the strategy (sense making -method). They managed the information gathering and analyzing process. They had a significant role in reviewing the responses, to write the final report, and to coach the participants in the strategy workshops. They also worked as facilitators in the meetings. In addition, if there seem to be disagreements, the consultants as outsiders were seen more appropriate to mediate in conflict situations or when there was a disagreement of the prioritization of topics.

In addition, the HR-consultants from Humap were used to prepare the strategy dialogue because it was seen that the dialogue is not a one-way street but needs discussion about what are the goals, why these specific goals and why these goals are important. The strategy dialogue included the implementation plan and the project management of the strategy dialogue. In a strategy dialogue, everyone could
participate in the strategy implementation. It was not just a top-down communication process but also interactive process. The dialogical strategy implementation differs from the hierarchical strategy implementation because it is not just a top management’s guideline to follow. In a dialogue, there can be different views of the strategy and how to implement it (Humap, 2011). This seemed to fit better within the case organization with its different sectors and organizational structures.

The successful strategy dialogue allowed the corporate strategy to be institutionalized within the organization and its different levels. Intranet and external website of the case organization were seen important in communicating the corporate strategy and its measurements. Moreover, the use of strategy consultants during the development of the corporate strategy, and in communicating and preparing the dialogue of the strategy, seems to be the way of the organization.

The consultants have introduced different methods such as sense making, word maps, word clouds, and crowdsourcing, to be used in the strategy development process. These different methods have made it possible to visualize the replies and also to gain access to a larger amount of employees, and external stakeholders, and receive more comments of the strategy goals.

The reason for using different companies can be explained as follows: the procurement tendering rules require competitive bidding to select the cheapest or the fitting company among the different companies participating in the bidding. However if the purchase is under 30,000 euros (the amount has changed over the years), the organization does not have to do a formal bidding contest. In these cases, the personal contacts, the word-of-mouth, the reputation of the consultancy company weigh in the selection process.

The change of the consultancy company can also happen if the previous contact persons in the consultancy firm have left the company. In addition, the change in top management can affect the selection process and the final choice of the consultancy. Hence, the political view can affect the selection if the consultancy company has good political party contacts that can affect the top management in the selection process in the smaller purchases. Table 14 summarizes the different activities, roles and tasks of the consultants used in different strategy development phases and also the short-and long-term impacts of the consultants’ projects.
Table 14. Summary of the consultants’ roles, activities, short- and long-term impacts.

<table>
<thead>
<tr>
<th>Company</th>
<th>Project, activities, tasks</th>
<th>Role</th>
<th>Short-term impact</th>
<th>Long-term impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Effect</td>
<td>Strategy 2010-project in 2002: definition of the concepts of strategy, vision, values and performance management process, definition of the strategy statements, interviews, analyzing the results and writing the final report</td>
<td>Project management, analyzers, secretaries in work shops</td>
<td>Strategy definition, knowledge management approach</td>
<td>The top management realized the need for cross-organizational cooperation and to get rid of the dual management boards. Consultants can be used as facilitators when trying to solve difficult issues. The top management and the senior management understood the need for in-time data for decision-making process. The requirements of knowledge-based management were introduced.</td>
</tr>
<tr>
<td>Bearing Point</td>
<td>YTOI (2006)—Definition of the core activities, tasks, concepts, and processes</td>
<td>Project management, analyzers, facilitators in working groups, secretaries in the working groups</td>
<td>Definition of key processes and core activities</td>
<td>“Operational and Financial Plan is the only strategy needed.” The organization started multiple development projects and working groups. They became the way of the organization. The management realized the importance of recognizing the core activities and key processes. The management outsourced functional tasks.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Company</th>
<th>Project, activities, tasks</th>
<th>Role</th>
<th>Short-term impact</th>
<th>Long-term impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfecto</td>
<td>Strategy development and training in 2008</td>
<td>Coaching in strategy development and leading the strategy training workshops</td>
<td>The participants in the training sessions saw the benefit of strategy work and networking. They understood the concept of strategy and tried to implement it in their own sector. Sense making of the corporate strategy</td>
<td>None</td>
</tr>
<tr>
<td>Fountain Park</td>
<td>Strategy 2009-2012: crowd sourcing, interviews, data gathering and analyzing, organizing workshops, analyzing the results and writing the final report</td>
<td>Project management, facilitators, analyzers, secretaries in the meetings</td>
<td>Development of the corporate strategy and goals. Sense making of the corporate strategy. The strategy development process missed the importance of the identity change and its effect on the strategy goals related to security</td>
<td>Consensus of the need for a corporate strategy. The strategy development process missed the importance of the identity change and its effect on the strategy goals related to security.</td>
</tr>
<tr>
<td>Fountain Park</td>
<td>Strategy 2012-2015: crowdsourcing, interviews, data gathering and analyzing, organizing workshops, analyzing the results and writing the final report</td>
<td>Project management, analyzers, coaches, facilitators, secretaries in the meetings</td>
<td>Development of the corporate strategy and goals, sense making</td>
<td>Consensus of the need for a corporate strategy.</td>
</tr>
<tr>
<td>Humap</td>
<td>Strategy dialogue and project management in 2012, development of the strategy communication within the organization, developing the conversation culture</td>
<td>Project management, facilitator, coach</td>
<td>Development of the strategy communication. Planning of the different levels of strategy dialogue in top-down and horizontally</td>
<td>None</td>
</tr>
</tbody>
</table>
The strategy consultants have had a significant role in strategy development and also in performance management since early 2000s. The role has been more significant in strategy development and planning rather than in performance management. The Net Effect considered and described the strategy with the performance management process in Strategy 2010-project (Uusikylä, Virtanen, Valovirta and Tuominen, 2002) whereas, Bearing Point in Ytomi-project in year 2005, considered that no separate corporate strategy was necessary: “The Operating and financial plan is the only strategy in the organization.”

Some of the consultants considered the development of the corporate strategy as a distinct process. Some consultants were given just part of the strategy development process as a project to be managed in a certain timeline.

However, when you consider that the consultants doing the interviews, gathering the information, analyzing the results, and writing the final report, they can actually dictate the outcome of the work towards their own interpretation of the interviews and the gathered data. If the consultants are not fully informed or knowledgeable of the sectors and development trends, the results can be inadequate, like what happened in 2008. The most useful results of the use of consultants have been, when the management or the process owners have been participating in interviews, so that they have a control over what has been asked and discussed, and can also dictate the outcome of the final report. This is probably one reason why Permanent Secretary and the strategy-process owner participated in the interviews in the strategy development of the corporate strategy in 2011-2012, because they had realized the importance of the identity change and its impact on the corporate strategy.

The strategy development process seems to have been partly outsourced. The results and impacts have also varied depending on the capabilities of the consultants used. The risk of outsourcing any part of the strategy development process is that the organization is guided by the report written by a consultant, and not by the officials. The political guidance is minimal when consultants are used. The power of consultants is excessive in a situation when they fully control parts of the process because then they can tune the results and the process according to their own opinions unintentionally or deliberately.

In addition, the use of a consultant as a facilitator is seen to be important in a situation when the organization or the top management expects disagreements and arguments. The consultants can be the judges and offer a solution that would please the different parties. In addition, the participants of the working groups can be different in how they act and express their opinions: some can be more
powerful and bullying than others, and the more powerful ones can force their opinions. A consultant can steer the working group and the process. The consultants were seen as facilitators also because they can assist the processual work, keep the timeline in mind, and push the participants to work towards the common goal. It was also commented that without the consultants as facilitators in the process, the work might have side-tracked or taken much longer time.

The short term impacts can be recognized right after the consultants have finished their work and given their final report. However, in most cases the consultants’ work is forgotten and put aside shortly after they finish their job.

The unidentified power of consultants is when they are asking the interviewees questions and collecting the answers, analyzing and writing the reports because no one is actually following them, supervising how they do their work and if they understand the answers correctly or if they interpret them based on their own background.

The interviewees gave some reasons why the consultants were used. One reason was that there are not enough resources or capabilities to do all the steps of the strategy development process in-house. Another explanation was that the consultants are expected to have a broader view of the Government as a whole and experience and knowledge from different branches of the Finnish Government. However, even if some consultants do have that background, not all the consultants, especially not the junior ones, have it. Some consultant companies advertise a broad scope of knowledge in the public sector area however the actual leg work is done by a junior consultant whereas the senior consultants only review and comment on the results. The weak point of this process is how well the junior consultant understands the needs of the organization, how well the questionnaire is made for face-to-face interviews or for online questionnaires, and how well the junior consultants can interpret the answers and the meanings. The worst case scenario is that this is like the broken telephone –game in which the children whisper to the ears of the next one in line, and when the last one in line repeats what he has heard, it is usually not remotely the same sentence what the first one had said.

The roles of the strategy consultants vary: they can be merely secretaries in the meetings, coaches, analyzers, promoters, facilitators and report-writers.

According to the interviewees, the lack of resources (time, personnel) to do the Webropol-questionnaires and to analyze them, and to write the final reports seem to be one reason for the management to use the consultants during the last two strategy development cases. In addition, an outsider is considered impartial to
facilitate the workshops. An outsider, like a consultant, can speed up the working
by giving guidelines and milestones to achieve. The knowledge-base and
capabilities to do the whole process seems to be weak within the case organization
and depends on too few resources.

Furthermore, the use of consultants mainly in a strategy process, but not using
the same ones in the performance management process, might be one reason why
there is a mismatch when linking the strategy goals with the performance. The
sense making of the strategy might not have happened as hoped, and thus, the
performance metrics are more difficult to connect with the strategy goals.

There have been unexpected long-term results from the consultants’ work: e.g.
in the Ytomi-project and in strategy consultant project in 2008-2009. The long-
term influence of the consultants is the part that the top management should
consider more carefully: an unintended impact such as in the Ytomi-project in
2005-2006, can cause difficulties in institutionalization of the strategy and goals for
several years. Another unintended impact was the acknowledgement of the core
activities and key processes within the case organization. These results have lasted
since the year 2005 to the year 2014. That was an example of a positive impact of
the same Ytomi-project.

Another unintended impact was the outsourcing of the functional activities. It
was agreed that the functional activities can be outsourced because they are not the
core activities of the case organization. In making their decisions to outsource the
functional activities, the top management was following the advice du jour of
consultants: Focus on your core competencies, get rid of your low-value-added
activities, and redeploy the savings to more effective organizational performance,
the real source of your organizational success.

In reality, the outsourcing when combined with the Regionalization Program
caused an unintended, negative impact. Prime Minister Vanhanen’s Government
initiated the Regionalization Program aimed at decentralization of the Government
agencies outside the capital city area. Internal Security Minister Holmlund led
during the years 2007-2011 and accepted that the personnel and financial reporting
activities to be transferred to PALKEET—The Finnish Government Shared
Services Center for Finance and HR that currently provides financial
administration and human resource services for central government agencies. She
also agreed upon the transfer of the ICT-services and decentralization of the police
administration (the so-called PORA II- change project).

The Regionalization Program started in 2003 during Matti Vanhanen’s
Government. The regionalization plans were planned during the terms of Minister
Manninen, Rajamäki, and Holmlund in the case organization. The outsourced, regionalized low-value-added activities also included IT-personnel and the outsourcing and regionalization of the ICT. Not many employees wanted to move out from their current area of living, and thus, the knowledge and capabilities acquired were lost during the regionalization and outsourcing process. Understanding the business-related ICT supported the success and the efficiency of the organization. As a result, the case organization has lost the knowledge, capabilities, and infrastructure previously owned that were needed to develop the progressive ICT-services and products that were needed for the internal security purposes. It took more resources to rebuilt the knowledge-base and capabilities lost in the outsourcing and regionalization process.

In addition, PORA II organizational changes in the Police during which some tasks were regionalized outside the capital city area were partly dismantled in PORA III in 2013.

Before implementing a new program or a strategy the case organization should consider its positive and negative impact. The impact can be negative if it is reducing the productivity and performance in another area of business, unless that is the desired goal. What other issues should be considered when trying to improve performance in the case organization? The case organization should consider the knowledge transfer between the different expertise areas e.g. administration and the so-called business expertise. The separation of knowledge can increase siloism and also increase the need of employees in administrative tasks.

Furthermore, these long-term impacts can be longer than any of the Government Programs, Minister’s or Permanent Secretary’s terms. There can be both negative and positive long-term impacts especially when other Government Programs are affecting the solutions made.

The use of external evaluators and consultants was not a novel idea in the Government because in 1990s the Ministry of Finance used external consultants in several management development projects (See e.g. Temmes et al, 2001, Table 2). Therefore, it is no wonder that the habit of using consultants became more common and external evaluators were easy to hire in the case organization. In addition, it seemed that the strategic management, management process and developing management activities seemed to be difficult to understand or handle with their own resources within the Government because the Government used external evaluators and consultants in so many projects since the 1990s. As a conclusion, even though there are few seminal studies concentrating on the use and applicability of consultants in public sector (see e.g. Kuusela & Ylönen, 2013)
there are no studies that have investigated the consultants’ role in strategy process and strategy development in a public sector organization in Finland before this study, and therefore, the use of consultants and their role in the strategy development was an important result of this study.

As a summary, an interesting empirical finding in this thesis was the use of consultants and how they have affected the corporate strategy development and what was their role in the strategy process. The roles of the consultants have varied over the years. The consultants have had a significant role and impact over the years because they have been the initiators of the corporate strategy and the strategy development since early 2000s. Their impact has continued during the different development phases and projects. There have been several different consultancy companies involved and their work has been limited to certain areas of the process (e.g. Perfecto, Humap) or managing and describing the whole process (e.g. Strategy2010, YTOMI). The short- and long-term impact varied on the consultants’ assignments and what other Government Programs were ongoing at the same time.

9.4 Change management and required management capabilities

The challenges within the case organization is making the strategic choices, deciding the strategic goals and improving the management decision-making process by analyzing more intensively the endogenous and exogenous signals and keeping up with the dynamically changing operational environment and its different actors.

The decision-making process needs to have two paths: the short term decision-making process and the long-term decision-making process. Short term decision-making process is required when a disruptive innovation is introduced or there is a rapid change in the operational environment that requires fast decisions. Long-term decision-making process involves the future planning for the next four years with the information available today. Both short- and long-term decision-making process need to take into account the existing strategy, evaluate from time to time if it needs updating or changing, and act upon it. Now the strategy process does not include the change management activities and how to act fast in a situation when the current strategy and resource planning does not match the current challenges and demands of the operational environment.
The change management requires certain management capabilities: (1) institutional management capabilities, (2) network management capabilities, and (3) strategic management capabilities. Institutional management capabilities mean that the top management has enough knowledge and information to support their resource requests in the political arena against all the other organizations. It is legitimation of the existence of the organization and its resources. The network management capabilities are important because more and more collaboration is needed across organizational boundaries. Especially service development and cross-sectoral programs require network orchestration capabilities. If the management lacks the network management and orchestration capabilities it is more likely that the different network actors are not working together towards the common goal and they can also have hidden agendas and hinder the network to reach its set goal. The strategic management capabilities mean that the management team is capable of steering the organization towards the set goals and improve organization’s performance.

9.5 Challenges linking strategy with performance management and measuring the outcomes

There have been more efforts in trying to get the organization to operate more efficiently and productively since 1991 to 2014 than what there has been in trying to develop the corporate strategy and linking it with the performance management.

The case organization has defined the concept of strategy first time in 1991-1992 and then again in Strategy 2010 –project. The top management realized that they needed to explain what is meant by a strategy and why the organization needs a corporate strategy.

During the same timeline, the performance management concepts and processes have been defined in 1991-1992 in the Pike-project and it was institutionalized during 1990s partly because of the top management leadership and hands-on follow-up of the performance progress.

In addition, the rise of the New Public Management (NPM) in the Finnish public sector required for more efficiency, productivity and customer-centricity. In addition, in Prime Minister Aho’s Government in 1991-1995 decided to improve the productivity and efficiency. Also the Government’s Resolution in May 7 1992 aimed at renewing the public sector. It also required improving the methods of how the Government and the individual minister can guide the public
administration. The efforts of improving perform were seen necessary because of Finland joined the EU in 1995 and it required some changes in administration, accountability and reporting of the public sector but also because of the managerialism of the NPM was getting more foothold within the public sector (Government, 1992, pp.15-17).

In 1990s, the corporate strategy remained distant, just a concept. The reawakening of strategy discussion was seen in early 2000s, when the duality of the case organization’s operations, the reign of two ministers and the division of the management boards to two separate management boards within one organization started to hinder to reach the cross-organizational and efficiency goals, and there were also concerns of the overlapping projects and tasks within the case organization. The performance management in each sector was “silied”: every sector considered its own performance goals and not the administrative benefits of the whole organization.

From the mid-2000 to 2012 the performance management process and goals were considered more of sectoral goals and performance rather than the case organization as a whole. The performance management process was institutionalized in 1990s: it had a fixed timeline, follow-up procedures and goals to follow. The process and documents have been renewed a couple of times during 2000s.

The link between the corporate strategy and the performance management process was the planning order that outlined the corporate strategy of the case organization describing the societal impact –goals and key operational performance targets. The corporate strategy and detailed sectoral strategy actions were attached to the planning order first time for the years 2010-2013 and it was proposed in the Management Board meeting on May 2008 (Management Board, 2008).

The Productivity Program emphasized the productivity and efficiency of the public sector from 2003 to 2011 but it also reduced the employees of the public sector. However, it also reduced the services and increased the service times. The Productivity Program was replaced by the new program called The Effectiveness and the Productivity Program in 2013 (Ministry of Finance, 2013b). Thus, the case organization needs to consider the total impact of Government Programs and own strategies and national programs/strategies in order to understand what different factors affect the outcome.

When evaluating the development of the corporate strategy and its goals, the story is different than with the performance management. There have been several
efforts to define the corporate strategy during 2000s and the implementation has lacked the similar sponsorship and the follow-up procedures and documentation as the performance management process has. Nevertheless, the corporate strategy development has progressed logically. The challenge is that the corporate strategy has lacked the yearly follow-up process and the measurements. The yearly follow-up was presented only recently in the strategy process during the latest corporate strategy.

The strategy development has considered being an activity that needs to be done once in four years. However, it has not been a conscious development process within the case organization during the timeline of this research. It has evolved over the years. The different corporate strategy documents show that there has been advancement from the previous version to the next one. Sometimes, the previous results of the consultancy work have been forgotten, and not used in the next consultancy project, such as Strategy2010-project’s end-results were not utilized in the next consultancy project called the Ytomi-project. In addition, there have also been changes in the Finnish Government, parties in power, and the changes in the top management of the case organization when the different consultancy companies have been chosen to perform the new activities in the strategy development and implementation process.

The operational environment – reports were mostly used in 1990s to mid-2000s to support the management decisions. However, the late 2000s and early 2010’s used the reviews of the operational environment as part of the Operating and financial plan – document and also in the planning order for the years 2008 - 2013. The colleges within the administrative branch wrote reviews of the operational environment and scenario planning for the case organization and for specific sectoral forecasting needs. However, it is not clear how much of those were used for the corporate strategy development because these reviews were used for the individual sectors and their own planning purposes. These reviews were not mandatory reading before the strategy process and workshops started.

Furthermore, if the strategy is reviewed and changed every four years, then the strategic goals and their metrics should be linked to this same timeline. Also, the performance requirements need to be linked with the corporate strategy and the changing needs of the case organization and not remain the same.

Social marketing skills need to be improved in the case organization as a whole. There are more possibilities in advancing the strategy’s priorities with positive social marketing than what has been done now in the case organization.
In addition, the multiplicity of cross-organizational networks, programs and projects are not considered or measured in the corporate strategic goals even though the Internal Security Program’s results are reported yearly. The top management should consider requesting the result-effectiveness report of these more permanent cross-organizational networks and working groups.

Moreover, with some of the metrics, there is no explanation of what is the desired effect. If the desired effect is that everything needs to remain the same year after year, then it needs an explanation. If the explanation is that there are more e-services and there are fewer employees to perform the face-to-face customer service or manual work, then it needs to be explained when presenting the metrics.

The different sectors of the case organization have tried to consider the societal impact of their own sector in different ways. Some of the departments have created an index that consists of different topics and the changes indicate the impact on society (See e.g. The Finnish Border Guard, 2014, p.6). The societal impact explanation and index has developed since 2005 when the Performance Prism – framework was accepted as a new performance framework. There is clearly a thought process behind the operational and financial plan with consideration of how these different guiding documents affect the sector and its sectoral activities.

Moreover, the case organization has some performance metrics which describe the trends e.g. the amount of crimes, which have been measured for almost two decades now. These could be left as a trend report showing the changes of the operational environment. These do not necessarily describe the effectiveness and productivity of the case organization. The case organization has had multiple organizational, processual, ICT, and staff changes during the timeline of this study, therefore, it is difficult to see how none of the organizational or other changes have not had any impact on these decade-old performance metrics?

Furthermore, too many organizational changes and centralization (e.g. ALKU, PORA I-III, Haltik, PALKEET) has happened since 2007. There has not been enough time to assess the effects of these organizational changes in performance, cost-efficiency and productivity. There are more costs involved in doing consecutive changes than seeing one organizational change through and assess it before making plans for the next one. The organization does not have time to learn and start to act with the new structure properly before the next one has started.

Correspondingly, the corporate strategy goals need to have predefined activities with predefined societal effect in order to develop something new or change existing conditions.
The case organization cannot manage securing the society alone. The case organization can act as an orchestrator of a network of security actors, and guide the other actors to do according to its strategy. The implementation of strategic goals and performance metrics require sufficient financial and technical resources to carry out the predefined activities. The organization needs to develop learning networks and partnerships between fragmented public and private actors in the security sector in developing new services or solutions for existing problems.

In summary, simultaneous and overlapping development of the organizational structure, corporate strategy, processes and performance management was a challenging task. There were too many changes during a short period of time and the organization was not adjusted to its new form when the strategy development started.

Moreover, the societal impact is reviewed only once a year because the performance management process is currently yearly. However, some outcomes can have multiplying effects in society, for example, if police can catch criminals who have committed series of crimes, the impact can be reducing crime rate, improving safety in communities, and possibly also confiscating the proceeds of
crime to the state. There should also be re-reviews of the previous years’ outcomes to see if there has been multiplying effect on society. Furthermore, sometimes the effects happen but are not adequate. There should be estimate what is an adequate in a long term and what is adequate in short term effects.

The performance management process only takes into account the topics that are seen to be measurable and important during the operational and financial planning term. Dynamic changes within the fiscal year in performance metrics are not possible to make. This leads to the conclusion that only predictable, measurable topics are in performance management process.

Currently, the corporate strategy process and its term are fixed. The prioritization of the topics and goals are discussed four years in advance. There is no process for dynamic changes. When considering what forces seem to affect the strategy and performance, the following topics can be found in this case: global economy e.g. terrorism and the increase of the violent extremism internationally, national economy e.g. financial crisis and socio-demographic issues e.g. immigration topics and sparsely populated areas in north and migration towards bigger cities (Ministry of the Interior, 2009d), the political leadership and parties in power, new management ideas e.g. BSC, public sector reforms e.g. NPM, the administrative system and how decision making process is organized, reforms within the administration and within public sector e.g. new laws, e-based services etc., media and citizens’ requests, and current events e.g. “hot daily topics”. Similar findings of topics affecting the strategy have been presented by Pollitt and Bouchaert (2011, pp.290-295). As a summary, it would be useful to consider the strategy process as a dynamic process that can change during the strategy term if the operational environment requires it. This would also cause changes to the performance management process and the metrics.

Another managerial implication of this study is related to the performance and strategy –related reporting and analyzes. In the case organization, the controller function is divided in different parts of the administrative branch and for different levels of the organization. For example, the need for controller was observed in the performance evaluation of the year 2010 for the police. The National Police Board acquired a temporary controller in 2014. The additional value of having a controller is the knowledge of what information is available, what information is used or not, and who uses and what information, and is the current available information in a useful form and is it up-to-date? Besides the traditional analysis and reporting, the roles of the controller can include (Partanen, 2001), for example, “a spy, or a detective” e.g. finding even painful subjects and reporting them, “a development
manager” developing businesses, processes, and networking among the different actors involved, or “a business navigator” e.g. building the future and finding new opportunities. Currently, the management in the case organization is based on viewing the past—what has happened—but instead the management should also consider the future:—what challenges are ahead, and what needs to be done. Currently, each department provides different levels of analysis of their sector. Even if the performance planning documentation is unified, the business related metrics and indexes of each sector are not. The changes in the operational environment, the multi-sectoral organizational structure, multi-dimensional communication, and new contact methods and services with the citizens and business-customers require a more centralized and in-depth business approach in analyses and reporting.

As a summary, in order to receive maximal benefit in the strategy development process, the corporate strategy development should be done in-house and not outsource any parts of it to consultants. However, the use of consultants as facilitators in situations where the conflicts are expected is expected and useful. This practice has been in use in the case organization during 2000s. The management should also pay more attention to gaming in both the strategy and the performance management processes by reviewing and refining the metrics and the results (see also subchapter 9.8).

The case organization has tried several methods with the consults to institutionalize the corporate strategy. The good implementation practices included the morning coffee sessions and reviews of the corporate strategy with the employees, and also sectoral reviews of the strategy in the planning order.

Another important finding was the impact of the Government Programs together. These programs were sometimes overlapping each other or with the corporate strategy. They were sometimes conflicting with the organizational performance goals and restructuring goals.

**Summary**

In the case organization, the physical link between the corporate-level strategy, i.e. the strategy for the whole administrative branch, and performance management has been established with the planning order and the operational and financial planning—documents (Figure 43). The planning order has included the corporate strategy since 2008 and the corporate strategy has been reviewed from the sectoral
point of view with the same yearly cycle as the performance management reporting.

Figure 43. Linking strategy with the performance management process and documents.

Strategy was seen as a solution to glue the different functional departments and agencies together with the common goals. The decisions made within the different functional departments needed to be aligned according to corporate strategy because the top management cannot participate in all the day-to-day decisions made, however in the case organization some of the middle and top management do participate in day-to-day decisions. According to Porter (1991, pp.96-97) the second condition for the success in strategy development is that the goals are aligned with the operational environment and the resources available. Both the environment and the available resources are subject to change (Porter, 1991, p.97), thus the balance between the changes within the external environment and available resources need to be maintained with the management decisions towards the direction of the existing corporate strategy.

The need to enhance strategic capabilities is imminent in the case organization and this supports the recent studies of Joyce and Drumaux (2014, p. 325). This is important in order to getting most of the networks and also to improve the efficiency of the case organization.
The empirical findings of this thesis reveal that the case organization should take a more systematic approach to reviewing, understanding and managing the interconnectedness of the different measured areas in both the corporate strategy and in the performance management. The results contribute to strategic management and performance management theory and to the corporate strategy discussion.

9.6 Comparison of the institutionalization between the strategy and performance management process

The performance management process, documents and key concepts were defined in 1991–1992 in the case organization. It had time to become institutionalized within the case organization during the first decade whereas the strategy remained distant. The concept of strategy was defined during Pike-project in 1991-1992; however it was not realized or institutionalized within the case organization. The performance management was seen also as a political tool to be used to get more money for sectoral purposes with better performance and more resources. The strategy was not considered as a process until 2008. The performance management was considered as a process since 1991.

Performance management was seen as a joint work within the organization and the resources depended on the results. The performance management was seen as “Management’s core capability and main activity”.

It was interesting to notice that performance management was seen as a core capability of the management but not the strategy work. Performance management as a core capability refers to the accountability of the government and also the way the capability contributes to the citizens’ and society’s experienced benefits and the value of the services provided. It also refers to know-how of the resources and how to guide them towards the performance goals. It also included the notion of improvement over time, and learning from previous years through the performance follow-ups that are based on facts. One of the interviewees commented: “Performance follow-up information is part of the management and guidance system in all the different levels of administration. The performance follow-up is connected to the action planning and the actual data is derived from the information systems and taking into account in the policy and goal setting.”

The different frameworks did not hinder or diminish the institutionalization of the performance management process. The different frameworks were accepted
and used within the case organization: BSC in 1999-2004 and Performance Prism in 2004-2014. In addition, the colleges (e.g. the Police University College and Emergency Services College) in the administrative branch have assisted in developing the metrics and indexes for the sectoral needs. When the own resources within the administrative branch have participated in developing the metrics the results are accepted and institutionalized.

There are and have been challenges in performance management and its measurements regardless of the framework used: The causality and the links between the different areas of the performance management have remained vague: if one of the areas measured is changed, does it (or not) have impact to other areas being measured? The interconnectedness of the different measured areas should be considered as part of the performance management.

The strategizing was seen as once-in-three-years consultant project distant from the operational activities. In 2002, the strategy development was restricted to top management. In 2008 and 2011, the strategy development was restricted to a particular group in organization, and to specific workshops called the “strategy workshops”.

It might explain why some of the interviewees commented that “the performance management work is done in networks, but strategy work is not”.

Even if the strategy workshops consisted of the participants of different departments, it was not seen as networking.

The performance management was more institutionalized and formal process, whereas the strategy was considered as “just a top management’s activity, distant from the field and distant from the citizens.”

Also, one of the interviewees commented: “new sectoral strategies appear and activities are prioritized and they come outside the performance management process. They are not unified or discussed together and therefore, there are overlapping activities.”

Another comment was that the strategy was not implemented and communicated properly. One comment was: “Strategy implementation – in this organization it is just like throwing a stone into the sea: nothing comes back. No feedback.”

According to the interviewees the corporate strategy has no planned follow-up process, and no feedback from the top management to the lower levels and vice versa. The interviewees saw that as a problem. If you develop a new corporate strategy, publish it and implement it, then you should also follow up and see how it is implemented, and what has been done to guide the organization towards the
strategic goals. This does not mean just with the top management, but with all the levels of management. The strategy metrics were not combined with the performance management process and no follow up was requested with the same time line as the performance management metrics. This would have assisted the institutionalization of the corporate strategy to happen.

The performance management process had used frameworks developed by consultants and sponsored by university professors and researchers to assist their institutionalization within the case organization. The performance management models, BSC and Performance Prism, were institutionalized by the employees of the organization by participating in the working groups and thinking how the different points of view can be applied in the daily operations. The employees had to think about the performance metrics from their own point of view, their own work, whereas the corporate strategy development remained distant from the daily operations. Even though the strategy workshops and working groups were held, the minimal number of participants did not make the institutionalization to happen in each sector, or the institutionalization was different in each sector depending on the participants of the strategy workshops and working groups.

“The Operating and financial plan is the only strategy in the organization”—statement was implemented efficiently within the administrative branch during the Yomi-project (Yomi, 2006, p.8) and even after that because in 2011 some of the interviewees said that they hear comments among the management stating; “Why do we need a strategy? We have performance agreements and planning.”

Performance metrics in performance agreements were followed monthly. Performance discussions and follow-ups with the supervising party were held twice a year: first after six months and then when the renewal of the performance agreements is due. The sponsorship of the management in performance management process has been an important part of the institutionalization. The management will get a feedback of the performance of their resources, and therefore, they are also responsible and accountable of the use of the resources and the results. The case organization has provided an annual planning order in June instructing the frame for the following autumn’s operating and financial planning, and in particular the specific topics to consider in the next year’s planning. In addition, in its annual planning, the case organization has published a sort of a “performance management yearly schedule” for the different departments and agencies to follow. (See Ministry of Finance, 2013) This is also the reason why the administrative sector has quite a unified performance management process in its different agencies. Most of the performance agreements
included a copy the corporate strategy statements without thinking what the strategy really means in their own work and allocation of resources.

When the new corporate strategy is announced, the strategy is discussed and reviewed with the different levels of management and even with the employees. That does not mean it is internalized or institutionalized within the administrative branch. The strategy metrics were first time introduced in 2012-2015 strategy process. This indicates that the problem with the strategy follow-up has been noted by the top management. But there is no yearly schedule planned or introduced within the case organization for the strategy follow-up. Even if the strategy goals are discussed in the management meetings, the corporate strategy is not formally processed and its development not followed yearly. The new corporate strategy was hierarchically announced and implemented in a top-down process within the different departments and the agencies.

The sponsorship of the strategy development and the corporate strategy is formal but not in action of the management throughout the administrative branch. There are differences in implementation and institutionalization of the corporate strategy within the case organization and in different levels of management hierarchy. The differences in internalization of the strategy depend on the management’s involvement in developing and participating in developing the corporate strategy. It also depends on the organizational culture of each sector. If the organizational culture is more tuned in bureaucracy and vertical distribution of power down the chain of command, the strategy implementation happens in top-down process but there is limited discussion between the lines of command within the organization between the different units and how to implement the corporate strategy. This is the “silolism” in the case organization. If the organizational culture allows more professional networking and horizontal decision-making across the organizational units and shared power, then the “silolism” is not so visible and the strategy implementation and discussion flows across the organizational borders.

In addition, the decentralization of strategy implementation and how the organization involves the subordinates in the strategy work dictates the success or failure of the strategy implementation. The corporate strategy formulation and the new strategy development have been partially “outsourced” to consultants. The organizational commitment does not happen when parts of the strategy development process has been outsourced to consultants. In addition, taking part to all the steps of the strategy development is a key to organizational commitment and institutionalization of the strategy. The start of the strategy renewal process in a three-year-cycle is institutionalized and expected to happen, but the following
process and methods have varied during the different corporate strategy formation and development phases.

As a conclusion, the strategy development should be a core activity of the case organization, and it should not be outsourced partially or totally. The capability and knowledge development happens in time by learning the different steps of the strategy development process. The more employees are involved the more knowledge and capabilities will be created. The more practice the strategy developers get the more knowledge and understanding of the process itself they will acquire. The organizational learning process is a slow process and institutionalization of the process helps the knowledge to stay in the corporate memory (of organizational learning see e.g. Argyris, 1993; Senge, 1990). This supports previous studies in knowledge management in which organizations is viewed as repositories of knowledge, and organizational knowledge, is being institutionalized and embedded in organizational memory (Argote, 1999; Nonaka & Takeuchi, 1995)

The morning coffee sessions held by the Permanent Secretary Viljanen in 2010-2012 were examples of good initiatives to get the strategy dialogue started with the employees. They were also part of the participant management introduced during the development of the previous corporate strategy development. However, there were not enough of these morning coffee sessions. To support the strategy institutionalization, the Department Heads and the middle managers need to complete the strategy dialogue with their employees by telling how the corporate strategy will affect the daily operations.

9.7 Cooperation and innovation modes in the strategy process

The top management had agreed to use different forms of cooperation in the strategy development process: some of the cooperation modes were restricted and some voluntary. Figure 44 exemplifies the summary of the methods used in the corporate strategy development and different modes of cooperation in 2008 and in 2011-2012.

When considering collaborative innovation framework presented by Pisano & Verganti (2008), the case organization approach lacks the openness in innovation processing as there are no open “mall” where anyone openly can suggest ideas, or no “innovation consortiums” where a selected consortium of actors works on a specific problems. Screening all the responses was seen too time-consuming in an
open “mall” –type of cooperation. The strategy development and idea gathering is strictly restricted either to an “elite group” –type of information processing or closed processing for decision making purposes.

**Figure 44.** Idea gathering and modes of cooperation in corporate strategy development. (Framework mod. by Pisano & Verganti, 2008)

The governance is mostly hierarchical but also networks are used e.g. Strategy workshops. The benefits of using restricted/voluntary solution for idea gathering in the strategy development process in 2008 and again 2011 were to gather a large number of ideas and also from the employees outside of the strategy working group and performance management process. The challenge was the screening and analyzing the open answers. The governance of the Webropol respondents was hierarchical based on the case organization and its structure.

The benefit of using the closed group in the decision making of the corporate strategy was that the experts had already done the screening and analyzing the
results. In addition, the burden of choosing the right path for the next years falls on the top management.

The benefit of using the network (the strategy workshop participants as an internal network with actors from different departments) for processing the results was to share the ideas and to process them further on within a selected group of experts. Correspondingly, the sense making of the new strategy was important part of the process. The experts needed to work together and represent their own sectors in order to reach the common goal i.e. the corporate strategy goals. The challenge in this network approach was choosing the right participants. The more dominating ones can overtake the meetings, monopolize the solutions made, and thus, create imbalance.

Crowdsourcing as a tool to allow more ideas to the strategy content development is a method that supports innovation. It is a collaboration problem-solving model where the complex problems can be solved with a group of people instead of just by one individual. The group can include people outside the organizational boundaries. When considering how the organization can create value through crowdsourcing into viable innovations and usable solutions remains a challenge (Rajala et al., 2013, p.24) This same was noted also in this study where the crowdsourcing was used to collect ideas for strategy content in two different occasions: in 2008 and again in 2011-2012. Moreover, according to Westerlund et al. (2013, p.30), organizations “need to focus on how to visualize the data and make sense of the relevant information when using large-scale user ideation methods such as crowdsourcing in order to derive business value from users’ knowledge.” The same findings can be concluded in this study because the crowdsourcing was a new ideation methodology for the case organization, and its usage, preparation of the questions, implementation of the method, and understanding the motivation of the respondents were not thoroughly assessed before using the methodology.

When considering open innovation in strategy development process, the innovation and idea creation can be driven by the citizens, the society, the actors that the organization cooperates with or the operational environment. Chesbrough and Appleyard (2007, p.58) called the strategy development that embraces the openness of innovation as “open strategy” because it “expands the value creation for organizations”. In public sector, the open strategy viewpoint could emphasis capturing the value from the collaborative network and thus creating more societal value. Another viewpoint would be to emphasis the role of the public sector actor as a coordinator in a network providing value for citizens and businesses via
services. The innovativeness and openness of the strategy would implicate the possibilities of the other parties in the value network or the role of the citizens and private sector organization in value creation.

9.8 Development challenges in performance management and metrics

The ambiguity and complexity of the performance goals has been a challenge because the different sectors of the case organization could only evaluate their own performance. However, in different activities that were included in the performance activities to be measured there were other actors involved from private sector, public sector and NGOs. The performance metrics did not and could reach the total value chain including all the different actors involved. Most activities within the case organization included different parties and processes.

When you consider the measured performance metrics and then the sectoral objectives, the goals do not change every year even if the objectives might and have changed.

The performance metrics are set a year before in budget frame for the following year, and you cannot change it after that. Therefore, the metrics have to stay the same even if the operations and activities change during the fiscal year. That is also the reason why sometimes you can notice an empty result in metrics because the area measured no longer exist or the data is no longer available.

As this research shows, some issues remain concerning linking the strategic goals with the performance management goals. To sum up these issues: the goals have been a bit vague in defining the societal or desired effect. In addition, the yearly timeline in performance management process does not give adequate time to make any changes in organizational performance and especially in cross-organizational cooperation. The challenge was how to define a metrics that would be beneficial and also measurable that would include only the part that the sector itself was responsible of? It is difficult. Examples of these ambiguities of the performance goals today are the traffic safety index at the police and the performance of the fire safety and rescue services: to reduces the fire deaths by the year 2015. First, the calculation of the traffic safety index = the registered vehicles / accident points. The accident points are calculated as follows: people died in traffic accidents * 50 + people injured in traffic accidents *5. The result of this index is estimated to be around 100. The bigger the number the better traffic
safety. However, the police cannot control all the traffic training and education. The police cannot control the emergency services or the hospital employees if they are fast and efficient in their own procedures. This first example shows the ambiguity of the police performance metrics because it actually does not measure police work but just general traffic safety involving different actors and streams of actions. The second example was the fire safety and fire-related deaths to be reduced by the year 2015. The fire safety and reducing fire-related deaths also involves several actors within the public and private sector. It is not measuring just the work and performance of the rescue services sector in the case organization. (See more Autero, 2012, p.146 of the fire safety performance, and Järvelin, 2008, p.58 of the traffic safety index in the police) These examples are good indexes and measures because they measure the effort of the value network involved in these activities and how the public sector actors try to impact positively to the society by reducing traffic and fire-related deaths. However, from the actor-performance point of view these two examples do not measure the actor’s performance but more of a general desired societal goal. These would be good indexes to include in Internal Security Strategy because they describe the result of a value network that involves different actors.

It is a challenge to find metrics that can describe the activities solely depending on the sectoral efforts. There are many cases where the metrics are dependent on other actors and how they perform their own part, or even cases where some unrelated issue such as adding more street light to cities can improve citizens’ view of the police. Sometimes, it is hard to know what can cause the changes in an organizational image. When considering image-related views, the media and especially the social media has more impact now than in 1990s. That impact on image and qualitative assessments of the different activities in the case organization has not been taken into account in the sectoral metrics. Also, the citizens’ view depends on the image that the case organization and its different sectors produce. Therefore, the top management has an important task of guiding the communication towards more positive news in media instead of the negative ones. The negative communication in media can harm the budget and resource negotiations of the different sectors.

The suggestions of metrics developments include developing cross-sectoral indexes for the case organization because that would measure the development of the sectoral cooperation and use of common resources.
Also, the use of indexes in different sectors has been used but the explanations need to be verified and informed to improve the readers’ view of the performance and overall transparency.

The societal impact and what is the organizational impact to the society was considered in each sector separately, not as one organization.

The performance metrics in sectors described 1) events of the areas measured such as number of crimes, number of fires, border inspections, and training days 2) performance in the areas measured: solved crimes, all granted permits, stability of decisions 3) processual effectiveness: waiting time in reception centers, and surveillance of the borders (cost-effectiveness of the process).

The actual impact on society would include metrics that tell how the metrics has affected the society e.g. reducing crime in the area by n% because of the specific preventive actions taken with a network of actors; reducing the illegal border crossings by n% because of the automatic facial recognition program and implementing automatic fingerprint tests in borders; or reducing deaths in fires by n% because of the preventive cooperation of local actors.

There are many good cooperation projects with different public and NGO actors involved where the actual continuing cooperation has given a great positive impact on the society, but which are not measured or even noticed in the performance reports and metrics. A good example of these new preventive activities is Ankkuri-project in which the cooperation of different local actors (police, social service, youth organizations, health care workers and psychologists) have tried to assist the families and troubled young people by interfering the disruptive and violent behavior of the young people so that it does not escalate to school shootings or violent extremism.

Moreover, the indexes have different values; some range from 1 to 5 in which the number one is the worst and the number five is the best value, and some range from 100 upwards when 100 is given to the base year. The difficulty for the reader is to interpret the numbers if the higher number is a better result or not.

Sometimes the figures would be more descriptive than tables, e.g. when showing a trend or when showing related metrics and how change in one has affected the other one(s). For example, when increasing or decreasing resources in certain monitored area can affect another area and its metrics. When the performance results are the only thing that is followed by the management, then gaming is likely to happen. To prevent and avoid gaming to happen the sectors need to monitor different areas simultaneously even though they are not all part of the performance metrics. The management needs to know if the actual change is
happening or if the results are caused by something else. Weeding out gaming in performance results is part of the ethical management activities. The interest in ethical management has increased with the NPM reform (see e.g. Pollitt & Bouckaert, 2000) because the NPM reform includes competition between different agencies, and thus has affected the values in public sector. The ethical management consists of the integrity of the public servant and his moral character, and also the compliance part of how the activities and results follow the existing rules (See e.g. Maesschalck, 2004).

Innovativeness has not been a part of the sectoral measurement and evaluation even though innovations can be crucial in process and service development and improving effectiveness.

Moreover, the accountability relates to strategy and its success. There needs to be a common understanding in strategy goals concerning the participation and realizing each participant’s role and respective accountability towards reaching the goal.

Clear accountability structure is a necessity internally and also towards the external partners. Being able to influence directly the outcomes of a certain sector is different than being a part of a network and trying to influence as an equal member of a network instead of a leader in a network. In addition, accountability in networks requires that all of the participants of the network are participating in all of the strategically important objectives and are accountable so that these objectives are reached.

In the case organization, the accountability-levels have been defined in the performance management process. However, in networks, the accountability is not defined and the roles of the participants are not clear e.g. the inter-organizational networks like the PTR- and MPR-network.

Summary

The formal performance planning was renewed by the Ministry of Finance in 2012 giving more latitude to the administrative branches by allowing the 4-year performance reporting instead of just yearly performance reporting.

During the timeline of the study, the sectoral activities and even some metrics have remained the same, but the planning process and documentation has changed. Bititci et al. (2006) argued that the performance management systems need to be dynamic when organization, culture, and management changes. The case organization has not efficiently addressed the change process in performance
management when the sectors and management change. Finding right metrics has been a challenge. The case organization has initiated several projects to improve the performance management and to develop new metrics: 1) during the Pike-project, 2) for BSC perspectives, 3) for Performance Prism and 4) re-evaluating the existing Performance Prism metrics from time to time to create new indexes or to create metrics for new areas to monitor.

The performance management process has been institutionalized and become routinized with the yearly activity cycle that the different sectors follow and report accordingly. The basic elements of the performance management process and the key concepts were defined and fine-tuned during 1990s and re-refined again in 2000s to support the changing organizational structure and performance requirements (See also, Pollitt, 2012 of basic elements).

In performance management, the direct (hard) coordination in governance manifested in laws and government programs, in the budget frame and the Final Account -comments of the top management whereas the indirect (soft) coordination in governance manifested in internal networks and working groups in which the relations between the participants can directly affect the results and performance. The inter-organizational coordination, technology and information sharing within the case organization has been manifested with several inter-organizational working groups, PTR and MPR- networks, and working groups of the Internal Security Program in years 2004-2014. This supports the previous research of Alford (2001), Klijn (2008) and Rhodes (1997). However, the challenges of collaboration and measuring collaboration efforts in networks are also discussed in the Chapter 9, and findings support the previous studies by Hansen and Nohria (2006).

This study supports the findings by the previous studies (see e.g. Boyne et al., 2006; Moynihan, 2008; Talbot, 2010) in which the researches had noted that the governments have built systems and collected vast amount of information, but they do not know-how to use all the gathered information. In addition, this study concluded that the top management decision making was hindered by the siloism and the siloed information process. The top management did not always receive the up-to-date information-based on the reason that the information systems were built to support the operational processes and tasks and not the strategic management point of view. Another difficulty was the fact that many systems in the case organization were based on 1990s architectural data structures and information systems were acquired based on the functional needs, and not the
overall management needs, and this functionality did not support the data-search from the different viewpoints.

**Financing and resourcing new projects**

Due to the economic recession the case organization will have difficult time in funding all the strategically important projects with budget frame. Therefore, the case organization needs to consider other external funding possibilities such as national and EU funding.

The case organization has managed EU-funds since mid-2000s: First, there were SOLID-funds until the year 2013, and currently, there are EUSA-funds from 2014 to 2020. These EUSA-funds include Internal Security Funds (ISF) for the police and border guard, and funding for Asylum-Migration-Integration (AMIF) topics.

The top management has not yet understood the strategic importance of these funds when allocating and prioritizing topics important for the case organization. There should be more discussion of how to use these funds to develop more strategically important cross-sectoral development topics instead of using the funds to support projects inside one sector only. Even though the EU funding main guidelines are crafted in the European Commission, the case organization can still affect the prioritization of the national topics. In this discussion with the representatives of the European Commission, the top management needs to address the future goals and the changes of the operational environment that are seen to be the most important.

In addition, the EU offers other funding possibilities: Horizon2020 for the research and development has several topics that are common with other EU-member states. These cross-sectoral, EU-level innovating and service networks can promote the service development in the case organization. The use of external resources in collaborative networks like Horizon2020-projects can create new possibilities and innovations to tackle e.g. the wicked problems. The co-production strategy or needs have not been widely discussed within the case organization. There have been many inter-organizational projects in which actors are from different countries, for example, in international cooperation projects with Baltic countries and with Sweden in crime prevention and in border control related operations.

The case organization has not yet developed a map to link the strategy and development needs for sectoral or cross-sectoral needs. There would be more
possibilities in advancing strategically important goals by networking with different EU-member states. Moreover, the case organization and its different sectors need to create a map of strategic partners in order to fully use the benefits of EU funding in its development projects. This would benefit the case organization and also universities, other public and private sector actors in cooperation projects.

Moreover, the resource management is part of the performance. When the Government approves a new law that affects corporate resources, this resource requirement need to be addressed together with the ongoing productivity and other programs. The Government is currently informing that public sector has too many employees. However, many laws during the timeline of this study have created a need for software changes, managing new processes and activities based on the laws. If the reduction of employers is seen necessary, then the Government and the top management of the case organization need to consider what activities are strategically important to be fully or partly resourced, what activities can be outsourced to the private sector and what is the minimum amount of resources needed to upkeep activities required by the different laws. As a solution to reduce the number of employees, the case organization has tried the organizational changes, reducing the number of agencies and administrative activities, and outsourcing joint tasks as means to improve performance.

9.9 Government programs and administrative renewal projects and their impact on strategy and performance

This subchapter summarizes the perceived impact of the Government programs, organizational renewals and process changes within the central administration or within the case organization. The programs and other administrative changes are viewed from the point of view of their impact on operational activities and resource allocation and if they have had an impact on cross-organizational resource dependency.

In public administration in both the EU and also in Finland, the networks represent an effort to harmonize the fragmented institutional landscape (See e.g. Levi-Faur, 2011). This type of architectural restructuring of the institutional landscape can be referred to as ‘governancing’, implicating the transformation from ‘government’ to ‘governance’ (Levi-Faur, 2011; Rhodes 2012; Peters 2012).

In Finland’s public sector, the management of different administrative branches has been fragmented. Since 2003, the program management was implemented as a
new management tool. The Government launched programs, like the Grey Economy and Internal Security programs, that demanded inter-organizational collaboration. In addition, the early 2000s, the cross-sectoral networks, such as PTR and MPR, were introduced to enforce the cooperation in certain areas of business.

Figure 45. Programs and their impact on operations and resource allocation and cross-organizational resource dependency.

The impact of the Internal Security Program was high when considering its requirements on cooperative actions suggested in the program. It improved the cross-organizational cooperation and resource dependency.

The different centralization projects, such as ALKU and KEHU, and also outsourcing some common general functions such as financial and personnel reporting and ICT-services had also impact on resource allocation and also on resource dependency between the different sectors of the case organization (e.g. Haltik–ICT Agency and PALKEET) or reorganization of the regional administration nationwide (ALKU). Also, the Productivity Program and different
organizational renewal efforts had high-impact on organizational resources and their allocation. However, the renewal of performance management system had low impact on resource allocation and operative activities.

The Internal Security Program has shown that the cross-organizational resource dependency is high, and therefore, when considering the development of the next corporate strategy, this should be taken into account.

The possible strategy development viewpoints could be 1) resource dependency: how much different sectors are depending on each other or external resources in their products and services, and 2) what are individual activities, not resource-dependent with other sectors.

When considering other Government programs that had an impact on the strategy and performance development, at least two main programs have been mentioned in this study, namely the Regionalization and Productivity Programs.

Regionalization Program in 2005-2011, its goals were to transfer more public sector jobs outside the capital city area. In the case organization, this was co-managed with the organizational changes such as the PORA I-II in the police, the renewal of the Emergency Response Center services, and agencification of the administrative IT-services first to IT Agency of the Finnish Police and later on to Haltik. While the costs of transferring services outside the capital city area were quite extensive, the biggest problem was the employees who did not want to move and thus, the organization lost valuable knowledge and information. In addition, it seems that when the joint services such as financial and HR reporting was joined to one agency within the Finnish Government, the costs of using this agency started rising and eventually, after a few years, the services seemed to be more expensive than having own employees doing the same services. There has been a lot of discussion of the usefulness of the agencification and that the costs are rising when the centralization of common services is made, but there are not many studies. For future studies, this area would be interesting to be made.

Productivity Program affected the case organization from 2003 to 2011. Its goals were said to improve the productivity of the public sector. However, in the case organization, it was a program that reduced the number of employees and recruiting, challenged the possibilities of recruiting for new activities in different sectors. As a summary, the Productivity Program restricted the development of sectoral needs within the case organization. Furthermore, the program made it possible to lose valuable organizational knowledge because when employees retired their knowledge and information did not pass on to a new employee.
The Grey Economy Program was a national program but also considered only a specific area of business. The program received “earmarked” funding from the Government yearly to be used to reduce the Grey Economy. However, the decision-makers had not completely realized that the process of reducing financial crimes is a slow process. In order to succeed in it, it requires networking within the public and private sector. It also needs social marketing to improve the results of the program. As a summary, the yearly goals were not that impressing as the decision-makers had expected within the case organization and also within the Finnish Government. However, if this program and funding had not existed, the situation could have been worse in this area. In the future, the decision-makers could consider specific activities within this sector and how to improve the information exchange between the different parties to support the goals of the program.

The strategic thinking is used by Government to steer government activities and to focus on the most important activities. (cf. Joyce and Drumaux, 2014, p. 324) In Finland, some tasks or projects can be earmarked or flagged to receive special attention and dedicated money in budgeting process due to their strategic importance. Also, these tasks are mentioned in a strategic plan, and they can have a special contingency fund to allow these tasks to continue from one fiscal year to another. This implicates that the strategic thinking precedes the budgeting (cf. Osborne and Plastik, 2000). In Finland, these kind of tasks mentioned in strategic plans are, for example, the fight against the grey economy, prevention of the serious crimes–program and the Internal Security Program that started in 2004 and is still continuing.

To conclude, this research also suggests that there need to be some continuance in previous Government’s decisions and goals for the next one. A short term decisions by the Finnish Government will disrupt the development process within the administrative branches. The continuance of some of the long-term programs e.g. Grey Economy, had good intentions, but when a long-term program is implemented, there needs to be specific yearly periodical milestones or goals. Moreover, the political nominations are not improving the knowledge-base or the quality of the management of the administrative branches.
9.10 Summary of management strategy tools

The management strategy tools used in 1990-2014 are described in Figure 46. Strategy tool here refers to any method, model, technique, system, technology, framework, or approach used to facilitate strategy practice. Strategy tools can be conceptual, such as frameworks like BSC or these tools can be physical, for instance, software programs and documents. Strategy tools can be based on methods or theories originating from any discipline or school of thought.

As illustrated in Figure 46, the use of the different management strategy tools increased in 2000s but towards 2010s the use reduced.

Figure 46. Management’s strategy tools used in 1990-2014.

It is important to understand that the requirements of the management have changed from 1990s to 2010s. The operational environment is more volatile and unpredictable today than it was in early 1990s. The amount of information available has also increased due to the new technology and increased use of Internet based solutions. Therefore, the management requires different tools today than twenty-five years ago because the challenges are different and the requirements of what the top management needs to know have changed.

The different methodologies used have been aimed at improving the knowledge of how the resources are used in the case organization and also, how the use of
resources can be improved, how the processes can be made more efficient and how to reduce the employees of the public sector by making the organization work more efficiently. The information-led management has been in discussion and in requirements since 1990s. It is still in the process to be realized because it is difficult to get all the information needed in time and of all the topics of the operational environment related to the internal security area.

From 1999 to 2004, the BSC was seen the linkage between the strategy and performance. The different perspectives of the BSC presented the different views of the organization. However, the BSC was not a long-term strategy tool in the case organization. It was replaced by the Performance Prism -model in 2005 with different perspectives. Malmi (2001, p.211) noted correctly that in many BSC solutions “managers are held accountable for achieving the targets. In a sense, the use is no different from the idea of management by objectives.” There is no real linkage between the different perspectives. This is actually valid comment with both the BSC and the Performance Prism - development. The different sectors of the case organization have rushed to use the Performance Prism–model but the linkage with the different perspectives and cause-effect –reasoning between the different perspectives and their explanations are still missing in the performance management reporting. The HR-management perspective of the Performance Prism -model calculates amount of employees, sick days and training days, but there is no causality between this perspective and the other ones. It has not been explained how the changes in sick days or training metrics have affected the performance.

The use of management’s strategy tools, e.g. the BSC and the Performance Prism -models, supports the studies of Määttä and Ojala (1999) in a sense that the public sector needed to consider their dimensions from the point of view of their activities. Kaplan (1999) had addressed the challenges of the public sector organizations when creating performance metrics and linking it with the strategy. Kaplan (1999, p.4) suggested that public sector organizations should consider the value created in their services as one perspective. Kaplan, 1999, p.4) continued arguing that public sector organizations need to satisfy three different issues to make sure the organization has accomplished its goals: It needs to create value with its services at minimal cost, and legitimize its actions by achieving ongoing support from its funding authority. This actually summarizes the basic goals for any public sector organization.

The Performance Prism -model has been an essential part of the performance reporting since 2005 when the case organization started to use it, and thus, the
yearly performance reporting followed its perspectives. It improved the transparency of the different administrative branches by obliging them to use the common online performance reporting tool called Netra. This was part of the direct, mandatory coordination of the Government. It was also easier for the Government to have similar perspectives gathered from each administrative branch for comparison reason. Accordingly, the Performance Prism –model and the performance reporting system Netra were seen also as a social marketing tool to market successful and effective results to the citizens. Netra was the online social marketing tool to provide the information to the citizens of the productivity, performance, outcomes and societal impact of the different administrative branches. Social marketing can be used to get acceptance in societal developments from the citizens and communicate the programs and their outcomes to them (See more of the social marketing-concept: Kotler & Zaltman, 1971). The performance management process was seen as a management’s strategy tool to guide the organization’s activities towards the performance goals, and thus, get the results the management wants.

The use of the Performance Prism –model in the performance management process has improved the understanding of the different perspectives of the model. The societal impact and the policy effectiveness were considered to be the most difficult perspectives to describe and to measure in the case organization. However, the Performance Prism –model clarified the different parts of the performance management process: planning operational activities, defining objectives for the following year, and reporting results as part of the accountability.

The use of the above mentioned strategy tools, e.g. the BSC and the Performance Prism –models, supported the rational decision making process and assisted in control and overseeing (the sectoral view of the reported areas). The models were functionally limited. Their view was only based on the metrics being followed, and thus, a lot of resource usage was unreported. There was no relationship-based metrics that would allow measuring e.g. networks.

The Strategy maps (Kaplan & Norton, 2004) are still used in the case organization today. They support the visualization of the strategy goals and it presents the strategy goals from the perspectives of finance, customer, internal process, and learning and growth. The strategy maps have not been used at the corporate-level strategy visualization but in the sectoral level. Moreover, the dimensions are defined as follows: societal value, services, and performance. This supports the studies of Kaplan (1999) that public sector organizations could use their services as one perspective and consider the value created as another
perspective (Kaplan, 1999, p.4) because in the public sector, the services created with a cost-efficient way legitimize the existence of the public sector organization. The strategizing activities, i.e. the guidance of use, the information requested, by the top management and the general instructions by the Ministry of Finance dictated the usage of the strategy tools at lower levels of the organization. These institutional forces limited the use of these tools (e.g. DiMaggio & Powell, 1991): the mandatory reporting timelines, the requested form of reporting, the length of the metrics-based reporting by each department etc. DiMaggio & Powell, 1991, p. 9) refer this also as "homogeneity of practices and arrangements" found in public sector organizations, and "the persistence of practices in both taken-for-granted quality and reproduction in structures that are to some extent self-sustained" (ibid, p. 9; see also Zucker, 1991). The strategizing activities observed were caused by and adopted because of the institutional forces but the usage and metrics depended on the activity of the user e.g. the agency, department or unit. This was noted especially when considering the differences of metrics and their coverage e.g. when the metrics of the Border Guard and the other sectors were compared. It seemed that the adoption of the strategy tool (the Performance Prism –model) was more innovative in the Border Guard, whereas the previous (the BSC-model) was more advanced in its perspectives in the Finnish Police. This was also due to the fact, that the Finnish Police had more assistance and support by the university coaches in implementing the tool and planning the BSC- perspectives (cf. Lumijärvi et al. 2001, 2003).

The review of the strategy tools showed that the previous research of Määttä and Ojala (1999), and Kaplan (1999) were supported because the case organization had tried to implement the frameworks to their own context and changed the perspectives to support their own activities. In addition, Malmi (2001) pointed accurately that many organizations use the performance frameworks merely as tools to follow the metrics in specific areas, and this usage did not differ from result-based management. There was no real linkage between the different perspectives of Performance Prism -metrics. The same finding as Malmi (2001) had noted in other BSC-cases can be drawn in the case organization as well.

Stenvall and Syväjärvi (2006, p.14) have discussed of the information-led management: the management is guided by the information from different sources e.g. research, reports and other documentation. This research supports the study by Stenvall and Syväjärvi (2006, p. 14) that there is a lot of information available and offered for the management. It seems that the management in the case organization does not always receive the important, up-to-date information when
needed because of (1) the separate, sector-based management reporting systems in different sectors, and (2) the information is lost in the databases of the different, separately-built information systems. The top management lacks the corporate management reporting system (a business intelligence system) that creates the reports needed to guide the whole case organization and its different sectors. Netra and the sectoral reporting systems do not fulfill this gap.

This study contributed the following discussions around the strategy tools. Firstly, it raised the question of the usage of the strategy tools by the top and middle management. Secondly, it made sense in existing literature. Thirdly, it revealed the difference in implementation and usage of the strategy tools and the importance of support by experts of the tools during the implementation and planning phases.
10 Findings

First, this Chapter will discuss about the changes in the operational environment and the concepts of the comprehensive and internal strategy. Secondly, it will review the organizational identity and its impact on strategy. Next, the corporate strategy with the network strategies is discussed. Then the political leaders and their strategic management in the case organization are reviewed. The institutionalization of both the strategy and the performance management processes are discussed, and the Chapter is concluded with the discussion of the innovation and cooperation modes.

10.1 Comprehensive and internal strategy

This Chapter discusses of the key actors in the security sector: The Prime Minister's Office, The Ministry of Defense, Ministry of the Foreign Affairs and the Ministry of the Interior (the case organization in this study) and the different policies and strategies related to their function. It is important to understand the current operational environment of the case organization, and the key actors in it.

The Prime Minister's Office is responsible of the Strategy for Securing the Functions Vital to the Society, and managerial tasks related to it whereas each of the ministries has the responsibility in their own respective areas and tasks related to their operative activities. Strategy for Securing the Functions Vital to Society has been renewed every three years in 2003 to 2010. This strategy describes society’s key functions, the threats that endanger these functions and determines their desired status of these functions, and assigns strategic tasks to ministries. Society's vital functions are: (1) management of state affairs, (2) international activity, (3) national military defense, (4) internal security, (5) functioning of the economy and infrastructure, (6) the population's income security and capability to function and (7) psychological crisis tolerance. (See more www.defmin.fi) The internal security part of this strategy is coordinated by the case organization. In 2010, the Government Resolution changed the name of the Strategy for Securing the
Figure 47. Components of comprehensive security in Finland.

Figure 47 presents the comprehensive strategy from the point of view of the Finnish Government and its key actors in the security sector, namely Prime Minister's Office, Ministry of the Foreign Affairs, Ministry of Defense and Ministry of the Interior (the case organization in this research), and from the point of view of the key policy and strategy papers related to security: Foreign and Security Policy, the Strategy for Securing the Functions Vital to Society, Defense Policy and Internal Security Strategy.

In general, the concept of comprehensive strategy is used to refer to a strategy that covers the preparedness of the society, crisis management of normal and emergency situations. (Ministry of Defense, 2011, p. 3) The broader approach to security in the operational environment discussion relates to the fast pace of technology changes, societal changes and globalization. Immigration and globalization have created new societal challenges: successful diaspora networks can transmit positive economic and societal effects (e.g. Chung & Tung, 2013;
Brinkerhoff, 2009) whereas failure and irregularly-driven diaspora networks generate security problems, high uncertainty and may even foster criminality (cf. Gillespie & McBride, 2012). For example, for security stakeholders, new technologies can create new possible or assumed threats to tackle (e.g. threats to society in forms of cybercrimes), and therefore, a wide range security approach including different actors, policies and strategies are needed to tackle all the different areas of security threats. (European Commission, 2014)

There can also be overlapping strategy areas that can involve several parties such as the cyber strategy and activities related to it. These “common interest - areas” are discussed among the different parties because these activities can be cross-organizational and need to be viewed from different points of view e.g. defense, police, border security, safe communities and then from the point of view of the public sector vs other sectors and their roles and activities.

Moreover, when considering the different security strategies and policies, the Foreign and Security Policy is defined as follows: “Finland's Foreign and Security Policy line is essentially based on the conduct of a consistent foreign policy, ensuring the functioning society and promotion of citizens' security and well-being as well as a credible national defense, active role as an EU-Member State, and participation in international decision-making and in the work of the United Nations (UN) and other global and regional organizations. The general goal is to strengthen Finland's security and international influence and to promote the interests of the country, considering the requirements of increasing international cooperation.” (www.formin.finland.fi). The Defense Policy is described: “Defense policy is used to maintain, develop and use defense capabilities.” “The goals of foreign and security policy are supported by defense policy.” (www.defmin.fi)

The internal security considers the actions of how the nation can maintain safety within its borders. The concept of internal security involves therefore multiple sectors in order to address the threats against the society that can have a direct impact on citizens’ lives, safety and well-being, including natural and man-made disasters. (EU, 2011) Nevertheless, there was no Internal Security Strategy in Finland during the timeline of this study. The case organization of this research, namely the Ministry of the Interior, is one of the key players in the internal security area in Finland.

The Finnish Government has had an Internal Security Program since 2004 with various activities to be managed. The Internal Security Secretariat is located in the case organization, and it manages the coordination of the Internal Security Program. The last Internal Security Program –period was from the year 2012 to the
year 2015. After this program ends, the corporate strategy will be replaced with the Internal Security Strategy, and there will be no new program.

**Figure 48.** Actors in internal security area.

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**Identity change**

The organizational identity of the case organization started to change in 2009 towards the Internal Security when different regional activities were transferred to other administrative branches. The corporate strategy for the years 2008 to 2011 did not quite manage to grasp the identity change of the organization. However, the latest corporate strategy had internalized the new identity.

The organizational identity defines the corporate strategy, its strategic goals and implementation. The organizational identity describes the area where the organization operates. The organizational identity is linked with the resourcing and
operational analysis of the operational environment and future analyzes of the different sectors of the case organization. It also limits the related actions needed to reach the desired goals in the future because not all the tasks are part of the core tasks of the organization. Some tasks are more mandatory than the others depending on the organizational identity.

During the years 1990-2009, the continuity of the organizational identity as the Ministry of the Interior provided stability both within the case organization and with its stakeholders and cooperative partners. This supports the previous studies of Hannan and Freeman (1984). Moreover, when the operational environment started to change—first, incrementally in years 2005-2008, and later on, more rapidly—the organizational identity shift was imminent. During the years 2009 and 2010 there were triggering events, such as the transfer of regional affairs to other administrative branches, and these internal triggering events were catalysts to the identity change together with the changing operational environment.

Furthermore, the 9/11-terrorist attack, other terrorist attacks in the EU-member states in 2000s–2010s, and the increase in violet extremism in the EU in 2013-2014, and the concern of the ISIS and the returning fighters, had created an increasing interest in the concepts of the internal and comprehensive security and the different roles and responsibilities of the various actors in the security sector in Finland. This discussion of the reassessing the roles and responsibilities of the different ministries has been concentrating on how to secure the Finnish society, and also if Finland’s public sector has mechanisms in coping with different types of crises e.g. terrorism, violent extremism, retuning fighters from Syria, natural disasters, etc. This concern has also highlighted the need for a higher level coordination need in security area. One of these efforts has been the Strategy for Securing the Functions Vital to Society. Moreover, during the 2000s, the content of the national security concept changed, and the concept has expanded to include statewide external threats and also terrorism, pandemics, climate change and organized crime threats, as well as the traditional themes of the internal security (Virta, 2009; Virta, 2011, p.122). It has been discussed what are the roles and responsibilities of the different security actors in these national security-related topics. For example, cyber threats can related to areas and activities of the Ministry of Defense, but also to activities of the Finnish Police within the case organization.

These findings relating to the centralized coordination needs support the previous studies by Moon (2013), Peters (2004) and Asworth et al, (2013, p. S2). The administrative branch-level “higher level coordination” was also considered to
be important in the case organization when the new corporate strategy was being prepared in 2014-2015.

The proactive efforts made by the top management and the Ministry of Finance initiated the internal working group in 2008 to prepare the changes and to facilitate the identity change. The active communication within the case organization and the Ministry of Finance was important during the preparation in 2008. The identity change, i.e. to be the Ministry responsible of the internal security area, was realized and finalized during the year 2014 when the top management decided to change the next corporate strategy to be the Internal Security strategy, and the Internal Security Program was going to be ended in 2015. The facilitation of the identity change has been studied previously by Fiol (2002) and also by Gioia and Thomas (1996). In their studies (ibid), the top management’s role in identity change has been viewed important.

**Internal security and strategy**

During the years 2011-2014, there has been a debate in Finland within the case organization and among the public sector what does the internal security as a concept mean in Finland. There are different definitions of it. In 2012, the Internal Security Program (Ministerial working group, 2012, p. 8) defined it as follows: “Internal security is defined as a state of being the kind of society where people can enjoy their legal rights and freedom without fear or insecurity due to crimes, incidents, accidents or other national or international phenomena.”

In Finland, the internal security has been discussed from several points of view: (1) from the government’s and societal point of view: securing society and security risks (2) from the officials’ point of view: how to manage the increasing cross-border crimes, immigration and threats within the society (internal security point of view), (3) economical debate: costs of maintaining the security (4) political debate: pros and cons of increasing immigration vs. the threats related to increasing immigration in forms of crimes, unemployment among immigrants and societal isolation of the immigrants, different religions and habits of immigrants (5) from the community point of view: the development of security governance based on national and regional security programs (See e.g. Virta. 2013) and (6) comprehensive security point of view: what is meant by it and what it includes (See e.g. Branders, 2014).

The internal security goals can be assessed from 1) the point of view of the organization and the systems: available organizational resources, structures,
networks and information systems, 2) the actors that are fulfilling the Internal Security Strategy and affecting it within the public and private sector 3) the citizens’ point of view and how the citizens feel safe and secure in society and how the actors and implementing the Internal Security Strategy in their actions and how their actions are seen by the citizens, communities and businesses (the societal impact), and 4) the individual’s point of view, how each individual feels safe and secure in their daily life.

In Finland, the internal security topic has been viewed from the Finnish Government’s program point of view: 1) the Internal Security Program in years 2004 to 2015 and 2) the corporate strategy point of view in the case organization. The next sections will describe the concept of corporate strategy and the Internal Security Program.

Each administrative branch, the ministries, has its own corporate strategy. The concept of the corporate strategy has been launched within the Finnish Government in 2009 meaning the strategy for the administrative branch including the goals for the strategy period. In the case organization, the concept of the corporate strategy was first time defined in the financial statement for the year 2009 (Ministry of the Interior, 2010b, 32) as follows: “The strategy document describes the common strategic goals of the administrative sector and actions to implement them. Therefore, it can be referred to as a Corporate Strategy. The strategy document provides guidance to the operational and financial planning and to strengthen the administrative sector’s procedures in performance agreements.”

The definition of the corporate strategy is part of the planning of the renewal of the performance management and control in public sector in Finland. The performance planning will be developed and renewed same time when the individual strategy for each agency/ministry is renewed (Ahonen, 2014).

Security as a concept is a main topic area in the latest corporate strategy of the case organization for the years 2012-2015 and maintaining safety and security are considered as strategic goals in the case organization. From the strategy point of view in the case organization, the security is considered as an indicator of societal impact (Virta 2011), and security sector is the main area where the case organization operates. The case organization as part of the Finnish government is thus the enabler of the societal security goals because it is one of the key actors in the internal security area.

As a summary, the national security sector development requires comprehensive, networked and coordinated security governance. (Virta, 2011, p.113)
The Internal Security Program was set up first time in 2004\(^4\). It has given the guidelines in internal security actions according to program’s plans for different periods of time. In addition, since 2008 there has been a corporate strategy for the case organization stating the strategic goals for the administrative sector.

The Internal Security Program has had different goals in 2004 to 2014. From the year 2004 to 2007 which was the first program period, the program was concentrating on securing the daily lives. During the years 2008–2011, the safety issues were the main theme. From the year 2012 to 2015, the program’s consists of topics of “security problems that are the most important from the perspective of everyday life. The main domestic challenges are the prevention of social exclusion and social polarization.” (www.intermin.fi/en/security/internal_security_program)

The Internal Security Program has promoted different cooperation models between NGOs, public and private sector actors. In addition, the goals have been set to promote different topics in different years. Moreover, it has not been linked with the EU’s Internal Security Strategy and its goals until 2014. The program also raised awareness of some important topics like the safety of elderly people, and the cooperation efforts of multi-professional networks that promote the youth welfare, preventing crimes, and supporting victims.

As a summary, the internal security area lacks of clear Internal Security Strategy and policy in Finland. The program guidance with the support of corporate strategy does not give a similar status to the internal security topics as what it deserves considering its importance in safety and security area.

From the case organization’s point of view the development path towards to be the Ministry of the Internal Security has progressed during the timeline of this study. It was clearly seen in 2014 that the conflicting strategies i.e. the corporate strategy and the Internal Security Program’s management strategy needed to be clarified in order to have more effective strategy and goals, and in 2015 the decision has been made to have just one strategy: the Internal Security Strategy as a corporate strategy.

Furthermore, the 9/11 terrorist attack caused a new interest in “the revival of a core integrated ‘security state’ (e.g. in the USA). These efforts to ‘bring the state (government) back in’ have prompted further discussion of the use of centripetal governance mechanisms in coping with crises (Moon, 2013) and highlighted the need for a higher level of coordination to overcome problems associated with a decentralized public sector (Peters, 2004).” (Asworth et al, 2013, p. S2) This

\(^4\)www.intermin.fi/fin/turvallisuus/sisaisen_turvallisuuden_ohjelma.
“higher level coordination”—need was also seen important in the case organization starting in 2014 when the new corporate strategy was being prepared. It also resulted to the end of the Internal Security Program as an inter-organizational program and to the need to define the role and position of the case organization in the security sector.

In addition, the use of the concepts of program and strategy need to be clarified within the case organization because now it seems that they are used as substituting concepts whereas some of the strategies are higher level strategies such as corporate strategy, Government Program, and some are lower-level strategies or guidelines such as Internal Security Program. Also, some national level strategies could be described as guidelines or action plans instead of strategies or programs.

In 2012, the transformation towards the Ministry of the Internal Security was more eminent. The operating and financial plan (Ministry of the Interior, 2012c, p.9) stated that the Internal Security strategy and the key players to support the internal strategy within the case organization were named: Rescue Services, Police and Border Guard. These three sectors were seen supporting the active immigration policy and multi-sectoral cooperation between the police, immigration and customs, the so-called MPR-cooperation (Ministry of the Interior, 2012c, p. 61).

Currently, the case organization has described its own key processes and areas of Internal Security as follows: strategic processes include the strategic management, operative guidance, operating and financial planning, budgeting and performance management, resource management and regulations management. Then each department has their own key areas and processes: 1) border guard is responsible of guarding borders, border checks and maritime search and rescue activities, 2) police is responsible of public order and safety including surveillance, crime prevention and license management, 3) rescue services is responsible of prevention of accidents, rescue services and their supporting activities and civil defense, and 3) Immigration is responsible of immigration, international protection, citizenship-related activities and promoting good ethnic relations.

In the future, the case organization needs to decide whether it will have both the corporate strategy and Internal Security Strategy. If both the strategies remain then there needs to be a clear definition of the roles and impact of both the strategies. For example, the Internal Security Strategy can be a horizontal, an overall umbrella for internal security topics and involve also other actors beside the case organization whereas the corporate strategy can be more of a vertical strategy.
for the administrative branch including goals for the different sectors within the administrative branch.

Figure 49. Areas of Internal Security in public sector’s enterprise architecture: Process map (mod. Ministry of the Interior, 2014a,p.7)

However, most simple solution would be to have just one corporate strategy which would be the Internal Security Strategy and then have lower-level guidelines or action plans for the different sectors.

In the future Internal Security Strategy needs to be more dynamic strategy that will take account the changes in the EU and especially follow the changes in the political field (the different political right- or left wing extremist parties) as well as the imbalance in the financial stability of the different EU-countries, especially the big ones like France, Italy, Spain and Germany because if the big EU-countries will have difficulties in their sustainable growth and deficit problems then the impact will affect other EU-countries. The impact can be seen in immigration movements, unemployment, riots and cross-border crimes. As a summary, the changes in EU
will transfer to member states like Finland, and thus, have an impact on internal security after a while. Therefore, it is important to have a dynamic Internal Security Strategy that can take account negative and positive changes in the operational environment and especially in EU.

The strategy development process needs to be dynamic so that it will be able to predict changes in the future and plan preventive actions. This would require a business intelligence -team to support the strategy process and analyzing the operational environment. This can be also virtual group within the case organization. The planning needs to be linked with the performance management process so that the resource allocation in strategically important topics and areas of action are secured and followed in performance management process.

**Strategy and identity change**

Strategy can also express the organizational identity (See e.g. Tripsas, 2009). According to Tripsas (2009), there is a gap in the previous research of how changes in identity can influence the strategy, and vice versa. In a situation in which the organizational boundaries are stretched, such as in this situation from the internal affairs to the internal security, the other actors in the same sector might feel threatened and can confront the organization and its legitimacy and role in that area. In addition, the other actors can also try to gain more power in the area to support their own legitimacy and budgetary claims.

The identity change affected the corporate strategy for the years 2012–2015 and also the strategic metrics. On the other hand, the corporate strategy for the years 2012–2015 affected the identity change process during the timeline of the strategy in 2012–2014 because the internal security topics were more openly discussed, and they were prioritized within the case organization. Furthermore, there was also a discussion of the role of the program because of the new identity of the case organization. The Internal Security Program was seen necessary during 2004–2009 with the old organizational identity, and even during the identity transition period in 2010–2013. However, when the case organization started to consider its position in the security sector, its role as an actor in both the comprehensive and internal security area, the role of the Internal Security Program was re-evaluated and seen conflicting with the next corporate strategy for the years 2016–2019. As a summary, this case provides new evidence in the relation of the identity change and strategy.
Performance and identity change

The change of the viewpoint from municipal and regional development topics towards a leading actor in the internal security area is a major change, and it was not reflected in the performance management or strategy development metrics. This change of identity has still not been fully considered in the performance management process. Most of the performance management metrics are still the same today as they were before the identity change. However, this can be explained due to the fact that many of the topic areas of the case organization have remained the same over the years: rescue services, border guard, immigration and police. Only the municipal and areal development was transferred to an administrative branch. The tasks of the remaining sectors (police, rescue services, border guard, and immigration) have partly remained same and some new tasks have been added e.g. related to the ICT-development and the changes that the technology has brought to the services and the sectors.

As part of the performance management process, the necessity to understand the organizational resources, networks and their link to the strategy was important (see Figure 49). In the case organization, the different information sources were identified as the future reports and operational environment analysis. There had been several future reports from different points of view during the timeline of this study. Also almost every year a new operational environment analysis had been published either separately or as part of the performance management process in the operational and financial plan.

The corporate resource map is based on the budget frame and the restrictions of the Government level programs i.e. the Productivity Program or the reductions due to economic depression starting in 2012. The corporate resource map includes the internal and external resources because the available resources can be acquired from partners via different cooperation networks. Network analysis was not done within the case organization. Although, the case organization had realized that there are certain key inter-organizational networks such as PTR- and MPR - networks that affect the corporate identity because they were directly related to the internal security area. Some of the resources of PTR-network were from the Ministry of Finance (e.g. Customs) and therefore the cooperation was important when considering the strategic goals of the case organization. Figure 50 illustrates the relations between the organizational identity and the different information sources. It also depicts the resources required for developing the corporate strategy, the networks and the corporate strategy.
Organizational identity can also affect the organizational performance (See e.g. Smith, 2011). The previous studies of organizational identity in relation with the performance have studied the private sector organizations (See e.g. Albert & Whetten, 1985; Hsu & Hannan, 2005; Smith, 2011). The organizational identity legitimizes the organization’s existence, and therefore, its actions and performance are viewed from the point of view of how it identifies itself. Thus, when a radical event—the major organizational change in 2009—happened, there was a transition period from 2009 to 2013 when the case organization was partly acting and viewing itself as the “old” organization whereas its actual identity was changing towards the “new” internal security identity. The performance of this transition period did not describe adequately the performance of the new identity, but it did not define the identity of the previous organization either because part of the organization was transferred to another administrative branch.

When the citizens and external parties view the organization and its performance they see what the strategy and the performance –documents describe
as the activities of the organization. But there was a conflict in these during 2009 to 2014 because the corporate strategy viewed the organization as the internal security organization whereas the performance documents displayed the same metrics as before. There was no specific review of the performance metrics to match the strategy metrics and the new organizational identity. This is partly due to the Government’s reporting process in which the organization has to define metrics in the budget frame a year before, thus when a disruptive change, such as the identity change happens, the process does not allow any dynamic change outside the given timeline. In addition, the top management could have used social marketing to support the organizational identity change in order to let the citizens and the cooperative parties recognize and accept the new identity.

There are few seminal studies relating to performance in relation to organizational identity change (e.g. Albert & Whetten, 1985; Hsu & Hannan, 2005; Smith, 2011), and therefore, this study brings valuable information of the identity change process.

In Finland, there are few studies relating to the organizational identity changes (e.g. Hämäläinen, 2007; Ponteva, 2009). Hämäläinen (2007) stated in her study that the identity formation in a telecommunication company depends on the discussion of the identity and what concepts are used. She claimed (ibid) that there is no joint organizational identity. However, this current study does not come to the same conclusion because the identity here relates to an organizational growth process, defining its own role and position in the security sector and especially in the internal security area, and therefore, there is a joint identity due to the survival need of the organization in a changing operational environment. There is also another Finnish study relating to a catering and facility-service business in a city (Ponteva, 2009). Ponteva (ibid) claimed that the employees identify themselves better to a new organization if they have been involved in the change process whereas the alienation happens more easily if there is more bureaucracy involved or if there is no support in the change process. This current study did not take into account the alienation or being part of the new organizational identity, because the situation was different in this case. The case organization did not specifically inform its employees that the organization’s identity is going to change. The change happened via different organizational changes over time while at the same time the operational environment changed rapidly and required repositioning of the organization, and understanding its new role in the security sector. Nevertheless, these previous Finnish studies do not take into account the process view of the
strategy and performance management, and therefore, in Finland, this current study creates new knowledge of the identity change in this given context.

Furthermore, Alvesson and Wilmott (2002) considered the management practices and organizational control over employees in terms of coherence, distinctiveness and commitment. They (ibid) identified that it is difficult to form organizational identity via managerial control function. However, in this current case, the management did not aim to control the employees’ views of the organizational identity but instead the organizational identity was formed based on the changes in the operational environment and the changes in organizational tasks and structure to improve the overall performance and to consolidate the ministries’ responsibility areas. When the organizational structure and tasks changed, the identity change emerged. It became intentional change in 2014 when the supervision of Customs was also added under the Permanent Secretary and when the top management started to discuss the topic of internal security and what the concept of internal security means vs. the concept of the comprehensive security and started preparing the new corporate strategy as the new Internal Security Strategy.

10.2 Corporate strategy and network management strategies

Corporate strategy is a vertical, top-down management and guidance tool for the administrative branch. The Finnish Government’s programs require network management and network strategies. The Government’s programs are horizontal, interorganizational programs that require collaboration across the different administrative branches. This creates a T-shape strategy and a management model which has not been addressed properly within the administrative branch.

The corporate strategy is formed and followed within the administrative branch whereas the Government programs are followed up within the administrative branch and the results are reported back to the Government on a yearly basis. In addition, not all of the administrative branches are involved with all of the Government programs. Some Government programs involve only one or two administrative branches whereas some can involve all of the different branches.

Since 2004, the Internal Security Program has involved many different administrative branches. However its network management strategy has not been defined. This has conflicted with the corporate strategy of the case organization and taken the resources off of the operative work. The resource allocation and
goals should be done in accordance with all of the ongoing Government programs so that there are no conflicting goals.

If the participants of the networks are “forced” to collaborate, the results are not as good as if the participants are voluntarily forming a network to innovate or to create something new.

**Figure 51.** Linking corporate strategy with the network strategy in Government programs.

Roschelle and Teasley (1995) described cooperative work as a divided activity among the participants, where each participant is responsible for a part of the problem-solving, and they see collaborative work as “the mutual engagement of participants in a coordinated effort to solve the problem together” (ibid, p.70). Therefore, cooperation in a network means to work together to create an end-product whereas the collaboration means knowledge sharing among participants (See e.g. Dillenbourg et al. 1996; Roschelle and Teasley, 1995).

There have been different types of collaborative and cooperative networks during the timeline of this study. The next sections will discuss more of these collaboration and cooperation forms.

PTR-network was both a cooperative and collaborative network. The collaboration was constructed mandatory in crime prevention and investigation areas by law. The National Audit Office (2007) has remarked that the PTR–cooperation and its results are hard to follow because it has been listed as an active
participatory network in many other Government programs, such as, in the Internal Security, the Grey Economy and Drug Policy Programs. This also shows overlapping guidance and control forms for the same participants involved in crime prevention and investigation. It could be said that the Grey Economy and Drug Policy Programs had a network strategy, because they clearly stated their goals what to do during the program term. In addition, the PTR–cooperation network has been established in 2003. During this time the cooperation has partly faded into unproductive meetings in which nothing of substance is accomplished and these meetings undermine overall importance and performance of the network. The same has happened in other long-term Government Programs like the Internal Security Program and its yearly seminars with heterogeneous and incoherent topics and presentations.

In the Internal Security Program the cooperation of different administrative branches has been formed based on a list of different, itemized activities to be finished within a year or during the program term. National Audit Office concluded that there is no comprehensive analysis of the Internal Security Program’s goals (National Audit Office, 2007, p.51). There has not been any network management strategy since 2004 to manage the coordination and guidance of the program. The program was based on the follow-up of the different activities.

When considering the horizontal programs and the vertical corporate strategy, the case organization would have needed a map of networks and participants to see where the different networks and activities overlapped. The different forms of guidance and activity requests have also caused the inefficiency in following the outputs of the PTR–cooperation network’s activities.

In addition, National Audit Office (2007, p. 52) requested to develop the performance metrics so that the PTR–cooperation network and its effects can be assessed in the crime statistics. In addition, they concluded (2007, p. 52) that the PTR–cooperation should also be included in the strategic goals of the participatory organizations. However, this has not happened. The corporate strategy of the case organization has not included PTR–cooperation in its strategy.

National Audit Office (2012) commented that there is a multiplicity of horizontal programs and also sectoral strategies and line of actions within the case organization. It recommended connecting these different horizontal programs and sectoral strategies with the performance management process. In addition, it suggested to connect the resources with goals and financial metrics of the different programs and sectoral strategies (2012, p. 7). National Audit Office observed that
of all the performance measurements the quantitative measurements were quite modest, and there were no qualitative measurements. Furthermore, there is no measurement for the cooperation efforts or preventive work (2012, p. 8).

The National Audit Office (2012, p. 8) commented that the metrics of the different sectors are operative metrics of different levels even though there is plenty of metrics, they do not describe the effectiveness of the organization or the impact to the society.

As a summary, there is still need for development for the corporate strategy to incorporate the goals of the different sectors, cooperative networks (e.g. PTR, MPR) and program’s network strategies. Because the top management and especially the process owner of the performance management and strategy process have a dual responsibility: their main responsibility is to deliver results for the whole organization in the form of the corporate strategy (the vertical part of the T-shaped strategy and management), but also to deliver results for the Government in the different programs, policies and strategies going on (the horizontal part of the T-shaped strategy and management). It seems that the top management has not fully understood the duality of their role and the overlapping goals. In order to succeed in the network strategy management and also the corporate strategy management, the managers and the process owner need to be efficient in delegating activities and following up the results of the subordinates. This supports the findings in the previous studies by Hansen and Nohria (2006) of collaboration and challenges in collaboration.

The case organization should consider paying more attention to internal and inter-organizational networks, their management, and their measurement and developing network management skills. The “indirect” influence and integration through informal internal networks and working groups and the “direct” control and coordination through management function should be balanced in order to improve the organization’s performance. The indirect influence was seen in the strategy workshops whereas the direct control and coordination was seen e.g. in the planning order.

Moreover, the orchestrators in the collaborative and cooperative networks were not appointed and the specific goals, if there were any, were often too vague to be followed in performance reporting, like for example, in the PTR-network. The role of the orchestrator is important especially in networks that are strategically important. The orchestrator can guide the network actors towards the strategic goals. If there is no orchestrator, like, for example, in the PTR-network, the actors of the network can proceed based on their own interest that can differ from the
network-goals. The Internal Security Program had specific cross-organizational goals and the success of the Program was specifically measured. However, the specific temporary projects and working groups were not measured as to why and how they succeeded or not.

**Strategic flexibility and rigidity**

Strategic flexibility has been studied mostly in private sector organizations (See e.g. Hitt et al, 1998; Sanchez, 1995), and therefore, this study offer valuable contribution to the strategic management field of the public administration.

The concept of strategic flexibility can be described as the organization’s ability to redistribute its assets without friction (Rajala et al., 2012, p. 1368) to adapt to environmental changes with intentional strategic actions (Aaker & Mascarenhas, 1984; Bahrami, 1992; Hitt et al., 1998; Sanchez, 1995). Organizations employing flexible strategies have diversified strategic responses, and they are able to switch smoothly from one strategy to another (Sanchez, 1995). For example, in technological discontinuities, radical and open innovations, the organizations need to have rapid responses to the changing operational environment challenges (See e.g. Dosi, 1982; Evans, 1991; Tushman & Anderson, 1987).

The previous research has concluded that strategic flexibility is conflicting with the organizational structure’s requirements, the labor and control system, and technology requirements and restrictions, and therefore, both the flexibility and efficiency in operations are difficult to reach (see e.g. Fiegenbaum & Karnani, 1991; Filley & Aldag, 1980). However, with the turbulent environment, the organizations need a reactive strategy to cope with the changing operational environment. The strategic flexibility would require the organization to be able to fine-tune its organizational structure and asset allocation based on the signals of the operational environment. Moreover, it would require fast interpretation of the operational environment within the organization and quick decision-making process.

The blue ocean strategy (Kim & Mauborgne, 2005) has been noted in the police organizations (e.g. NYPD, ibid, 2005). The authors of the blue ocean strategy argue that leading companies will succeed not by competing against existing competitors but by systematically creating "blue oceans" of uncontested market space ready for growth. In public sector, the blue ocean approach has meant developing holistic solutions through seeing things from service -users’ perspectives and tuning processes to be more efficient. However, in the case organization, it would require
a different management training and style to use the blue ocean strategy in service and product development. It would require reducing bureaucracy and siloism. The management of the case organization are stuck to their position and given tasks, and rely on the previously fixed processes instead of finding out what could be improved in operational level like in the case of NYPD (ibid, 2005). The performance is viewed from the sectoral point of view in the case organization, and not from the corporate point of view. In the case organization, the restrictions of the strategic flexibility is the central government’s performance management process, the fixed asset allocation a year before in the budget frame proposal, and the siloism which does not consider the good of the whole administrative branch but instead values the viewpoint of the separate silos.

The case organization has failed to notice the impact of the radical technological changes that has led to the emergence of new crime markets such as cybercrimes and crimes using Internet technology combining it with the physical world criminal activities or the terrorist networks using diversified methods and activities. These radical technology and methodology changes require novel performance and capabilities to challenge the criminal world. The previous research on private sector in similar technology change situations has shown that an organization can fail because they are unable to master new capabilities (Dosi, 1982; Nelson & Winter, 1982; Tushman & Anderson, 1987). The strategic flexibility of the case organization would have been needed during the 2000-2014 when the rapid pace of change technology was changing the operational environment and the methods used by the criminals. The case organization was stuck with the existing performance process and assets were allocated according to the budget frame but the assets allocation and capability management failed to see the importance of technology changes and their impact on the daily operations and capabilities needed. The anti-terrorism strategy was approved by the Government in 2010, and the IT-crimes were added to the last corporate strategy in 2012. However, the growing trend of IT- and cybercrimes has been seen for over a decade.

The rigidity of the strategy in the case organization is due to the restrictions in the performance process: the fixed timelines of reporting metrics and resource allocation. The rigidity also stems from the lack of information-led management such as receiving change signals from the operational environment and analyzing them to see what would cause a need to change the strategy, actions, and resource allocation. The capability management is not tuned with the needs of the changing operational environment. Another restriction is the Government cross-sectoral programs, such as the Productivity Program, Effectiveness and Productivity
Program, and Internal Security Program which all have restricted the resource allocation based on the changing operational environment and the capability development and recruiting according to the novel requirements.

The renewal of the central government and the performance management is not going to change the case organization to be more flexible in their decision-making and in strategic actions because the restrictions and limits still exist.

Another processual rigidity in the case organization is the bureaucracy of the HR-management. The HR-function performs well in traditional requirements of hiring and managing existing resources. However, in a turbulent operational environment there is mismatch of required capabilities and existing capabilities. Some of the capabilities cannot be acquired by hiring but they would require extensive training and capability development. The HR-management is not tuned towards the strategic needs and the changing technology challenges. This supports the previous studies of Truss (2008) that the HR-function should have a more strategic role. She claims that beside the traditional HR-role in public sector, “the function is held back by the cumbersome and time-consuming procedures” (Truss, 2008, p.1086). She also states that the HR-function needs to be streamlined to support the strategic needs of the organization (ibid, 1086). This also supports the finding by Markku Temmes (2006) who also concluded that the future challenges of the Finnish public sector organizations is going to be the HR-function, managing employees instead of managing tasks. This also includes the generation change (ibid) e.g. changing the old generation management to the younger ones which is also ongoing in the case organization.

Another example of strategic rigidity was adapting to crisis e.g. in 2004 with the tsunami, and the need of cross-sectoral communication across the Government administrative branches, or in 2007-2008 with the school shootings, or in severe child abuse cases, such as in 2012 that led to a discussion of the mismatch of communication procedures and information exchange between different authorities including the police, health care workers and school officials. The adaptation of the changing operational environment is happening afterwards within the case organization, its working processes, and working groups whereas the signs and the preparedness could have been processed earlier. This supports the previous studies of Stark (2014). The siloism of the different administrative branches and the insufficient cross-sectoral procedures and communication hinders the information flow between authorities to have the full picture of the changes required in their field of expertise and supervision.
The previous research of the organizational threat-rigidity (Staw & al., 1981) claimed that rigidity increased because of the low performance, centralized decision-making, and restricted information flow, and because of these factors, the organization failed to act fast in a changing operational environment. In this study, the centralized decision-making, the non-strategic role of the HR-function, and restricted information flow has caused the organizational rigidity but also Government’s programs, and siloism within the case organization and in different administrative branches.

As a summary, the strategic rigidity seems to stem from the limitations of the public sector organization: one problem is the planning cycle which is based on a fiscal year –process whereas the tasks and operations do not often end within one fiscal year. Another strategic rigidity is related to political leaders and their parties, and what topics they choose to forward during their term. Next, the pressure from the media and citizens is usually related to “hot daily topics” that are often discussed in media and stem from current events. These are hard to predict and to take into account in the strategy.

The organizational culture can affect the strategy and its implementation. The previous two Permanent Secretaries both noted that the case organization is mainly an expert organization and has many ongoing projects. They also agreed that this organization differed from their previous organizations in the public sector because of the large number of projects. The projectization has become pervasive throughout the organization. It seems that many if not all of the employees are at some point part of a project organization as a team member or in a supporting role. In order to support an expert organization with many projects, the management needs to consider how to improve the performance in projects to improve the implementation of the strategic goals and overall organizational performance. The benefits of projectization can assist the implementation of strategic and performance goals if the projects are aligned. Nevertheless, in the case organization, the different sectors and also different administrative branches of the Finnish government are siloed, and therefore, the knowledge of different and overlapping projects is not always known.

**Strategic stance**

The strategic stance is a way in which an organization seeks to maintain or improve its performance (Boyne and Walker 2004). Boyne and Walker (2004) assessed the application of the Miles and Snow (1978) framework to public organizations. In
Miles & Snow (1978) nominal study the reactors lacked stable strategy and were highly responsive to environmental requirements whereas the prospectors were the first in market; pioneers using the new technology, analyzers were the second while keeping the traditional markets as well, but the defenders aimed at keeping the conservative strategy, protecting the current situation. Boyne and Walker (2004) stated that a mix of strategies is likely to be pursued simultaneously, and therefore, one organization can belong to different categories (e.g. prospector and reactor) at the same time. Strategic stance has also been studied in public sector by Andrews, Boyne and Meier (2005) using Miles and Snow’s (1978) strategy typology.

When considering the case organization and its strategic stance, the case organization has been a defender, not pursuing the newest technology, not reacting to operational changes and analyzing markets and weak signals systematically. According to Andrews et al. (2009), the defender organizations have low staff involvement in decision-making process and high degree of hierarchical authority. The case organization has also a high degree of hierarchical authority e.g. the Finnish Border Guard and the Finnish Police in which sectors the hierarchy is based on an almost military-type command chain allowing a low level of staff involvement in any decision-making process. The case organization is a late adopter of innovations when compared to other EU-member states in many cases. This has been due to budget and recruiting restraints (e.g. Productivity Program) instead of the interest of the sectors to use the new technology. As a late adopter in technology innovations, the case organization also fits the description of the defender in strategic stance.

Operational environment

The uncertainty and complexity relates to strategy process because when the changes in operational environment are hard to predict during the strategy timeline (cf. Courtney et al, 1997; Mintzberg, 1996). In ambiguous operational environment it is hard to predict the future and needs for strategy. This happened with the terrorism and IT-related topics in strategy development during the years 2008-2012 when the two corporate strategies were developed. At the same time the performance management process and metrics changed due to requests of the National Audit Office, internal development needs of the sectors within the case organization, the agencification of the case organization and outsourcing some common functions. In addition, a major change happened in 2009 when the case organization started its transformation towards the ministry responsible of the
internal security topics. The multiplicity of changes in organizational structures and different programs of Finland’s Government simultaneously affected the case organization and its performance, and thus, increased the complexity and managerial challenges.

The turbulent operational environment in 2010s caused the case organization to look for more in-depth analysis of the operational environment, future-oriented reports and also try the crowdsourcing method in their strategy development process. Brews and Purohit (2007) argued that when environmental instability increases so does multidimensional, incorporated planning instead of formal planning. This started in December 2014, when the new working groups to develop the next corporate strategy were launched.

Ansoff and McDonnell (1990) presented the five levels of environmental turbulence. The comparison of these turbulence levels with the case organization’s strategy development in 1990-2014 is summarized in Table 15. The appropriate approach to strategic formulation and decision making is also presented in accordance with the turbulence levels (Hussey, 1999, p.384; Ansoff & McDonnell, 1990) in Table 15. When considering Table 15, the case organization had tight performance targets, but it did not make forecasts and scenario planning at the corporate-level or even in all the different sectors. There have been some attempts in scenario planning e.g. in Internal Security Program in 2008, but it has not been taken into practice at corporate-level.

The operational environment and its stability are viewed from the case organization’s standpoint and not e.g. national economy’s point of view. The gradual change in operational environment from stable to surprising has happened during the timeline of this study. The early years 1990 to 1999 were more stable and predictable whereas the year 2014 forward has shown unpredictability in operational environment with increasing terrorist attacks or attempts of attack and growth of terrorist organizations. When considering the categorization of the turbulent operational environments (Ansoff & McDonnell, 1990), the case organization has some overlapping in optimal strategy process (ibid). Therefore, this study argues that it is not so easy for the top management to recognize the change from one turbulence level to another; they are overlapping. In addition, the case organization does not have a dynamic strategy process. The corporate strategy is reviewed every four years. As a public sector organization, the case organization follows the performance requirements and reporting based on the orders of the Department of Finance and the strategic goals are set in the Government Strategy Document for each Government’s term.

<table>
<thead>
<tr>
<th>Level of environmental turbulence</th>
<th>Optimum strategy process in different environmental turbulence levels</th>
<th>Comments</th>
<th>Case organization’s development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repetitive (stable, predictable environment)</td>
<td>Procedures, budget</td>
<td>Bottom up budgets, top-down procedures</td>
<td>1991-2000: bottom up budgets, top-down procedures; management by objectives</td>
</tr>
<tr>
<td>Expanding (slow, incremental changes)</td>
<td>Financial control, extrapolated budgets</td>
<td>Tight performance targets, forecasting beyond exact data finding</td>
<td>2000-2004: recognition of changes in operational environment, incremental, slow changes; specific performance goals</td>
</tr>
<tr>
<td>Changing (incremental, but rapid)</td>
<td>Formal planning based on patterns of success</td>
<td>top-down/bottom up formal planning process</td>
<td>2005-2009: Formal planning and formal process; performance reviewed yearly based on objectives and results; performance agreements on different levels</td>
</tr>
<tr>
<td>Discontinuous (some aspects discontinuous, some predictable)</td>
<td>Strategic planning</td>
<td>Stronger top-down input: scenario planning, issues management</td>
<td>2008-2015: Stronger top-down input: issues management; understanding the challenges of the volatile operational environment and the new corporate identity</td>
</tr>
<tr>
<td>Surpriseful (discontinuous, unpredictable)</td>
<td>Requires fast reaction</td>
<td>Scenario planning, early warning systems</td>
<td>2014-&gt; fast changes in security environment globally 2015-&gt; Reforming the corporate strategy based on the volatile internal security situation; changes in EU and global security situation reflecting in Finland</td>
</tr>
</tbody>
</table>
The rigidness of the performance process and the formal planning restricts the flexibility in organizational decision making. This supports the previous studies of Kipler (2009) and Mintzberg (1990). As this study shows, the strategic management development has been path-dependent but it also has been dependent on the organizational structure, and person-dependent. Person-dependent means here that when the top management recruited a person to be responsible of the performance management process, this employee made a huge difference in its development since 2006 and also when this same person was responsible of the development of the corporate strategy, the strategy development got boosted since 2008. During 1990 to 2005 the process was owned by an organizational unit, and there was not a single person responsible of the performance management or strategy.

The dependence on the organizational structure is still causing the siloism and restrictions in cross-sectoral activities and thus, restrictions in performance. The top management of the case organization and the Government has tried to tackle this problem by setting up inter-organizational networks and programs. Each sector of the case organization are highly diversified but also they have some common areas where they can act together e.g. crime prevention. According to Porter (1991, 96), “strategy is seen as a way of integrating the activities of the diverse functional departments” within an organization. “An explicit and mutually reinforcing set of goals and functional policies is needed to counter the centrifugal forces that lead functional departments in separate directions.” (Porter, 1991, p.96) Johanson (2009) concluded with referring to a comparative study of European agencies (e.g. Jordana and Levi-Faur, 2004), which stated that agencies are highly diversified with different service production logics, and their functioning has been developed based on path-dependency and their content areas. But these agencies are not usually directed strategically (Johanson, 2009; Pollitt et al. 2004; of path-dependency see David 1993, 2001). In Finland, the recent research (Tiili, 2008) also concluded that the strategic management is still looking for its position and form within the Finnish Government. As a summary, the strategic management has been developed in the case organization, but there have been challenges such as siloism and the volatile operational environment in the case organization. Moreover, the strategy goals have been developed but the organizational identity created challenges in outlining the strategy. The strategy metrics were introduced for the first time in the publication of the corporate strategy for the years 2012–2015. However, their reporting has not yet been established and routinized. The link between the corporate strategy goals and the performance management can be viewed in the metrics and their common yearly goals. However, the metrics do not
measure the actual work and usage of resource, but they are mainly quantitative metrics.

As a summary, the choices of the categorization of the different operational environments were based on the higher-level administrative changes (i.e. ALKU, PORA I-III), the changes in the activities and tasks in the different sectors of the case organization (e.g., the Internet-related crimes), the internationalization (i.e. the EU-related interaction and activities), and the increasing number of uncertainty caused by the violent extremism and the terrorism threats internationally. The internal challenges related to the increasing amount of new activities and tasks (e.g., Internet Crimes, terrorism and CBRNE-threats ((C)hemical, (B)iological, (R)adiological, (N)uclear and (E)xplosives) and the need for capability development within the case organization. The increasing inter-organizational networking was also seen as a challenge due to the fact that the networking required resources and the case organization had been going through the Productivity Program in 2000s and the restructuring phases with each of its sectors to reduce the amount of employees. The available knowledgeable resources for networking were scarce. The networks and virtual teams required different management capabilities than what the line-organization management was used to.

10.3 Strategic management and political leaders

In Finland, the strategic management activities are the responsibility of the political leaders and the public administrators (Niiranen & Joensuu, p.110). The public administrators consider the legal aspects of their decisions, and their responsibility as an official when they make the decisions. In the case organization, they also consider the best interest of their own sector and sometimes forgetting the interest of the whole corporation. The politicians can also affect the decision-making process by discussing about the matter with the administrators preparing to make a report or a proposal.

The media can affect or fasten the decision-making process by picking up “hot topics” and keep them in the news and discussions, and thus, “forcing” the officials to do something about these topics. The citizens can agree or disagree in the decisions or proposals and they have different ways they can affect the final decision depending on the subject: They can try to appeal or write to their political representatives, the trade unions, different NGOs, creating a motion against a law, or keeping the media’s interest on the subject. The collision in decision-making
process can happen because of the different interests of different parties. The interaction process needs to involve different interest parties.

Figure 5 illustrates the timeline of the ministers in the case organization and their political parties. The bottom line presents the Ministries of Interior: Päivi Räsänen, Anne Holmlund, Kari Rajamäki, Ville Itälä, Kari Häkämies, Jan-Erik Enestam, and Mauri Pekkarinen. The top line of Figure 5 shows the other ministers: Minister of Administration Jouni Backman, Minister of the Regional and Municipal Affairs: Hannes Manninen and Martti Korhonen, and Minister of Immigration and Europe Astrid Thors. Appendix 1 presents the list of Ministers, Permanent Secretaries and the Department Heads in the case organization during 1991-2014.

It is obvious that the political parties have a large role in public sector decision-making process and the chosen managers in management position are not always the best leaders or have capabilities in leading an organization in turbulent operational environment in economic depression. The administration need to have more professional management capabilities in order to understand what needs to be done in an organization when resources are decreasing, the capabilities are fixed with the public sector recruiting process, and when the public sector culture embraces siloism, and creating a mandatory process of paper trail even in the current world of rapidly advancing technology.

When considering the changes within the operational environment from the point of view of the case organization, and not the economy point of view, the most stable time was in 1990s when Minsters Mauri Pekkarinen (Center Party), Jan-Erik Enestam (The Swedish People’s Party of Finland) and Jouni Backman (The Social Democratic Party of Finland) were in power. The incremental change in the operational environment started in early 2000s when the political leadership had changed, and the Minsters were from the Coalition Party: Ville Itälä and Kari Häkämies and Martti Korhonen (Left Alliance) and Kari Rajamäki (The Social Democratic Party of Finland).

The most turbulent operational environment was with Minister Päivi Räsänen from 2011 to 2014 when both the internal and global challenges were facing the case organization. Internal challenges refer to the negative, public prosecution and media leak cases involving the Finnish Police, and the global challenges refer to the increasing terrorism and violent extremism globally. Minister Pekkarinen was the initiator of the Resource-based management in the case organization and during his term the performance management and reporting was improved and the effectiveness of the organization were seen important. He was said to be “a hands-
on Minister” i.e. he interfered with operational and administrative activities, despite the role of strategic steering assigned to them in the administrative reforms (e.g. NPM).

Kari Häkämies participated in the detailed activities of daily operations even to the point of micro-managing single employee’s tasks. These findings support Tiili’s research (2007) in which she concluded that ministers do not stay in their strategic steering positions as was intended with NPM reforms in public administration.

Kari Häkämies initiated the BSC startup in the case organization. The pilot projects were during Ville Itälä’s term. Both of them were interested in performance of the case organization, but they did not participate much in the strategy work of the case organization.

The greatest impact in organizational structure, processes, performance management (the transition from BSC to Performance Prism) happened during Minister Kari Rajamäki, because he approved the Ytomi-project. Some changes of the Ytomi-project were dismissed during Minister Holmlund’s term because it was noticed that the performance management was not the same as the corporate strategy. Minister Holmlund initiated the strategy development again in 2008 and that the strategy process continued to develop during Minister Räsänen’s term.

Minister Rajamäki started the Internal Security Program in 2004 and the Internal Security programs have continued during Minister Holmlund’s and Räsänen’s term.

Minister Thors gave the immigration a boost in the administration because when one minister concentrated on immigration topics, the development and administrative issues were promoted within the case organization.

In regionalization decision of the case organization’s decisions, Minister Holmlund boosted her own municipality from where she was elected from: Pori in Emergency Response Center regionalization.

According to the results of this study, the political leaders in the case organization based their decision on at least the following: the effectiveness of the organization and what need to be changed, the interest of the municipality where they were elected from, legal perspectives, the economic situation of the country. They also considered the decisions, even the nominations of the Department Heads and the Permanent Secretaries, based on the interest of their own political party and the party’s guidelines.
Figure 52. The political parties and the ministers in the case organization during 1991-2014.
The greatest impact internally was made by the Permanent Secretaries because their role as the “CEOs” of the case organization was strengthened during Ritva Viljanen’s term. She initiated many internal development projects. Some sectors welcomed the change and development projects, and some considered that development was required at the expense of good service and product quality.

Päivi Nerg saw the case organization as an organization of multiple projects, but she had not seen the case organization a prior to Ritva Viljanen, because the projectization of the case organization had happened during Viljanen’s term.

When considering the Permanent Secretaries in the case organization, their power has become more imminent in 2000s. They are the actual operational managers of the organization. They make the administration work. However, their work can be nulled if the sectors do not cooperate and share information. The Permanent Secretaries performance is as good as their interaction with the different sectors.

The findings of this research is partly in line with the recent research of Niiranen and Joensuu (2014, pp. 95-111) even though their study included municipality-level decision making, the similar findings can be found in the ministry-level decision making process and reasoning behind the decision-making. Furthermore, in this research the longer timeline of this study also showed the effect of the changing economy, the changes in political leadership and in the top management.
11 Conclusions

This last Chapter of the study summarizes briefly the research process and the main findings. In this Chapter the initial objectives of this study and the research questions are reviewed and reflected upon how this research has succeeded in fulfilling the goals of the study and answering the research questions. Finally, this last Chapter considers the future research opportunities.

11.1 Recapitulation

The whole study started out as the researcher's interest in the area of strategic management and how the corporate strategy is linked with the organizational performance in practical level. The researched had worked in the case organization and in one of the agencies but she had not participated in the strategy or performance management process at the corporate-level. The point of view chosen in this research was one of a pracademic (see e.g. Hanbury, 2004; Price, 2001; Volpe & Chandler, 2001). The research set out to explore the linkage between the strategy and the performance management.

The chosen methodology and the research approach

The research methodology chosen was a single-case study. This methodology was chosen because the case study analysis process allowed a continuous interaction between theory and empirical research (cf. Dubois & Gadde, 2002). Multiple case studies would have strengthened the value of contribution to the theory. However, the single case described in more detail the practical level development and the ministry-level challenges in the area of strategic and performance management. This thesis applied the abductive research strategy in which the theory and data were constantly played off against each other in an ongoing process, and the research enforced the researcher to ask questions and look for answers. The data was interpreted and reinterpreted against the theories (Blaikie, 2009, p.156; Dubois & Gadde, 2002, p.555). The thesis used the exploratory design which was not so
commonly used in the strategy research area, and the research could have used the descriptive design instead. Additionally, the study used the critical realism which has been used in management and strategy studies (cf. Kwan and Tsang, 2001). From the critical realism point of view, Kuusela and Kuittinen (2008, p.225) argued that the organizations are constructed by different relationships, and activities are affected by both the internal and the external mechanisms, and the causality of these mechanism (Miller & Tsang, 2011, p.145) Instead of using critical realism, the other choice would have been the constructivism -research philosophy in which social phenomena and categories are not only produced through social interaction, but they are also in a constant state of change, and that there is more than one definitive reality (Bryman, 2008).

The chosen timeline i.e. 1990–2014 allowed the researcher to review the development at the practical level from the point of view of how the two processes namely the performance and strategy processes have developed in the case organization in a practical level: the path-dependency, what has been the reason for renewing the documentation, the strategy management tools, or the methodology used. It was also a historical review of the case organization’s development during the timeline of this study.

The triangulation of the study was confirmed by using different sources of data (internal and public documents) and using different analyzing methods (document analysis and interviews) and also at the theory level, using several, although overlapping theoretical views of in the area of public administration including studies in strategic and performance management, and organizational studies (cf. Denzin, 1978). Two temporal orientations in data collection and analysis were used in the study: the retrospective and real time. Besides using the qualitative analysis, this study included the network analysis and text mining (word maps) in analyzing the strategy responses of the year 2008. This study could have used more quantitative methodology and interviews. Instead, this research used the interviews more for focusing the research to find the turning points in the development.

During the interviews and reading through the internal documentation related to strategic and performance management it became clear that the case organization had used different meanings of the key terms e.g. strategy and performance during the timeline of the study. These were discussed in the case description in Chapters 5–8.
Theoretical background

This thesis was a public administration study and the theoretical background consisted of strategic and performance management research. One of the challenges in choosing the theory background was the fragmented strategy and strategic management research area: there was a plethora of previous studies in the area of strategic management strategy process, and strategic planning area (see Chapter 3). There were also plenty of studies in performance management and performance management systems. Some international studies linked the strategy with the performance management (e.g. Boston & Pallot, 1997; Poister, 2010; Pollitt & Bouchaert, 2011). Regardless of the amount of the previous studies presented in Chapter 3, there were not many research groups who had studied the performance and strategy together in the public sector with the exception of the Cardiff research group (cf. Johanson & Vakkuri, 2012). There were many studies including either the strategic management research and cases or the performance management cases. In Finland, there were some seminal studies in the strategic and performance management. The previous research was reviewed in Chapter 3.

Research questions, theoretical and empirical findings

The following research questions were chosen:

1. How the corporate strategy and the strategy process are linked with the performance management process in a practical level in different operational environments?

2. Ministry as a strategic entity: (2a) what are the challenges at the ministry-level, (2b) what is causing strategic flexibility or rigidity at the ministry-level, and (2c) the roles of the top management in strategic management?

The research questions were broad, and thus, the research become long and did not cover all the aspects of strategic management and planning. However, it gave a detailed description of a single case study of a ministry as a strategic entity.

The case description in Chapters 5-8 discussed the strategy view (cf. Figure 1): (1) what organization needs to do according to the strategy, and (2) of the performance and productivity view: what the case organization can do with its current and available resources. The research gap of this thesis was the ministry as a strategic entity: the challenges in linking these two above mentioned views i.e. the strategy and the performance management views. Another less studied area was the
conflicting strategies within the public sector organization, namely the corporate-level strategy and the operational and network strategies. In addition, the strategic flexibility and stance at the ministry-level are also discussed in the managerial and theoretical findings.

The first research question was answered from the different points of view in Chapters 9 and 10. The operational environment by Ansoff and McDonnell (1990) was reviewed in subchapter 10.2. The following sections discuss some of the key findings. Chapters 9-10 presented the summary of the empirical findings and managerial implications: the roles of the top management, the process owner, the networks, program management, and the consultants used in developing and assisting in the strategy development process.

When considering the two processes: performance and strategy management, the research presented the changes in them in a chronological perspective because sometimes these two processes were seen as one and sometimes they were separate processes. The performance management process has been viewed from the point of view of the previous research on performance management as a process and as a system (See e.g. Autero, 2012; Boyne et al, 2006; Moynihan, 2008; Pollitt, 2012) in Chapters 9-10. The main empirical findings are summarized in Chapter 9 and also in following sections.

According to a previous comparative study of European agencies (e.g. Jordana and Levi-Faur, 2004), agencies are highly diversified with different service production logics, and their functioning has been developed based on path-dependency and their content areas. But these agencies are not usually directed strategically (Johanson, 2009; Pollitt et al. 2004; of path-dependency see David 1993, 2001). The case description in Chapters 5-8 describes the path-dependency in sectors of the case organization and also how the Ministry’s content area is path-dependent in its development from the internal affairs to the internal security affecting the strategy content accordingly. In addition, this thesis supports the studies by Johanson (2009) and Pollitt et al. (2004) that the case organization was not strategically directed. However, there have been efforts of creating the corporate strategy since the early 2000s and the need for strategic steering has been considered but the implementation of the strategy has varied over the years. The need for strategic direction has been more obvious since the year 2009 and the gradual change of the organizational identity, and it has manifested more in 2014 when the discussion of the role and position of the case organization in the national security area has been featured in many discussions among the different
administrative branches, the ministries, the Permanent Secretaries, and also internally within the case organization.

When considering the performance frameworks, this thesis supported the previous studies by Malmi (2001) when he argued that many organizations use the performance frameworks merely as tools to follow the metrics in specific areas. There was no real linkage between the different perspectives of Performance Prism –metrics in the case organization. The use of management’s strategy tools, e.g. the BSC and the Performance Prism -models, supports the studies of Määttä and Ojala (1999) in a sense that the case organization had to consider their dimensions from the point of view of their activities. The Performance Prism was seen as a management’s strategy tool to guide the organization’s activities towards the performance goals, and thus, get the results the management wants. This study contributed the discussions concerning the performance management reporting and the strategy tools (see subchapter 9.10). Firstly, it raised the question of the usage of the strategy tools by the top and middle management. Secondly, it made sense in existing literature. Thirdly, it revealed the difference in implementation and usage of the strategy tools and the importance of support by experts of the tools during the implementation and planning phases. The challenges of the performance management were discussed in the subchapter 9.8.

Kaplan (1999, p.4) suggested to consider the value creation in the services. The value creation point of view has partly been addressed in the metrics but not coherently in the different sectors. The value creation needs to be addressed further to understand the value creation in services, processes and networks.

The corporate strategy –publications for the years 2008–2011 and 2012–2015, the Performance Prism -model and its metrics published in the yearly annual reports, in the final accounts and in the performance reporting, and in the Netra-online reporting can be considered as part of the organizational social marketing to get acceptance in societal developments from the citizens and communicate the programs and their outcomes to them (cf. Kotler & Zaltman, 1971).

The strategic stance, flexibility and rigidity were discussed in subchapter 10.2 referring the previous studies. The review of the operational environments based on Ansoff & McDonnell’s framework (1990) of environmental turbulence.

The “hot topics” affecting the strategy were also discussed in subchapter 9.5. The conclusions were similar to Pollitt and Bouchaert (2011, pp.290-295). The managerial implications related to controller function (see e.g. Partanen, 2001 and subchapter 9.5) included the development of the different roles of the controller
function to support the top management and the organizational and sectoral development.

The roles of the consultants in the strategy and performance processes were discussed in subchapter 9.3. The main findings related to the usage of consultants. The top management was often following the advice *du jour* of consultants during 2000s. Some of the consultants’ work results were long lasting and some were forgotten almost immediately after the consultant-project ended. There were also some unintended results when combined with the Regionalization and other Government programs. In addition, it seemed that the strategy process related activities seemed to be difficult to understand or handle with own resources. In addition, the Finnish Government has used external evaluators and consultants in so many projects since the 1990s (see e.g. Temmes et al., 2001; Kuusela & Ylönen, 2013) that the use of consultants is today the way of the Government to approach and solve administrative challenges or managerial problems. In addition, the consultants were seen as mediators in situations where the top management expected to face conflicts. As a conclusion, even though there are few seminal studies concentrating on the use and applicability of consultants in public sector (see e.g. Kuusela & Ylönen, 2013) there are no studies that have investigated the consultants’ role in strategy process and strategy development in a public sector organization in Finland before this study, and therefore, the use of consultants and their role in the strategy development was an important result of this study.

In the case organization, the security has been discussed in both the strategy development and in the performance management process from several points of view: (1) from the government’s and societal point of view: securing society and security risks (2) from the officials’ point of view: how to manage the increasing cross-border crimes, immigration and threats within the society with diminishing resources (internal security point of view), (3) economical debate: costs of maintaining the security and safety (4) political debate: pros and cons of reorganization and budget-cuts and their impact on security and safety (5) from the community point of view: the development of security governance based on national and regional security programs (See e.g. Virta. 2013) and (6) comprehensive security point of view: what is meant by it and what it includes (See e.g. Branders, 2014), (7) from the identity point of view: what are included in the entity of the case organization and what can be out- or in-sourced, (8) the *securitization*: the intended or unintended results of the policy acts, strategies, programs, directives and administrative decisions. These were discussed in Chapter 10. As a conclusion, the more specialized the areas of the sectors within the case
organization or even within the national security sector are, the more coordination is needed (cf. Bouckaert et al, 2010) to avoid overlapping projects and tasks.

The changes in the organizational identity and in the national security sector were discussed in Chapter 10. The organizational identity change in the case organization was a slow process. It took years for the top management to understand and to internalize the meaning of the change that started in 2009 after the restructuring of the organization and the changes in the national security sector (see Figure 21 and Chapters 7.2 and 10). There were few studies relating to performance in relation to organizational identity change (e.g. Albert & Whetten, 1985; Hsu & Hannan, 2005; Smith, 2011), and therefore, this study brings valuable information of the identity change process in the public sector. This study presented valuable findings of an organizational identity change based on post-NPM and operational environment changes. The previous Finnish studies (Hämäläinen, 2007; Ponteva, 2009) were not supported in this study. The organizational identity change also had an impact on the strategy content and the role of the case organization in the national security sector (see subchapter 10.1).

In the case organization, there has been both intended and unintended, unforeseen consequences based on the strategies and programs. Some of the intended results have not been realized, whereas some unintended results have caused need to increase inter-organizational cooperation and information sharing. In this thesis, the previous studies (Head 2008; Rittel & Webber, 1973) are supported with the creation of the interorganizational networks e.g. PTR, MPR and the Internal Security Program’s projects and working groups because the interorganizational networks are considered essential in tackling wicked problems that go beyond traditional sectors and policy areas. According to Hyyryläinen (2012, p.105) the nature of these wicked problems is so ambiguous that it is hard to find how to start solve the tangled web of the elements involved in these wicked problems. The top management also needs to promote a broad collaboration of the private sector, NGOs, academia, and other administrative branches of the Finnish Government to tackle the wicked problems in the society. The wicked problems of the society are considered such that no single organization can cope with the challenges of these evolving problems. These problems can involve different industries and government branches such as e.g. terrorism, and grey economy crimes, and therefore, to solve these problems a wide public and private sector cooperation is needed. Another managerial finding was the lack of innovation support within the case organization and its processes. New process and service innovations are needed to support the renewal of the organization, its
services and to tackle the above mentioned wicked problems. The subchapter 9.7 discussed of the cross-sectoral innovation and service development networks.

This thesis also brought up new information regarding the types of networks: some were law-based (PTR), some were based on Government Program (Internal Security Program) and some were temporary e.g. the temporary working groups and networks that were established for the Internal Security Programs during the years 2005-2014. It also discussed of the importance of understanding what are strategically important networks and the role of the orchestrator in the network (cf. Juntunen, 2005; Möller et al, 2005). The collaborative and cooperative networks were discussed in subchapter 10.2 in more detail. This study supports the findings in the previous studies by Hansen and Nohria (2006) of collaboration and challenges in collaboration.

Another managerial implication was related to the indirect and direct influence. The “indirect” influence and integration through informal internal networks and working groups and the “direct” control and coordination through management function should be balanced in order to improve the organization’s performance. The indirect influence was seen in the strategy workshops whereas the top management’s direct control and coordination was seen e.g. in the planning order.

As a summary, the physical link between the corporate-level strategy, i.e. the strategy for the whole administrative branch and performance management has been established with the planning order and the operational and financial planning –documents (see Figure 43). Moreover, this study also showed that the strategy was seen distant, and it was not as institutionalized as the performance management process. The strategy process was seen temporary, and the strategy working groups were ad hoc -groups to support the next strategy development process. The strategy feedback and measurement was not comparable with the performance management metrics and follow up.

The second research question was divided in three parts: Research question Ministry as a strategy entity: (2a) what are the challenges at the ministry-level was answered in Chapter 9 from different points of view. The main empirical findings were related to the sectoral siloism and the changes in top management and the organizational identity.

Research question (2b) what is causing strategic flexibility or rigidity at the ministry-level, was reviewed in subchapter 10.2. The main findings concerning the strategic flexibility were related to the siloism within the administrative branch, projectization, and the planning cycle.
The research question (2c) the roles of the top management in strategic management was discussed in the subchapter 9.3. The main empirical findings were: The empirical findings supported the previous studies of the role of the top management (e.g. Johanson, 2009). The role of the middle management in the strategy process was seen important (cf. Sull et al., 2015) because they represent the values of the organization to the lower levels of the organization. If the organization is lean and there is lack of resources, it is easier to do just the daily tasks and not consider the strategic goals of the organization. The empirical findings were similar in performance point of view as in Pollitt’s (2006) comparative EU-level study except that there had been some management changes relating to unsatisfactory performance results if at the same time there had been organizational restructuring or changes in the top management. This thesis discussed of the role of the process owner and the interconnectedness of the strategy process and the performance management process in the case organization development. The subjective interpretations of the actors’ views of the operational environment shaped the strategy content during the strategy development. The recurrent patterns of the strategy process were described and evaluated during the timeline of this study (cf. Pettigrew, 1992, pp.9-10). According to Hammer & Stanton, 1999), the process owner is responsible for process performances. Ongaro (2004, p.84) continued that the process owner “must have authority on process aims and resources, on the organisation of labour in the process, and must be the leader of the process team”. In the case organization, the statement by Ongaro (ibid) was only partly fulfilled. The process owner of the strategy and performance management processes in corporate level was responsible of the process itself, but not the resources or their organization. The performance management related team was a virtual team incorporating members across the administrative branch. The strategy working groups were ad hoc groups for the duration of the strategy development. The process owner is in the place where he can make changes to the documentation and the process timeline (cf. Kohlbacher & Gruenwald, 2011, p.711), but not to the team members in performance management process.

**NPM, post-NPM and governance**

The two dominant public management perspectives: New Public Management (NPM) and governance were also reviewed in this study. NPM was part of the causes for changes within the case organization and its performance management process during the timeline of this study.
NPM is characterized by efficiency of government performance and improving it (Hood 1991; Kett 2000; Kickert 1997; Lane 2000; Pollitt 1990) by using the management tools and performance models that have been proven good at the private sector. The different models used in the case organization were the Balanced Scorecard (BSC) and Performance Prism. By outsourcing parts of the functions e.g. personnel and payroll reporting the case organization has been complying NPM’s goals for improving performance and concentrating on main areas of business and prioritizing tasks. In addition, the performance ranking has also been seen as a common reform in public sector. The ranking has been used within the case organization, for example, in the police sector during 2009-2013 when comparing the police departments nationally.

The other perspective is the governance (see e.g. Rhodes, 1997) that focuses on horizontal coordination between different actors and aims at improving interorganizational coordination, management, policy outcomes and services (Klijn, 2008, p. 312), knowledge sharing and interaction between various actors. In addition, Governance viewpoint deals with managing processes and networks whereas NPM concentrates more on the outcomes (see e.g. Temmes, 1994, p.303). The case organization has concentrated on both managing the processes as well as outcomes of the processes. The horizontal coordination has been used in cross-sectoral networks (e.g. in MPR, PTR-networks) and with the Government Programs (e.g. Internal Security Program). The methods include the documentation and corporate guidance. The operational and financial planning during the years 2005-2008 were even considered to be the same as the corporate strategy, and thus, the strategy process was the same as the performance management process. However, during the earlier years in 1991-1999, the performance management process was seen as a management-tool for management-by-objectives (MBO) and result-based management (RBM) because the different sectors were requested to gather data from the activities to be followed by the top management. While MBO offered the core framework for the management activities and processes with a yearly schedule, it also enhanced the sectoral division within the case organization because all the sectors chose and considered the objectives and assessed the results from their sectoral point of view and not from the whole administration point of view. This supports the studies of Temmes, Kiviniemi and Peltonen (2001).

In 1990s, performance management in the case organization was linked to decentralization of the macro and micro level decisions and activities and creating a chain of accountability where the higher level of the organization delegated
operational level tasks to the lower level and followed up the level of performance based on the data reported. (cf. Pollit & Summa, 1997) At the same time the development of management information systems (MIS) and performance reporting systems (e.g. sectoral reporting and Netra) were seen important in order to provide the information to the management. (cf. Temmes & Kiviniemi, 1997) The performance management was all about the objectives, setting the right objectives and reaching the objectives. This supports the previous research findings by Salminen and Niskanen (1996, p.51), Salminen (2004, p.94) and Stenvall (2000, p.216). The performance management renewal process in the case organization also meant the transition to performance budgeting and budget controlling to guide the organization’s actions. (cf. Osborn & Gaebler, 1993; Temmes & Kiviniemi, 1997)

Moreover, this study agrees with Aagard 2010, p.3) who argued that the two dominant public administration models NPM and the governance model (Klijn, 2008, p.300) characterized and set the institutional drivers and barriers for emergent strategic management in the public sector. This research also shows, that the emergent strategy is difficult to implement and put into action in a public sector organization for the reasons that (1) innovations are not considered in the strategy formation, (2) weak signals are not systematically analyzed and considered as important during the strategy process, (3) productivity and efficiency trump the strategy goals and innovativeness because the performance management is seen as a core competence within the case organization, and (4) Program management and cross-sectoral networks are not linked with the corporate strategy and performance goals and resource allocation.

When contemplating on the post-NPM effects on the case organization, the post-NPM megatrends could be detected and these are discussed next.

(1) The value-based management (cf. Christensen & Lægreid, 2011, p.467): In the case organization, the organizational values were first time defined during the Strategy2010-project in early 2000s. The organizational values have been reviewed and discussed in the strategy process since 2008 and included in the performance plan –document.

(2) The development and integration efforts in the central administration creating the jointly administrated agencies and government bodies, (see e.g. Christensen (2012, p.1; Christensen & Lægreid 2012, p. 593): In the case organization, for example, the joint-service-development, “the one stop shop”, with regional authorities and with the police (cf. Christensen & Lægreid 2012, p. 585 of the reform in Norway; Juntunen, 2009), and also
in PORA I-III organizational restructuring projects (See more of PORA-projects e.g. Haraholma, 2011; Ministry of the Interior, 2012). In the PORA III -restructuring project, administration of the driver licenses was transferred to the Finnish Transport Safety Agency to have a better ministry –level coordination of the traffic-related tasks. In the case organization, the administrative renewals have happened in cycles (e.g. PORA I-III and the renewals of the Border Guard -sector), and this supports the previous research by Talbot and Johnson (2007).

(3) The collectiveness in decision-making process and in management (cf. Ramia & Carney 2010: pp.264–265): For example, in the ALKU-project that was the restructuring of the regional administration in 2009 (see Ministry of Finance, 2009) during which the different ministries and agencies collectively reconstructed the new regional administration model. In addition, the meetings of the Permanent Secretaries of the different administrative branches intended to harmonize the corporate steering and implementation of the Government Program’s goals and to management of the different Government entities (cf. Kokka, 2011, p.44). The case organization in their last two corporate strategy development phases for the years 2008–2011 and 2012–2015 tried to gather more responses and views from different parties e.g. interest groups, stakeholders, employees, and via crowdsourcing. This also supports the recent research of Veronesi and Keasey (2012, p.272) in which they argued that the post-NPM governments pursue towards a wider, collective perspective in their strategizing efforts.

To conclude, this thesis generated two types of results: a theoretical contribution for both academic and managerial interest, and other practical implications drawn from the case description. These findings were discussed from both the academic and managerial point of view in Chapters 9 and 10.

The managerial findings of this research offer insight about the development process of the performance management and strategy, organizational identity change, and the different roles of the managers, process owners and consultants in these processes. The theoretical findings contributed to the strategy theory, to the performance management systems’ research and to the organizational identity change –research.
11.2 Implications for future research

In the end of the study, it is customary to discuss ideas and possibilities for future research. When considering future research possibilities, the Finnish Government and the different ministries and agencies are undergoing an extensive reform in the coming years due to the centralization efforts of the administrative services, the reform of the performance management, and also because of the economic recession.

From the network theory perspective, it would be interesting to investigate the different types of networks being created: the more temporary innovative networks and R&D coalitions, and the strategic networks that are more intentionally created and permanent. It would be also interesting to study the governance forms of the networks in public sector and what managerial capabilities are required by the specific networks. Furthermore, the challenges and the success factors of the different types of networks and their management would be useful to study. It also seems that more research is required for the top management and middle management’s leverage over the non-governmental partners (cf. Kettl, 2007, p. 456), i.e. the IT companies, NGOs, the regional and local actors in different sectors. This is especially important when considering the co-production efforts of public services (cf. Bovaird & Löfler, 2009; Löfler et al., 2008) and the increasing networking across organizational borders.

This study demonstrated the strategic role of the HR-management and also of the top management. With the scarce resources, the strategic role of HR-management is increasingly important in the public sector (cf. Temmes, 2006) because the public sector organizations need to have the right management capabilities to manage internal teams, virtual teams, and interorganizational networks. Managing in public sector is not just managing tasks and operations but also managing relationships and orchestrating networks.

The middle management’s role and impact in performance and implementation of the strategy and organizational goals is crucial, and therefore, more research is needed in that area.

Moreover, the relation between the internal and comprehensive security and the collaboration possibilities between public and private sector require further research.
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**OECD, European Union and Commission publications**

Government publications


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Internet websites

AVI, www.avi.fi
Emergency Response Centers and their development.
http://www.intermin.fi/fi/kohdettamishankkeet/hatakeskustoiminnan_kohdettaminen

Internal Security Program. www.intermin.fi/sisainenturvallisuus/ohjelmat

Migri www.migri.fi/about_us.

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Valter- Government Termbank.

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Journal’s special issues


**List of interviews**

Note: Interviewees are not named but marked according to their current/previous positions. Some interviewees were retired, some have left the case organization and some are still working there. Some interviewees had changed their position and title during the research timeline, and therefore, there are several positions mentioned in the following table with some of the interviewees. In addition, some of the interviewees have changed their position from one sector to another or from one agency to another. To avoid the recognition of the interviewees, the location and their sector is not mentioned. The *Internal consultants*–term refers to researchers, teachers, and research managers within the administrative branch. Due to the limited number of researchers, teachers and research managers, they are all referred as internal consultants. The *Consultant*– term refers to an external consultant i.e. strategy consultants, management consultants, HR-consultants, etc. an *Expert* refers to an employee whose primary task is not a team leader or management, but rather who has a specific skill or knowledge. A *Manager* refers to an employee whose primary task is management and whose position in the organization is or has been a management position in any level of the case organization.

The management level interviewees were either in the position of the middle management or in the top management. These were not separated due to the fact, that there were only a limited number of employees within the strategy and performance management tasks in the case organization during the years of the study. Some interviewees were promoted during the timeline of this study.

**Table 16. Interviews**

<table>
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<th>Position/Role</th>
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<td>Manager</td>
<td>15.11.2013, 22.1.2014</td>
<td>F, V</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>31.1.2012</td>
<td>E, D</td>
<td></td>
</tr>
<tr>
<td>Manager, Expert</td>
<td>25.7.2012</td>
<td>F, D, E</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>01.10.2011, 22.12.2011</td>
<td>E, D</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>9.4.2013</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>Consultant</td>
<td>7.3.2014, 10.4.2014</td>
<td>F, E</td>
<td></td>
</tr>
<tr>
<td>Consultant</td>
<td>10.4.2014</td>
<td>P</td>
<td></td>
</tr>
<tr>
<td>Consultant</td>
<td>20.4.2014</td>
<td>E</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 1: Ministers and Permanent Secretaries

### Permanent Secretaries and their political parties

<table>
<thead>
<tr>
<th>Name</th>
<th>Years</th>
<th>Political Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Päivi Nerg</td>
<td>2012–</td>
<td>(Finland’s Christian Democrats party)</td>
</tr>
<tr>
<td>Ritva Viljanen</td>
<td>2003–2012</td>
<td>(The National Coalition Party)</td>
</tr>
<tr>
<td>Kari Häkämies</td>
<td>2001–2003</td>
<td>(The National Coalition Party)</td>
</tr>
<tr>
<td>Juhani Perntunen</td>
<td>1984–2001</td>
<td>(Center Party)</td>
</tr>
</tbody>
</table>

### List of Ministers and their political parties

<table>
<thead>
<tr>
<th>Name</th>
<th>Years</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Päivi Räsänen</td>
<td>2011–</td>
<td>Minister of the Interior (Finland’s Christian Democrats party)</td>
</tr>
<tr>
<td>Anne Holmlund</td>
<td>2007–2011</td>
<td>Minister of the Interior (The National Coalition Party)</td>
</tr>
<tr>
<td>Astrid Thors</td>
<td>2007-2011</td>
<td>Minister of Immigration and Europe (The Swedish People's Party of Finland)</td>
</tr>
<tr>
<td>Hannes Manninen</td>
<td>2003–2007</td>
<td>Minister of the Regional and Municipal Affairs (Center Party)</td>
</tr>
<tr>
<td>Kari Rajamäki</td>
<td>2003–2007</td>
<td>Minister of the Interior (The Social Democratic Party of Finland)</td>
</tr>
<tr>
<td>Martti Korhonen</td>
<td>2000–2003</td>
<td>Minister of the Regional and Municipal Affairs (Left Alliance)</td>
</tr>
<tr>
<td>Ville Itälä</td>
<td>2000–2003</td>
<td>Minister of the Interior (The National Coalition Party)</td>
</tr>
<tr>
<td>Kari Häkämies</td>
<td>1999–2000</td>
<td>Minister of the Interior (The National Coalition Party)</td>
</tr>
</tbody>
</table>
Jouni Backman  1995–1999  Minister of Administration (The Social Democratic Party of Finland)

Jan-Erik Enestam  1995–1999  Minister of the Interior (The Swedish People's Party of Finland)


**Heads of departments**

*Police Department*

Kauko Aaltomaa  2010–

Mikko Paatero  2008–2009

Markku Salminen  2005–2008

Reijo Naulapää  1998–2005

Olli Urponen  1983–1997

*Migration Department*

Pentti Visanen  1999–2005

Risto Veijalainen  1992–1999

(Risto Veijalainen  1989–1993 Directorate of Immigration: this was not a department but represents current Finnish Immigration Service Agency and Immigration department together)
Risto Veijalainen 1993–1995 (Directorate of Immigration: this was not a department but represents current Immigration Service Agency and Migration Department together)

Risto Veijalainen 1995–1999 Immigration department (The English name of the department changed from Immigration department to Migration Department during this time)

Pentti Visanen 1999–2007 Migration Department

Pentti Visanen 2008–Migration Department

Border Guard Department

Jaakko Kaukanen 2004–2008

Jaakko Smolander 1998–2004


Rescue Services

Esko Koskinen 2013-

Pentti Partanen 1992–2013

Regional and administrative development / Administration department
(This department was partly transferred to the Ministry of the Employment and the Economy and partly to the Ministry of Finance on 1.1. 2008)

Silja Hiironniemi 2005–

Pekka Kilpi –2005

*Municipality department* (since 1995–>)

(This was transferred to the Ministry of Finance on 1.1.2008)

Cay Sevón 2001–2008

Juhani Nurmela –2001

*Regional development department*

(The department was combined with the Administration department in 2003)

*Municipality and regional development department*

(these departments were together since 1992)

Paavo Pirttimäki 1996–2003
Appendix 2: Strategic Actions

The specific actions related to the chosen strategy statements for the years 2009–2012 were:

1. Increase preventive activities:
   a) reducing the amount of accidents
   b) reducing the amount of crimes
   c) increase the security knowledge of the citizens and communities

2. Take care of the citizens’ safeness and society’s security in changing circumstances:
   a) The services of the internal security branch are available to everyone
   b) Efficient official work is performed relating to accidents and other disturbances in the society, and crime solving
   c) Citizens and communities know their own responsibility in securing the society and making it safe, and they know-how to act in emergency situations

3. Implement active and responsible immigration policy:
   a) The immigration policy includes the working conditions in Finland and the benefit of the customers but also the conditions of the country of origin.
   b) Immigrants’ possibilities to integration in the society are increased. Immigrants’ preparedness to be integrated in Finland is improved.
   c) Good ethnic relations in society are realized.
   d) The international protection and human rights are realized.

4. Ensure professional and motivated personnel:
   a) The Ministry is successful in its recruiting process and choosing students for internship positions.
   b) Capable personnel can work longer, is committed and stays longer as an employee than before.
   c) The Ministry performs the right activities. The quantitative and qualitative work load is at the right level.
Appendix 3: Examples of the Performance Metrics in 2009-2015

The police had divided its metrics in the following areas: public safety and order, crime prevention and investigation, and permits. Each business area had metrics in profitability, cost-equivalence, services and quality. The Police Department of the case organization makes performance agreements with the National Police Board which in turn makes the performance agreements with the national units and local police departments. The police metrics include the national level metrics of the National Police Board and not the local metrics monitored with the different police departments and national units because these metrics can vary based on the regional differences in monitored areas of business.

The Finnish Border Guard had divided its metrics in the following areas: surveillance of the borders, border inspections, crime prevention, administrative penalties and control measures, maritime safety and rescue, and military defense. The Finnish Border Guard indexes are not explained in the Operating and financial plan.

The Department of Rescue Services of the case organization makes performance agreements with the agencies and organizations within its sector. These agencies include the Emergency Service College, regional state administrative agencies, the Emergency Response Center Administration and the Finnish Safety and Chemicals Agency (Tukes). The following table introduces some of the metrics under the label of Rescue Services.

The Immigration includes the Migration Department of the case organization and Finnish Immigration Service.

The result of 2009 is shown as a comparison to the estimates of 2010 and the objectives for the years 2011-2015. There was also uneven amount of metrics presented for each sector in the Operating and financial plan. There was no explanation how or why some metrics value remains the same and why some changes during the years 2010-2015.
<table>
<thead>
<tr>
<th>Department /sector</th>
<th>Metrics</th>
<th>Result 2009</th>
<th>Estimate 2010</th>
<th>Objective 2011 in the budget frame</th>
<th>Objectives for the years 2012-2015 of the Operating and financial plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Police</td>
<td>The amount of crimes, max.</td>
<td>522 851</td>
<td>535 000</td>
<td>530 000</td>
<td>530 000</td>
</tr>
<tr>
<td></td>
<td>The street safety index (3)</td>
<td>89,7</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>The traffic safety index (1)</td>
<td>128,5</td>
<td>138</td>
<td>138</td>
<td>138</td>
</tr>
<tr>
<td>Border Guard</td>
<td>Societal impact Effectiveness</td>
<td>100</td>
<td>98</td>
<td>102</td>
<td>104</td>
</tr>
<tr>
<td></td>
<td>Cost-effectiveness (2)</td>
<td>100</td>
<td>96</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100</td>
<td>101</td>
<td>105</td>
<td>108</td>
</tr>
<tr>
<td>Rescue Services</td>
<td>The number of fires (not incl. forest fires)</td>
<td>12250</td>
<td>11700</td>
<td>11000</td>
<td>&lt;11000</td>
</tr>
<tr>
<td></td>
<td>Building fires</td>
<td>6230</td>
<td>6000</td>
<td>5400</td>
<td>&lt;5400</td>
</tr>
<tr>
<td></td>
<td>Fire damages compensation, m€</td>
<td>132</td>
<td>140</td>
<td>&lt;150</td>
<td>&lt;150</td>
</tr>
<tr>
<td></td>
<td>Fire deaths</td>
<td>103</td>
<td>73</td>
<td>&lt;73</td>
<td>&lt;60</td>
</tr>
</tbody>
</table>
(1) Street Safety Index, Traffic Safety Index are explained in Key Concepts and Abbreviations.

(2) The indexes of the Finnish Border Guard are explained in Key Concepts and Abbreviations.

(3) Street Security Index is a weighted index. It describes the insecurity in a certain region based on the crime rate and the ratio of the number of inhabitants. Robbery, aggravated robbery and aggravated assault will weight 10; assault and battery weights 5; drunken driving weight value of 1. The previous year-end figure is used for population. The higher the index value, the safer it is (in the region). (1999 = 100) The bigger the number, the less these types of crimes has happened in the region. Bigger number also tells that the police have performed more activities. (See more http://www.intermin.fi/sisainenturvallisuus/paiakklinen_turvallisuussuunnittelu/keskustelussa_nyt/1/0/mittarit_turvallisuustilanteen_seuraamista_varten_53085)
Table 18. Examples of the performance metrics in 2009-2012 in operational performance: operational efficiency, productivity, chargeable activities, profitability, co-financed activities, cost-equivalence.

Some of the metrics are the same as in the previous table.

<table>
<thead>
<tr>
<th>Department /sector</th>
<th>Metrics</th>
<th>Result 2009</th>
<th>Estimate 2010</th>
<th>Objective 2011 in the budget frame</th>
<th>Objectives for the years 2012-2015 of the Operating and financial plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>Solved criminal code crimes/FTE</td>
<td>84</td>
<td>88</td>
<td>88</td>
<td>93  95  97  99</td>
</tr>
<tr>
<td></td>
<td>Emergency cases/FTE</td>
<td>1061</td>
<td>1027</td>
<td>1053</td>
<td>1064 1044 1121 1103</td>
</tr>
<tr>
<td></td>
<td>All granted permits/FTE</td>
<td>1297</td>
<td>1323</td>
<td>1423</td>
<td>1342 1342 1526 1577</td>
</tr>
<tr>
<td>Border Guard</td>
<td>Surveillance of the borders: Cost equivalency index</td>
<td>100</td>
<td>104</td>
<td>110</td>
<td>116  122  127  133</td>
</tr>
<tr>
<td></td>
<td>Border inspections: cost equivalency index</td>
<td>100</td>
<td>99</td>
<td>105</td>
<td>111  116  122  128</td>
</tr>
<tr>
<td></td>
<td>Crime prevention: cost equivalency index</td>
<td>100</td>
<td>84</td>
<td>88</td>
<td>99  103  106  110</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
<td>Values</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maritime surveillance</td>
<td>Cost equivalency index</td>
<td>100, 105, 104, 110, 113, 117, 119</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Military defense</td>
<td>Cost equivalency index</td>
<td>100, 102, 109, 113, 119, 120, 123</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rescue Services</td>
<td>Costs of the local rescue services departments, Euros/citizen</td>
<td>68, 68, 66, 65, 65, 65, 65</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Immigration</td>
<td>Costs of decisions (Euros/decision)</td>
<td>418, 309, 310, 310, 310, 310, 310</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The number of decisions/FTE (3)</td>
<td>183, 160, 174, 208, 204, 218, 215</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(4) FTE is explained in Key Concepts and Abbreviations.

Some of the metrics are the same as in the societal impact metrics.
The Finnish Border Guard indexes are not explained in the Operating and financial plan.
There is no explanation of the 1. and 2. -risk areas in Rescue Services sector in the Operating and financial plan.

<table>
<thead>
<tr>
<th>Department /sector</th>
<th>Metrics</th>
<th>Result 2009</th>
<th>Estimate 2010</th>
<th>Objective 2011 in the budget frame</th>
<th>Objectives for the years 2012-2015 of the Operating and financial plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Police</td>
<td>The amount of crimes, max.</td>
<td>522 851</td>
<td>535</td>
<td>530 000</td>
<td>530 000</td>
</tr>
<tr>
<td></td>
<td>Criminal code offences, solved</td>
<td>50,4</td>
<td>000</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>The street safety index</td>
<td>89,7</td>
<td>50</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>The traffic safety index (1)</td>
<td>128,5</td>
<td>94</td>
<td>138</td>
<td>138</td>
</tr>
<tr>
<td></td>
<td>Success in patrolling, value 4-10 (4)</td>
<td></td>
<td>138</td>
<td>8,1</td>
<td>8,1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Police</td>
<td>Border Guard</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>--------------------------</td>
<td>-------------------------</td>
<td>-------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Success in</td>
<td></td>
<td>7,95 8,2 8,2 8,2 8,2 8,2</td>
<td>95 98 98 98 98 98 98</td>
<td></td>
<td></td>
</tr>
<tr>
<td>preventing/interfering</td>
<td>domestic violence, value 4-10</td>
<td>22,2 8,15 36 36 36 36 36</td>
<td>100 100 100 100 100 100 100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Success in closing car theft cases, value 4-10</td>
<td>- 22 8,2 8,2 8,2 8,2 8,2</td>
<td>98,1 97,8 98,9 98,9 98,9 98,9 98,9</td>
<td>71 60 65 80 80 81 81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training hours/FTE</td>
<td></td>
<td>8,15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Success in permits services, value 4-10</td>
<td></td>
<td>8,15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preventing border incidents (%)</td>
<td></td>
<td></td>
<td>100 98 98 98 98 98 98</td>
<td>98,1 97,8 98,9 98,9 98,9 98,9 98,9</td>
<td></td>
</tr>
<tr>
<td>The coverage of border inspections (%)</td>
<td></td>
<td></td>
<td>98 98 98 98 98 98 98</td>
<td>100 100 100 100 100 100 100</td>
<td></td>
</tr>
<tr>
<td>The quality of border inspections (%)</td>
<td></td>
<td></td>
<td>3,9 3,9 4 4,1 4,1 4,1 4,1</td>
<td>71 60 65 80 80 81 81</td>
<td></td>
</tr>
<tr>
<td>The customer service in border inspections, value 1-5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criminal code crimes, solved %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solved cases in illegal immigration within the timeline (180 days)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of management in maritime safety and rescue services, value 1-5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Border Guard</td>
<td>Preparedness of units in maritime safety and rescue services, value 1-5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Military defense: capability and quality of services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Military defense: training, value 1-5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.7  3.6  3.7  3.8  3.8  3.8  3.9  3.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rescue Services</th>
<th>The number of specially targeted fire inspections, % at least</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The amount of population received fire-related training and information, %</td>
</tr>
<tr>
<td></td>
<td>The response time in urgent calls in the 1.risk area (% of the objective 6 min)</td>
</tr>
<tr>
<td></td>
<td>The response time in urgent calls in the 2.risk area (% of the objective 10 min)</td>
</tr>
<tr>
<td>89</td>
<td>85  100  100  100  100  100  100  100</td>
</tr>
<tr>
<td>16</td>
<td>18  20  20  20  20  20  20  20</td>
</tr>
<tr>
<td>65</td>
<td>70  90  90  90  90  90  90  90</td>
</tr>
<tr>
<td>88</td>
<td>90  90  90  90  90  90  90  90</td>
</tr>
<tr>
<td>Immigration</td>
<td>Permission to work (how many days it takes to process the application)</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Permission to study (how many days it takes to process the application)</td>
</tr>
<tr>
<td></td>
<td>Asylum applications (how many days it takes to process the application)</td>
</tr>
</tbody>
</table>

(5) The quality/success of service is measured with citizen surveys (VMBARO). VMBARO survey is made by the State Treasury. It was not made yearly in 2000s.
Table 20. Examples of the performance metrics in 2009-2012 in operational performance: HR-management and development.

Some of the training metrics are described in the operational performance, service quality and cost equivalency table. There is no explanation in the operational and financial plan why some sectors report their training also in other perspectives of the Performance Prism. When considering the FTE and the Productivity Program, the program did not take into account that the different activities were increased during the time of the program because of new laws and tasks added to the different sectors.

<table>
<thead>
<tr>
<th>Department/sector</th>
<th>Metrics</th>
<th>Result 2009</th>
<th>Estimate 2010</th>
<th>Objective 2011 in the budget frame</th>
<th>Objectives for the years 2012-2015 of the Operating and financial plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Police</td>
<td>FTE</td>
<td>10703</td>
<td>10694</td>
<td>10693</td>
<td>10542</td>
</tr>
<tr>
<td></td>
<td>The amount of working time of the total time of the year (%)</td>
<td>73,6</td>
<td>74</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>Policemen FTE</td>
<td>7778</td>
<td>7728</td>
<td>7718</td>
<td>7659</td>
</tr>
<tr>
<td></td>
<td>Sick days, working days/FTE</td>
<td>10,4</td>
<td>10,8</td>
<td>10,5</td>
<td>10,8</td>
</tr>
<tr>
<td></td>
<td>Work satisfaction index (5)</td>
<td>-</td>
<td>-</td>
<td>3,42</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>The development discussion between the employee and the manager (% of employees who had the discussion)</td>
<td>-</td>
<td>83</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Police training, Euros</td>
<td>26883</td>
<td>25000</td>
<td>25000</td>
<td>25000</td>
</tr>
<tr>
<td>Border Guard</td>
<td>FTE</td>
<td>Work satisfaction index, value 1-5 (6)</td>
<td>Sick days, working days/FTE</td>
<td>The avg. age of the employees</td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>-----</td>
<td>--------------------------------------</td>
<td>-----------------------------</td>
<td>-------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2873 3,5</td>
<td>2823 3,5</td>
<td>2824 3,6</td>
<td>2790 3,6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>38,4</td>
<td>38,6</td>
<td>39,2</td>
<td>39,4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rescue Services</th>
<th>Employees in the Rescue Services (7)</th>
<th>Emergency Response Center: FTE</th>
<th>Emergency Response Center: Work satisfaction index, value 1-5</th>
<th>The avg. age of the employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3876 - - - - - - - - - - - - - - - -</td>
<td>739 740 774 772 764 752 724</td>
<td>3,21 3,14 3,15 3,18 3,2 3,22 3,25</td>
<td>42 42 42 42 42 42 42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Immigration</th>
<th>FTE (the Finnish Immigration Service)</th>
<th>Sick days / FTE</th>
<th>Work satisfaction index, value 1-5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>278 306,5 278 238 230 222 219</td>
<td>3,3 3,41 3,4 3,4 3,4 3,4 3,4</td>
<td>10,1 9,5 9 9 9 9 9</td>
</tr>
</tbody>
</table>

(6) The work satisfaction index is not explained in the operational and financial plan.

(7) The police and the other sectors had different values presented in their work satisfaction index. It was not explained if all the sectors used the same measurement when calculating the work satisfaction.

(8) Rescue Services did not present values for metrics for the years 2010-2015 in the Operating and financial plan.
Appendix 4: Examples of the Performance Metrics in 2013-2016

The result of 2009 is shown as a comparison to the estimates and the objectives for the years 2011-2015. There was also uneven amount of metrics presented for each sector in the Operating and financial plan.

When compared to the previous table, the result 2010 and the objectives for 2012-2016 are lower for the police than what was planned in 2011 and what the performance actually was in 2010. For some reason, Traffic Safety index values had changed for the year 2009 (See also Appendix 3). This might be due to organizational changes (PORA II in 2009-2010) and law changes (what are calculated in registered motor vehicles and motorbikes) that caused the difference in the operational and financial plan. The index calculation: the relative amount of people died and injured in traffic vs. the amount of registered motor vehicles including motorcycles. However, from the readers’ point of view and to improve transparency in public sector, it would be better if the obvious changes and their reasons are interpreted and explained in the document. Traffic Safety index was the only societal impact value that had grown instead of reduced in police sector.

The Finnish Border Guard has broken down its effectiveness index from the previous operational and financial plan (see Appendix 3). The current form is more descriptive showing the areas of being followed. However, the index value from 1-5 and why the index increases or stays the same during the planning term is not explained. In addition, it is difficult to estimate the changes of the previous planning term because the presentation is not the same.

Rescue Services and Immigration metrics in societal impact and policy effectiveness perspective remained almost the same as during the previous years. Immigration had now only one metrics for this perspective.
Table 21. Examples of the performance metrics in 2012-2015 in societal impact and policy effectiveness perspective.

<table>
<thead>
<tr>
<th>Department /sector</th>
<th>Metrics</th>
<th>Result 2009</th>
<th>Result 2010</th>
<th>Estimate 2011</th>
<th>Objectives for the years 2013-2016 of the Operating and financial plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>The amount of crimes, max.</td>
<td>522 851</td>
<td>499 791</td>
<td>520 000</td>
<td>520 000</td>
</tr>
<tr>
<td></td>
<td>The street safety index</td>
<td>89,7</td>
<td>91,3</td>
<td>94</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>The traffic safety index (9)</td>
<td>140,1</td>
<td>148,3</td>
<td>145</td>
<td>142</td>
</tr>
<tr>
<td>Border Guard</td>
<td>Maintenance of border safety</td>
<td>4,3</td>
<td>4,1</td>
<td>3,8</td>
<td>4,2</td>
</tr>
<tr>
<td></td>
<td>Ensuring smooth border traffic</td>
<td>4,5</td>
<td>4,5</td>
<td>4,6</td>
<td>4,6</td>
</tr>
<tr>
<td></td>
<td>Assisting activities of the border guards in scarcely populated areas and in coastal line</td>
<td>4,1</td>
<td>4,1</td>
<td>3,9</td>
<td>3,8</td>
</tr>
<tr>
<td></td>
<td>Increasing marine safety</td>
<td>4,3</td>
<td>4,3</td>
<td>4</td>
<td>4,1</td>
</tr>
<tr>
<td></td>
<td>Participation in military defense</td>
<td>3,5</td>
<td>3,6</td>
<td>3,8</td>
<td>3,8</td>
</tr>
</tbody>
</table>

353
<table>
<thead>
<tr>
<th>Rescue Services</th>
<th>The number of fires (not incl. forest fires)</th>
<th>Building fires</th>
<th>Fire damages compensation, m€</th>
<th>Fire deaths</th>
<th>Waiting time in reception centers in municipalities, avg. months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>12250</td>
<td>11995</td>
<td>11000</td>
<td>&lt;11000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6230</td>
<td>6267</td>
<td>5400</td>
<td>&lt;5400</td>
</tr>
<tr>
<td></td>
<td></td>
<td>132</td>
<td>156</td>
<td>&lt;150</td>
<td>&lt;150</td>
</tr>
<tr>
<td></td>
<td></td>
<td>103</td>
<td>80</td>
<td>67</td>
<td>60</td>
</tr>
<tr>
<td>Immigration</td>
<td></td>
<td>5,6</td>
<td>3,5</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60</td>
<td>&lt;56</td>
<td>&lt;56</td>
<td>&lt;56</td>
</tr>
</tbody>
</table>

(9) Street Safety Index, Traffic Safety Index are explained in Key Concepts and Abbreviations

(10) The indexes of the Finnish Border Guard are explained in Key Concepts and Abbreviations.
Appendix 5: The Corporate Strategy Goals for the Years 2012-2015

The corporate strategy goals and related activities for the years 2012-2015 were:

1. Preventing security risks
   - We are actively responsible of the preparedness and cooperation in Internal security area at the government level.
   - We are prepared for the disturbances, daily accidents and disasters and prevent the occurrence of these events and limit all the negative impacts more effectively.
   - We coordinate all the sea accident incl. oil spill responses in open seas.
   - We strengthen the multi-official cooperation and cross-organizational activities and we take into account the different levels of operations (regions, municipalities, communities, individuals and businesses).
   - We are preparing for the EU-Russia visa-free travel by preparing the development of border crossing places. We secure the police, immigration, rescue services and rescue center’s operative functionality when the visa-free travel starts.
   - We emphasize the preventive actions in the cross-organizational cooperation and with different partners.
   - We increase our role in preventing the organized crime, grey economy, terrorism and extremism by anticipatory actions.

2. We secure the good access and quality of our services
   - We secure the quality emergency services.
   - We secure the quality and modern official equipment and usability in all our sectors and we improve the cooperative use of the official equipment within our administrative branch.
   - Preventing the organized crime and crime investigation are the main tasks of the police operations.
   - We increase the preventing and investigating the IT-related crimes.
   - We increase the preventing actions against the serious violence.
   - We are active in preventing the human trafficking and also help the victims of the human trafficking efficiently.
• We improve our e-services and develop new, customer-centric e-services.

3. We build a multi-valued and capable society
• To develop a faster immigration application process.
• We renew the reception centers of the immigrants and reform the processes in the centers.
• The return process will be made faster in cases of negative responses in immigration application.
• We promote equality and prevent discrimination.
• We prevent the effects of the illegal immigration and other international crimes in Finland and in Europe.
• We increase the availability of the capable work force.
• We ensure the common, effective and human asylum process implementation.

4. We ensure our future performance
• We are prepared for a major adjustment activities to secure our most important tasks in all our sectors.
• We develop our operations purposefully with structural renewal in order to increase the effectiveness and productivity.
• We recognize the central government overall interests and objectives, as well as promoting their integration especially in the ICT.
• We promote existing technology systems deployment and we are actively seeking new potential applications.
• We take care of the college cooperation and develop it deeper.
• We will continue to police organization's structural reform and further development of the organization and to streamline and simplify the administrative structure.
• We strengthen the utilization of the research information.
• We are actively promoting the well-being of the employees in the administrative branch.
Appendix 6: The Interviews

The interviews had in-depth and semi-structured character. A semi-structured interview method allowed new ideas to be addressed during the interview sessions based on the answers of the interviewee. This methodology fit in this case study because some of the interviewees were retired and they had historical knowledge of the time where the strategy and performance management process were formed in 1990 to early 2000s. The early years – 1990s to early 2000s – gave historical perspective to the strategy and performance development. The employees who worked during these early years in the area of performance management or strategic planning were almost all retired or about to retire when this study started.

The most important thing in the interviews were to understand the meaning of what the interviewees answered and their own images of the processes, the process owners, the top management and their role as part of the process, and their opinions of what had been developed and why something had happened. Not all the interviewees had all the questions because not all the interviewees worked 1) in the area of performance management or strategic planning during the whole timeline of this study, 2) the position of some of the interviewees were changed during the timeline of this study and therefore, their ability to answer was limited based on their position at the time.

Some interviewees – especially in top management – were related to a specific timeframe when the interviewee had been working in the case organization. The top management changed when 1) the Government changed, 2) the 5-year-term ended and the position was reopened for new applicants, 3) the previous official retired, or 4) the organizational restructuring required new positions to be opened.

The ministers were not interviewed even though their interest to answer was asked. The information about the ministers is based on the views of the other interviewees and on the documentation used in this study.

The interviewer had a framework of themes to be discussed in a semi-structured interview. These themes or sub-topics varied depending on the issues that the interviewee brought up. The sub-topics here refer to the specific sector in question.

Some interviews were face-to-face and some interviewees replied in writing. The face-to-face interviews allowed focusing on topics based on the answers
whereas the written answers were limited to the interviewees’ answers. Not all the written answers included all the questions or topics.

Some interviewees gave additional information in the form of memos, internal documents, videos, and presentations. These were very useful in describing the processes and the documentation. They are listed as unpublished references in the reference list.

Thematic questions in interviews are listed below. These questions varied depending on the interviewee and their involvement in the process and the timeline when they had been employed in the case organization:

1. Did the case organization have a process-based view in strategy work (in years …)?
2. Were the processes described in the strategy development and strategic planning (in years …)?
3. Were the processes described in the performance management (in years …)?
4. Who was responsible of the strategy process (in years …)?
5. Who was responsible of the strategic planning (in years …)?
6. Was the strategy process in anybody’s responsibility (person/group/unit) (in years …)?
7. In your opinion, how did the organizational changes affect the strategy process (in years …)?
8. In your opinion, how did the changes in key personnel affect the strategy process (in years …)?
9. In your opinion, how did the organizational changes affect the strategic planning (in years …)?
10. In your opinion, how did the changes in key personnel affect the strategic planning (in years …)?
11. How did the different ministers and their political parties affect the strategy choices (or strategic stance) and the operations in the case organization?
12. How actively the different Permanent Secretaries and Ministers were in strategy work?
13. Did they (Permanent Secretaries and Ministers) bring forward their own viewpoints or own strategic goals?
14. Where they (Permanent Secretaries and Ministers) active in offering their own viewpoints in strategy work?
15. Which issues were hindering or blocking the performance management and planning work?
16. Which issues were hindering or blocking the strategy process and strategy work?
17. Where there any obstacles in performance or strategic planning?
18. In department (sectoral) level, how were the strategic choices addressed?
19. How the direction of the case organization and the priorities were viewed in the department level?
20. How the strategies were communicated from the top management downwards in different levels of the organization? Were there any changes (in years …)?
21. How the different sectors affected the corporate strategy work and performance planning when these sectors and their weight within the case organization was changed (e.g. organizational restructuring, increasing importance of certain sector)?
22. Whose needs or requirements were highlighted in the strategy process?
23. Where did the ideas come to the strategy process?
24. Where did the change requirements come to the performance management process?
25. Where did the change requirements come to the strategy?
### Figure 53. Strategy and performance management processes in 1992-1999 (mod. Management Board, 1992)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Board meetings</td>
<td>I Strategy meeting</td>
<td>II Strategy meeting</td>
<td>Evaluation of the performance</td>
<td>Budget meeting</td>
<td>Final accounts of the Ministry</td>
<td>I Performance planning</td>
<td>II Performance planning</td>
</tr>
<tr>
<td>Departments</td>
<td>Reviewing the budget frame and the performance targets and resources</td>
<td>Preparing the performance plan for the years 1994-1997</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agencies and units in the administrative branch</td>
<td>Performance and budget frame negotiations</td>
<td>Preparing the performance plan for the years 1994-1997 and performance negotiations for 1994-1997</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Appendix 8: Ministry of the Interior: Areas of the Responsibility

Figure 54. Ministry of the Interior: the areas of responsibility in 2014 (www.intermin.fi)
Figure 55. Ministry of the Interior in 2011 (www.intermin.fi)
Figure 56. Ministry of the Interior. Areas of responsibility in 2009 (www.intermin.fi)
Figure 57. Ministry of the Interior: Areas of the responsibility in 2006 (www.intermin.fi)