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Strategic planning within ministries in Iceland: lessons and development

Pétur Berg Matthíasson*

Abstract

Following the 2008 financial crisis, an extensive examination of Icelandic public administration, its policies, procedures, and practices was undertaken. This era spawned various programs, including an assessment of strategic plans issued by the Government Offices (ministries in Iceland). The purpose was to identify strengths and weaknesses within the strategic planning process, leading to the development of a strategic planning manual and efforts to enhance collaboration between ministries through the establishment of a policy council. More than a decade has passed since the comprehensive study of 11 strategies was published in the *Icelandic Review of Politics and Administration*. This article aims to take stock of progress within the Government Offices by reviewing 11 updated versions of the 2012 strategies, applying the same analytical framework used in 2012. Additionally, 22 new strategies and plans are analyzed for the first time, with the results compared to the updated versions of the original 11 strategies. The analysis highlights that the administration excels in the formulation stage, encompassing preparation, analysis, and goal setting. Moreover, there is an augmented presence of action plans across more strategies, and ministries seem more focused on ensuring compatibility and coordination among them. However, a persistent weakness is observed in the limited connection between actions and the allocation of funds, as well as evaluations of strategies.

Keywords: Strategy, strategic management, analytical tool, policy making

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Introduction

In 2012, a thorough assessment of the strategic planning process at the ministerial level (Government Offices) in Iceland was undertaken, and the findings were published in the journal, Icelandic Review of Politics & Administration. The analysis utilized an Icelandic version of an analytical framework for strategic planning (see Appendix), specifically selected to identify strengths and weaknesses in the development and formulation of strategic plans. The analytical framework was carefully crafted by policy experts working within the Government Offices at the time. The research that led to the article being published was part of a broader initiative to comprehensively review administrative practices and procedures in the aftermath of the 2008 financial crisis. The Icelandic government had faced significant criticism following the crisis, prompting calls for improved operational methodologies (Unnsteinsson & Matthíasson, 2012).

Shortly prior to the financial crisis of 2008 the nature of public policymaking in Iceland had been described as a fragmented and often unpredictable process. Kristinsson (2007) states that the challenge lies in the difficulty of comprehensively examining government policies across various domains, primarily because they are not consistently encapsulated in clearly defined documents, laws, or policy statements. Nevertheless, in the contemporary landscape, the prevalence of strategies within concise documents is notable, with Iceland typically maintaining between 80 to 100 such strategies in effect at any given time. It is a number that has been growing steadily since the 1990s with the introduction of New Public Management and performance management.

In response to the call for greater professionalism in policy making and strategic planning within the public administration after the financial crisis, the government of Iceland initiated not only a strategy to enhance strategic planning but also a program that featured a policy council, regular surveys, a handbook, etc. Guided by the Prime Minister’s Office, a dedicated working group was assembled with a mission encompassing several key objectives:

- Enhancing clarity and efficiency, including the harmonization and reduction of policies and strategic plans to streamline their volume
- Simplifying and unifying the methodologies employed within the Government offices to develop strategic plans
- Establishing stronger connections between strategic planning, budgeting processes, and overall fiscal management
- Bolstering the understanding of strategic planning and its implementation throughout the administrative apparatus (Office of the Prime Minister, 2012).
In this article, the evolution of the strategic planning process in Iceland is revisited. This study focuses on over 30 strategies in place at any given time in Iceland, primarily set by ministries where public agencies often play a significant role in the implementation. While some strategies undergo parliamentary discussion as parliamentary resolutions, it's a relatively small portion of the total number of strategies published. The analyzed strategies typically follow a traditional framework, incorporating strategic planning concepts, processes, procedures, tools, techniques, and practices. The outcomes are usually presented in a strategic plan, demonstrating a formalized yet potentially innovative and creative strategic planning process.

This article is based on the premise that the landscape of strategic planning in Iceland has undergone a transformation during the last ten years. The aim is to embark on a reflective journey, a decade after pivotal actions were taken in the aftermath of the economic collapse to fortify and enhance strategic planning competencies within the Icelandic Government Offices. The actions taken by the government, introducing a policy council, developing a handbook, offering courses, assessing the impact through biannual surveys are all examples of actions taken to improve the strategic planning process.

The aim is to examine potential variations in the execution of strategic planning 15 years post the financial crisis in comparison to the immediate aftermath. The primary research question is thus: To what degree have successive governments successfully established an enhanced strategic planning process over the past decade? To do this the results from the previously mentioned article (2012) is utilized as a baseline for comparing the same strategies (new versions) a decade later. Additionally, this article includes an evaluation of 22 relatively new strategies that were not assessed in 2012 using the same analytical framework.

The subsequent sections unfold as follows: Initially, a comprehensive summary captures the Icelandic government's response to the 2008 financial crisis, a pivotal event that spurred a series of reforms in the following years. Among these reforms was a critical evaluation of the strategic planning processes, accompanied by proposals for their enhancement. This is followed by a section dedicated to explaining some key developments in strategic planning within Iceland over the years, offering readers a broader perspective on the subject.

Next, a concise overview of the methodology and findings from the 2012 study is presented, serving as a foundational benchmark for this research. This is essential for understanding the progress and shifts in strategic planning practices in Iceland over the last decade. Before diving into the results of the current analysis and discussing the evolution of strategic planning in Iceland during this period, the study is situated within the broader strategic planning literature. Special emphasis is placed on the application of strategic planning within
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the public sector, highlighting its significance and the unique challenges it presents. This approach aims to bridge theoretical concepts with practical implications, providing a comprehensive view of strategic planning's role and impact in public administration.

Reforming after the financial crisis

Iceland emerged as a symbol of the global financial crisis in 2007, experiencing a profound impact when its banking system collapsed in October 2008. To grasp the magnitude of this crisis, if the three major collapsed banks in Iceland were treated as a single entity, their combined assets of 183 billion dollars would rank as the third-largest bankruptcy in U.S. history. This places them after Lehman (691 billion dollars) and Washington Mutual (328 billion dollars) (Halldorsson & Zoega, 2010). To put it in perspective, the entire government budget in 2007 was less than 7 billion dollars.

In the weeks and months following the banking collapse, a surge of upheaval, anger, and resentment gave rise to what became known as the "pots and pans revolution." While the primary demand of the protest was the resignation of the sitting government, its objectives went beyond this singular goal. The protest served as a manifestation of discontent with prevalent practices within public administration, focusing on issues such as nepotism in public job appointments and the perception of selective law application. A significant portion of the public sought solutions to economic challenges, aspiring to a future marked by stability for families. Key to achieving this were efforts to prevent rising unemployment and stabilize the Icelandic króna.

In early 2009, the government eventually collapsed, leading to an interim minority government taking charge until elections were held in the spring of that same year. In the aftermath of the crisis, numerous commissions and committees were established to conduct thorough examinations, analyses, and provide recommendations aimed at rectifying and enhancing specific aspects of the Icelandic economy and public administration. One of the primary investigative bodies during this period was the Parliamentary Investigation Commission (PIC), formed in 2009. The PIC meticulously examined the events and intricacies surrounding the crisis, culminating in a comprehensive 9-volume analysis in 2010.

Simultaneously, the creation of the Constitutional Council marked a significant stride toward drafting a new constitution for Iceland. In July 2011, the Council presented its proposed constitution. Despite undergoing discussions in Parliament, the political parties failed to reach a consensus.

In the aftermath of the economic collapse, a strong impetus for comprehensive reforms within the government system emerged, driven by a collective eagerness among authorities
to effect substantial changes. As noted by Matthíasson (2011), these reforms were motivated by three primary factors. First and foremost, there was a compelling need to rectify the damages incurred in the lead-up to the economic collapse. Secondly, it was deemed crucial to fortify the institutional bedrock, enabling the government to effectively address the aftermath of the crisis. Thirdly, there was a recognized need to streamline the administration, which included measures such as merging or discontinuing certain institutions and ministries. These steps were instrumental in optimising the efficiency of state operations during a period of fiscal restraint and budgetary reductions.

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The public sector in Iceland has not had a long-standing tradition of comprehensive strategic planning. Historically, the policy-making process has revolved around government decisions that are subsequently codified in legislation (Unnsteinsson & Matthíasson, 2012). For an extended period, the prevailing notion was that policies were chiefly defined by legislation and governmental decisions. Professionals and institutions largely focused on executing established policies and strategies, overseeing management and implementation. Simultaneously, it was a widespread and often entrenched practice within the administration that ministers made decisions while officials played a supporting role by offering advice (Sigurgeirsdóttir, 2006). This perspective portrayed ministers as determined and dependable politicians with a clear vision for the future, with officials serving as neutral advisors bound to assist the minister and carry out their directives. Additionally, this perspective underscored that policymaking was primarily associated with legislation (Sigurgeirsdóttir, 2006). However, this viewpoint offers a simplified and somewhat distorted representation of reality. In truth, the policy landscape is more intricate and varied. Multiple forms of policy products exist, and officials and societal stakeholders exert substantial influence on the formulation of policies and strategies.

In the formulation of strategic plans, it is a common practice for ministers to propose additions or alterations to the existing framework to align with government goals and priorities. On occasion, securing additional funding becomes imperative, particularly for strategies pertaining to areas like infrastructure, procurement, or staffing. The availability of funding and the prioritization of endeavours are, in fact, pivotal prerequisites for translating strategies and policies into action. At times, the necessary funds may already exist within the system, necessitating flexibility and adept prioritization by ministries and institutions to facilitate the implementation of strategies. The law on public finances, which took effect on January 1, 2016, sought to forge a more precise and cohesive connection between policy and the financing of government strategies than had previously been the case.
Determining the exact number of strategies and programs in effect or under implementation in Iceland at any given time can be challenging, primarily for several reasons: Firstly, there has been some ambiguity within the government system regarding the definition of what qualifies as a strategy or plan. However, clarity on essential policy concepts was provided by the Cabinet’s 2013 handbook on public policy and planning (Government Offices, 2013). Secondly, regular updates of lists containing strategic plans and policies on the Cabinet’s website have been improving over the past few years. Thirdly, the specific timeframes of certain strategies and programs have not always been well-defined. Consequently, some strategies and plans continue to be enforced even after their intended duration has passed, due to the absence of newly formulated ones. Additionally, the continuity of strategies might become unclear during a change of government, especially if a review of the preceding strategy has not been initiated.

The quantity of strategies and plans documented in publications has displayed consistent figures over the last decade. In 2012, there were more than 100 government strategies, specifically excluding laws or regulations that encompass government policy at any point in time. The reference is directed towards government documents explicitly titled as ‘strategy’ or ‘plan’, or those in which it is clearly indicated within the text that they represent a strategy, such as in the case of white papers (Unnsteinsson & Matthíasson, 2012).

Ministers in Iceland have a great deal of authority to develop strategies on subjects within their portfolio as per presidential decree. There are a few exceptions, for example where it is mandated that a minister must present a strategy in the form of a parliamentary resolution at specific intervals. The Ministry of Infrastructure, previously known as the Ministry of Transport and Local Government, stands out as a prime example of a ministry that has established a structured framework for its strategies.¹ It is crucial to distinguish between the processes for strategy formulation and the processes for drafting legislation. For legislative bills, ministries must adhere to a specific procedure and quality system established by the Prime Minister’s Office.²

Political upheaval characterized Iceland’s political landscape from 2013 to 2017, resulting in a slowdown in the long-term strategic initiatives of the ministries during that period. However, following the 2017 elections, more than 60 strategies and plans were developed between 2017 and 2021, even in the midst of the challenges posed by the COVID-19

¹ https://www.althingi.is/altext/153/s/1724.html
² The responsibility for overseeing the procedure and quality of legislative proposals was transferred to the Ministry of Justice subsequent to the elections in autumn 2021.
Strategic planning within ministries in Iceland (Andersen, 2022). Not all strategies and programs introduced by ministers are initially fully funded. Collaboration with the Ministry of Finance and Economy (MoFE) has intensified, with more frequent involvement of experts from the MoFE in the working groups responsible for shaping strategies and plans across different ministerial domains. In these instances, a representative from MoFE may guide the group and liaise with colleagues concerning the scope and financial considerations.

A pivotal moment for the Government Offices was marked by the introduction of the Act on Public Finances in 2016. The legislation did not lead to a decrease in the number of extensive strategies and plans. It could be observed that the routine work associated with the Five-Year Fiscal Strategy necessitated an increased demand for enhanced strategic expertise among the staff of the Government Offices. Annually published, the Five-Year Fiscal Strategy offers a comprehensive overview of 35 policy areas and 105 issue categories. Leading to ministries often working with text, data, and information from previously published strategic plans, striving to better align them with budgets during the crafting of the 35 policy areas.

In recent years, the nature of external consultation and stakeholder involvement in public policy formulation has evolved. This often involves expert working groups, comprising members from various ministries and institutions. Opinions and cooperation with interested parties, including the public, are actively sought. Occasionally, external expertise is enlisted from consulting firms, both domestic and international, as well as academic sources (Unnsteinsson & Matthíasson, 2012). The impact of increased public and stakeholder participation in policymaking has sparked debate. Scharpf (1988) argued that the more parties involved, and the greater their ownership in the process, the more complex decision-making becomes, especially for substantial changes. However, Peters (2017) provides a different perspective, suggesting that while this may apply in more intricate cases, it’s not a universal rule.

Public consultation has undergone a significant transformation in recent years, with the introduction of the government’s consultation portal, launched on February 5, 2018. This portal equips the government, particularly ministries, with tools to enhance transparency. It empowers the public and interested parties to influence policymaking, regulations, and decisions made by public bodies. All ministry issues are conveniently consolidated in one location, open for public consultation and feedback. The flexibility of this platform extends to allowing the government to post a wide range of topics, not limited to draft bills or

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3 https://samradsgatt.island.is/um-samradsgatt/
4 https://samradsgatt.island.is/um-samradsgatt/
policies. An illustrative instance is the Prime Minister’s Future Committee, which presented certain projects on the portal and sought input from the public. For instance, the Prime Minister initiated a discourse on changing the clock in Iceland, offering a comprehensive report on the pros and cons. This generated nearly 1600 reviews, marking a record level of engagement on the consultation portal.\(^5\)

Prior to the introduction of the consultation portal, government consultations were conducted through either formal or informal channels. Formal consultations often entailed soliciting the formal participation of various parties, especially in the development of strategies, policies or bills. Opinions were also formally sought for particular issues. It’s noteworthy that strategic plans were rarely debated in parliament, unless they were presented in the form of a parliamentary resolution proposal. In such cases, the consultation process could be reinitiated, and stakeholders involved in the case’s preparation might be consulted once more. Furthermore, during the consideration of the matter by the parliamentary committee, open suggestions were welcomed from the public.

The motivations for conducting consultations are multifaceted, ranging from seeking agreement or consensus on a specific course of action to facilitating the implementation of policies and legislation. Consultations are also used to elicit criticism, engage in more substantive discussions, and ensure the selection of the most optimal solution, among other objectives.

**Capacity for strategic planning evaluated**

In the article titled ‘Policy making and planning within ministries: ways to simplify and co-ordinate’ (Unnsteinsson & Matthiasson, 2012), an innovative effort was initiated in Iceland to conduct a comprehensive analysis of the strategic planning process employed within the Government Offices. The analysis involved the development of an analytical framework meticulously crafted to assess both the strengths and weaknesses of extensive strategic plans. The framework was developed by Háðinn Unnsteinsson and Pétur Berg Matthiasson in collaboration with experts within the Government Offices. It drew inspiration from the authors’ own experiences and integrated insights from various academic sources, including the works of Hogwood and Gunn (1997), Motsi (2009), and Mondou and Monpetit (2010), which encompassed diverse perspectives on strategy planning and policy analysis.

\(^5\) [https://samradsgatt.island.is/oll-mal/$Cases/Details/?id=1263](https://samradsgatt.island.is/oll-mal/$Cases/Details/?id=1263)
The analysis was initially conducted as a component of the broader Iceland 2020 policy initiative. Its inception can, in part, be linked to the findings of the Joined-up government report, which underscored the need for improvements in the understanding of organizational structures and operational procedures related to strategic planning, and project management within government ministries (Office of the Prime Minister, 2010).

The article (Unnsteinsson & Matthíasson, 2012) marked the first comprehensive analysis of a wider compilation of strategic planning products within the Icelandic public administration. The article explored organizational structures and procedural nuances present within the Government Offices concerning policy preparation, distinguishing between minor analyses and ministerial memos versus more elaborate bills and strategic plans tackling substantial issues. While individual policy studies and extensive reforms had been explored in Iceland, the unique approach here lay in studying a curated selection of strategic plans, with the aim of identifying common factors contributing to their success. Notably, the challenge of limited research on the effectiveness of strategies and policies, both in Iceland and globally, was highlighted. This limitation extends to the scarcity of research within the public administration itself and among academics, echoing the broader concern surrounding the effectiveness of strategies and policies.

Various approaches can be employed to scrutinize the intricacies of strategic planning processes. In this context, an innovative approach was taken, which involved the development of a comprehensive analytical tool or template. This tool was instrumental in providing an in-depth view of how ministries in Iceland organize and shape their strategic plans and policies. Additionally, the creation of this framework aimed to serve as a practical checklist for the administration, ensuring that strategies and programs aligned seamlessly with government priorities, encompassing coordination, funding, and effective implementation.

This analytical framework encompassed a total of 18 factors and comprehensively covered the four essential pillars of strategic planning, which include:

- Assessment and Analysis
- Policy Formulation
- Implementation

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6 Iceland 2020s is a strategic document from 2011 presenting a vision for the year 2020. It encompasses 20 measurable goals for social development, accompanied by actionable proposals to actively pursue and achieve these objectives. https://www.stjornarradid.is/gogn/rit-og-skyrsur/stakt-rit/2011/01/07/Island-2020-Framtidarsyn-og-tillogur-um-fyrstu-adgerdir-samthykkt-i-rikisstjorn/
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• Performance Evaluation and Review

This approach and framework were introduced in 2012, offering a tool for enhancing the efficacy of strategic planning and implementation within the Icelandic ministries (Unnsteinsson & Matthíasson, 2012).

Strategies typically include a vision, values, goals, and often, detailed action plans with assigned responsibilities, funding, and performance metrics. In the 2012 analysis, strategies were categorized as either on the ‘promising path’ if they had a vision or promise but lacked a specific action plan, or on the ‘implementation path’ if they had a clear action plan with responsible parties. Strategies on the ‘implementation path’ were considered more likely to succeed.

An analysis of 11 strategies and programs revealed that out of a total 198 components, 108 were fully present (55%), 52 were partially present (26%), and 38 were absent (19%). This highlights that while strategies clearly outlined what needed to be accomplished, the key weaknesses lay in the realms of implementation, follow-up, financing, and evaluation. Notably, there was a lack of evidence indicating the integration of strategies with one another or a coordinated approach when addressing shared objectives across multiple strategies. In some cases, three distinct strategies pursued the same goal without referring to each other or coordinating their efforts, reflecting a prevalent silo mentality both in this country and other European nations (Unnsteinsson & Matthíasson, 2012).

Strategic planning in public administration

Clarifying the numerous concepts and interpretations related to strategic management and policy making is crucial. These terms are often used interchangeably, leading to potential misinterpretations, especially considering variations in individual or country-specific translations. ‘Strategy’, ‘policy’, and ‘plan’ are ubiquitous terms spanning public and private sectors, as well as non-governmental organizations, transcending boundaries. As previously mentioned, the Government of Iceland (2013) recognised this and published a handbook on policy making and strategic planning to foster a cohesive understanding of key concepts in this field.

Bryson and George (2020) provide an encompassing perspective on strategic planning and management, viewing them as adaptable frameworks comprising concepts, processes, procedures, tools, techniques, and practices (with structures in the case of strategic management systems). To achieve desirable outcomes, these elements must be selectively employed and thoughtfully tailored to specific contexts. Despite generic approaches, the
boundaries between them remain unclear, resulting in the hybrid nature of strategic planning and management in practice.

There is a consensus among academics within the sphere of public management that strategic planning and strategic management are systematic approaches for identifying and addressing challenges (Bryson & George, 2020). Strategic management is recognized as more of a holistic phenomenon, the planning part is the process of doing the work which then tends to create an output like a strategy that incorporates priorities and a plan to implement those priorities toward the realization of some kind of purpose, goal, objectives etc. (Ackermann & Eden, 2011). According to Gaddis (2018), strategies connect aspirations with the capabilities required to achieve them. Bryson and George (2020) elaborate on strategic planning, defining it as a purposeful method for formulating strategies. This typically involves analyzing the mandate, defining a mission and values, assessing the internal and external environment, identifying strategic issues, formulating strategies to address those issues, and often articulating a vision for the future. Strategic management encompasses strategic planning and extends it to strategy implementation through activities such as organizational design, resource management, performance measurement, and change management.

In her comparison of strategic management experiences in six countries, Proeller (2007) echoes the importance of context, aligning with Bryson and George’s insights. She reveals diverse approaches and challenges in central government strategic management, acknowledging both similarities and unique considerations among countries. The overall assessment is positive, with strategies evolving over years and becoming institutionalized. Increased resources for strategic thinking and action have led to initial successes in long-term, success-oriented administrative development. Proeller concludes that the crucial lesson from these examples is that enhancing strategic management in public administration is a lengthy and resource-intensive process, spanning five to ten years and building on older reforms.

The roles and purposes of public institutions, along with guidelines for their activities, are outlined in laws and regulations. Occasionally, efforts are made to provide clarity on how specific organizational units should execute various aspects of their activities. Despite these explanations, it is crucial to analyze how these activities can achieve maximum success. Neglecting this analysis may lead a government to seek alternative means to address the intended objectives of the activities. To maximize public value, key elements involve ensuring that all units within an activity align their efforts. This necessitates that employees are not only aware of their unit’s purpose but also comprehend the broader impact of the collective activities. Often, units tend to focus on their specific tasks in isolation. Effective
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Unit managers strive to optimize results, but without a guiding vision for the whole, there’s a risk of units pulling in conflicting directions and wasting energy. Numerous strategic planning methods have evolved to address all key aspects of activities and their environments.

Bryson (2018) contends that a strategic plan serves as a crucial instrument for identifying and responding to changes in an organization’s environment and infrastructure in a rational and effective manner. According to Bryson, strategic plans offer a valuable means for organizations and communities to navigate evolving circumstances. The primary purpose of a strategic plan is to cultivate the organizational unit’s capacity for systematic and strategic thinking, execution, and learning. It aids in clarifying and resolving critical issues, leveraging strengths and key opportunities, while mitigating the impact of weaknesses and significant environmental threats. Moreover, a strategic plan empowers organizational units to enhance their operational success, especially in challenging times. Bryson emphasizes that if this success is not achieved, the efforts put into strategic planning are deemed futile.

Moore (1997) illustrates the critical role of strategic planning in public organizations by recounting instances where institutions became entangled due to political priorities in specific issues. In one case, a new institution (EPA/Environmental Protection Agency) was established through legislation with the task of implementing pollution prevention measures. While the legislation outlined the tasks, it lacked specifics on how they were to be executed and the intended results. This scenario, where organizations are assigned projects without clearly defined measurable success, is quite common. The EPA faced the challenge of translating numerous ideas into actionable initiatives to enhance control over polluting activities. Moore underscores the significance of leadership and how, with the aid of a strategic plan, EPA managed to chart a future vision for the organizational unit. The emphasis was on elevating public quality through activities, carefully steering the path to goals that met three conditions: being a significant public good, enjoying political support, and being administratively manageable.

In the 1990s, Mintzberg, Ahlstrand and Lampel (1998) presented ten distinctive schools of thought, categorized by their adherence to normative or descriptive theories. The ten schools illuminate the diverse perspectives through which experts have evaluated strategic planning, influenced by the prevailing considerations of their time. Each school concentrates on specific aspects or methodologies deemed most promising for achieving optimal outcomes. The tenth school, the configuration school, a creation, uniquely endeavours to amalgamate the strengths of all others, fostering a cohesive process. They stress the significance of recognizing the valuable contributions of each school while underscoring the necessity of blending these perspectives to enhance the efficacy of strategic work. Their comprehensive description of each school describes their respective advantages and
disadvantages, contributing to an enlightening and informative review. It does showcase that strategic management is a holistic phenomenon and that a strategy can be developed in different ways.

The process of developing strategic plans, known as strategizing, involves deliberate and emergent actions by public organizations to realign their aspirations and capabilities. This exploration aims to understand how aspirations can be achieved within the current context or whether adjustments are needed, considering existing capabilities and the potential development of new capabilities or changes to the context. While the strategizing process may vary, there are common features characterizing public sector planning as strategic, as discussed by Bryson and George (2020):

- **Contextual adaptation:** Tailor the strategic approach to the existing context, with the goal of potentially influencing or changing it.
- **Purpose and goals:** Deliberately consider purposes and goals, acknowledging situational requirements (e.g., political, legal, administrative, ethical, environmental).
- **Broad-to-selective agenda:** Initiate with a broad agenda, gradually transitioning to a more focused and selective action plan.
- **Systems thinking emphasis:** Embrace systems thinking, understanding the dynamics of the overall system across space and time, including interrelationships among subsystems.
- **Stakeholder engagement:** Prioritize stakeholders, making strategizing a practical political approach involving multiple government levels and sectors.
- **SWOT analysis and competitive advantage:** Focus on strengths, weaknesses, opportunities, and threats, emphasizing both competitive and collaborative advantages.
- **Future-oriented decision-making:** Consider potential futures and make decisions based on their future consequences, integrating temporal and spatial systemic thinking.
- **Implementation focus:** Pay careful attention to implementation, as a strategy that cannot be effectively operationalized lacks strategic significance.

While these characteristics should not be perceived as a rigid formula, they do encapsulate essential elements and principles guiding effective strategizing. They underscore the importance of skilled strategists capable of steering and leading such a process. These characteristics are integral to the Harvard Policy model, which has been widely used in the public sector. The model distinctly separates between formulation and implementation, both conceptually and practically. While there is a recognizable sequence, a strict order may not always be feasible or desirable (Bryson & George, 2020).
The primary critique of strategies challenges the overly optimistic view held by many academics regarding the potential effectiveness of strategic planning in public administration. It's crucial to emphasize that strategies are not a cure-all; substantial work is required in both formulation and implementation. Risks associated with collaboration between organizations may increase, particularly as governments seek to tackle complex challenges. Moreover, strategies are closely linked to performance management tools, which might lead to a perception that a strategy is a rigid and quantifiable routine, potentially limiting its ability to facilitate effective strategizing.

Despite the criticisms, a recent meta-analysis on strategic planning by George, Walker and Monster (2019) demonstrates that many of these critiques are not particularly valid. The meta-analysis reveals that, in general, strategic planning has a statistically significant, positive, and moderate impact on organizational performance. This impact becomes notably strong when organizational performance is measured in terms of effectiveness, and this finding holds true across public and private sectors and countries. Therefore, the argument suggesting that strategic planning, when done well, merely offers the illusion of effectiveness lacks substantial grounding in evidence. However, it is important to note that the existing evidence has primarily focused on strategic planning as a tool for organizations, leaving the question of its utility for other entities unclear.

It is crucial to recognize that a significant portion of the strategic planning literature focuses on organizational units rather than specific topics or subjects like education, health, or policing. Ferlie and Ongaro (2015) acknowledge this, highlighting the variability of strategic planning in terms of process, content, or both. Different approaches are highly contingent on context. When it comes to organizational units, they can manifest as ministries or public agencies. In this study, the emphasis is on ministries and their role in developing a strategy for a subject, with a substantial portion of the strategy being implemented at the public agency level.

Johanson (2009), for instance, explores various aspects of strategizing, placing emphasis on the role of public agencies in strategic planning. Similarly, Polman and Alons (2021) investigate public agencies responsible for policy implementation, aligning more closely with the focus of this study, development of strategy at a higher level (European Commission), with the implementation occurring at a lower level of government. Developing a strategy for a subject differs significantly from a unit strategy, further complicated by the division between formulators and implementers, opening for example the door to a principal-agent problem.
Research design: development of an analytical framework

The analytical framework used in this study is the same as the one designed to carry out the original research in 2012. It is a tool for assessing the strengths and weaknesses inherent in the development of strategic plans and policies. Its construction drew from a wealth of experience, empirical data, and insights from various scholars specializing in the fields of strategy, policy analysis, and planning (Motsi, 2009; Mondou & Monpetit, 2010). In formulating this analytical framework, consideration was given to the perspective presented by Hogwood & Gunn (1997), emphasizing the practical reality that ‘the perfect strategy would be impossible to implement’. They underscored the multifaceted components required for the successful execution of a strategy or plan. Key elements underpinning the analytical framework, and derived in part from the insights of Hogwood and Gunn, include:

- Conducting thorough and evidence-based analyses in the implementation of policies and plans
- Establishing a clear connection between policies and programs with budgetary allocations
- Formulating precise and measurable goals
- Crafting effective action plans for goal attainment
- Identifying responsible parties for implementation
- Ensuring the active engagement of all relevant stakeholders in the strategic process

The organization and structure of the analytical framework is based on specific diagnostic criteria, which is rooted in the strategic planning process as described earlier. The initial framework, developed in 2012, encompassed a comprehensive set of 18 factors, serving as the basis for the methodological assessment of strategies and plans. Over the past decade, minor refinements have been incorporated based on input from experts within the Government Offices and students enrolled in the University of Iceland's MPA program, where the framework is used as part of the curriculum for a strategic planning course.

The evolution of the framework involved a slight reduction in the number of assessment factors, now totalling 16. This streamlining was achieved by consolidating factors that were conceptually interrelated. Additionally, efforts have been made to provide clearer and more precise definitions for each factor, thereby enhancing the ease of conducting assessments. The following presents an overview of the elements within the analytical framework, with detailed descriptions of each factor available in the Appendix.

1. Ideological foundation
2. Research-based foundation
3. Inclusivity and stakeholder engagement
4. Comprehensive subject description
5. Well-defined time frame
6. Objective
7. Subjective goals
8. Objective goals
9. Strategic action plan
10. Performance metrics
11. Identification of responsible and implementing parties
12. Alignment with other plans
13. Financial integration with the budget
14. Ongoing policy/plan review
15. Performance evaluation
16. Parliamentary submission of strategy/plan

The analytical framework encompasses key aspects of the strategic planning process, which include: 1) assessment and analysis, 2) strategy formulation, 3) implementation, and 4) performance evaluation and review.

The main research method applied in this study is document analysis. The document, i.e. strategies are reviewed, evaluated and coded according to the analytical framework. Each strategy underwent analysis, determining to what extent the 16 factors had been incorporated into the strategy or not. If a factor was fully incorporated, it was marked in green; if partially incorporated, in yellow; and if not present, in red. The assessment was conducted by two individuals who carefully reviewed the strategies, assigning a colour to each factor based on whether they thought the description in the framework accurately matched the strategy. The evaluation was primarily aimed at the process, not whether aspects of the strategy had been implemented. In cases of disagreement, the strategy was revisited and discussed until both assessors reached a consensus on the evaluation.

To effectively evaluate strategic plans using the framework, a deeper level of research is often required beyond merely examining the published document. This additional research is particularly important when assessing the quality of analytical work and strategy formulation. It aids in understanding how stakeholders were involved and the underlying philosophy that shapes the strategy.

In most cases, the strategies under evaluation ranged from a few months to up to 3–4 years old at the time of the analysis. Consequently, only limited performance evaluations had been conducted, and revisions were less likely to have been made. Therefore, the focus here
primarily centres on examining whether the strategic document itself addresses the need for assessment and revisions.

**Comparative analysis: strategic plans**

The 2012 analysis encompassed 11 strategic plans, and this study aims to revisit the same strategies, as presented in Table 1. However, it is worth noting that names and subjects may have evolved to adapt to changing times and new priorities.

**Table 1**

*Strategies and plans in 2012 and 2022*

<table>
<thead>
<tr>
<th>2012</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Health Strategic Plan</td>
<td>1. Health Strategic Plan 2030</td>
</tr>
<tr>
<td>2. Parliamentary Resolution for Tourism Development</td>
<td>2. Icelandic Tourism Vision 2030</td>
</tr>
<tr>
<td>7. Parliamentary Resolution for Regional Planning</td>
<td>7. White Book on Regional Development</td>
</tr>
</tbody>
</table>

The comprehensive analysis of the 11 strategies involved a total of 176 analytical factors. Within this evaluation, 118 factors were found to be fully present, accounting for 67% of the total, 35 were partially present (20%), and 23 were entirely absent (13%). A more detailed breakdown can be observed in Figure 1. The comparison between the results in 2022 and those from the analysis conducted in 2012 reveals significant progress. In 2012, approximately 55% of the factors were fully present, while 20–25% were rated as either partially present or entirely absent. This shift underscores an overall enhancement in the quality of these strategies and plans over the years.
Upon closer examination of each individual factor, notable changes emerge, as outlined below. In comparison to 2012, the strategies and plans from 2022 exhibited higher scores on eight factors but had lower ratings on five, while three factors remained consistent, as indicated in Figure 2. Notably, research as a foundational step in policy formulation has significantly strengthened, emphasizing heightened collaboration with stakeholders and an increased emphasis on ensuring alignment and coordination with other policies and plans. However, there appears to be a decrease in the number of strategies with clearly defined goals, measures, and performance evaluation. A consistent feature spanning both time periods is the substantial percentage of strategies assessed that are presented to Alþingi (Parliament) as a parliamentary solution. It tends to remain an exception rather than a rule for strategies and plans to be presented in this manner, with the Government Offices listing less than 20% of them as parliamentary resolutions.⁷

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⁷ https://www.stjornarradid.is/gogn/stefnur-og-aaeltanir/
Moreover, 22 additional strategies and plans underwent analysis to determine whether there are differences between well-established strategies and newer counterparts. The selection criteria to identify recent strategies developed during the governmental term (2017–2021), emphasized emerging issues, and aimed for comprehensive ministry involvement either as lead entities or partners in strategy formulation and execution. The quantity of strategies per ministry normally aligns with the number of portfolios within each ministry. The majority of the assessed strategies can be categorized under the domains of healthcare, education and culture, and infrastructure. Below is the roster of the policies examined:

- Food policy
- Innovation strategy for Iceland
- Education Strategy 2030
- Strategy for Sports
- Cultural policy
- Local Government policy 2019–2033
- Climate Action Plan
- A Vision for Mental Health
• AI strategy
• Language Technology Strategy
• Aviation Policy
• Health Action Plan for Prisoners
• Action Plan to reduce Sugar Consumption
• National Infrastructure Development Plan
• Measures against human trafficking and other forms of exploitation
• Cancer Strategy
• Procurement Strategy for food
• Strategy against money laundering.
• Policy for the use of land and land rights in public lands
• Actions against violence and its consequences 2019–2022.
• Fourth industrial revolution
• Public Sector Leaders Strategy

A comprehensive analysis of the 22 strategies combines a total of 352 diagnostic factors assessed, with 183 factors found to be present (52%), 76 factors partially present (22%), and 93 factors not present (26%), see Figure 3 for a more detailed breakdown. Notably, among the 22 strategies, only a few of them incorporate most or some of the factors outlined in the analytical framework. It is noteworthy however, that certain strategies such as the Procurement Strategy for Food, the National Plan for Infrastructure Development, and the Education Policy encompass most of the assessed factors.
Upon comparing the new strategies (22) with the original set of strategies (11) from 2022, it becomes evident that several foundational factors exhibit a decline in performance. For example, aspects like whether the strategy or plan is grounded in research or analysis appear to have diminished, as illustrated in Figure 4. It is important to note that this comparison focuses on the factors that were present (i.e., indicated in green). As demonstrated in Figure 3, many factors were only partially present in a significant number of strategies and plans.
Figure 4
Comparing the factors that were fully present (green) in 2022, the 11 original strategies and the 22 new ones

A closer examination of each aspect reveals notable distinctions between the 11 strategies revaluated in 2022 and the new additions (22). In most cases, the original strategies (11) outperform the newcomers (22), except in the categories of goal presentation and action planning. Interestingly, the results for the new strategies (22) mirror those of the initial analysis conducted on the 11 strategies back in 2012.

Discussion and conclusions
The purpose of this study has been to inquire about the extent to which governments, one after another in Iceland, have effectively implemented and improved the strategic planning processes within the span of the last ten years. It seeks to evaluate the success and progress made in developing and institutionalizing strategic planning practices over this specific timeframe. It has been possible to situate strategic planning in Iceland within at least three of the schools introduced by Mintzberg, Ahlstrand and Lampel. Firstly, the design school, recognized internationally as the most influential and widespread, shapes strategies through SWOT analysis. Secondly, the planning school, rooted in centralized, well-defined plans,
establishes linkages between tasks and objectives. Lastly, the learning school, emphasizing strategic planning as a continuous learning process, has also left a significant impact.

It is challenging to assert that the working group’s recommendations in 2012, aimed at streamlining, reducing, and integrating statutory strategies and plans, have curtailed the number of strategies. In fact, the period from 2017 to 2021 may have seen a surge in the development of strategies and plans. Nevertheless, under the guidance of the policy council, the Government Offices have, to some degree, managed to standardize and simplify the formulation process. A noticeable trend is the emergence of more ‘meso’ and ‘micro’ strategies over the years, particularly in specific sectors. Comprehensive strategies can give rise to smaller strategies addressing particular issues, prominently observed in the health sector with strategies on mental health, public health, and cancer programs. This evolution necessitates increased coordination within ministries and collaboration with diverse interest groups.

An examination of the 11 strategies from both the present and 2012, along with 22 newer additions, indicates that the well-established older strategies more closely adhere to the analytical framework than their newer counterparts. To understand this observed difference better, a more thorough analysis of the recent strategies is required. Various hypotheses could potentially explain this phenomenon. For instance, a significant portion of the initial (11) strategies comprises parliamentary resolutions, possibly leading to clearer content and formatting.

An aspect that remains unexplored is the influence of employee turnover on the strategic planning of ministries. In recent years, the state has not systematically examined employee turnover within the public sector.\(^8\) Nonetheless, some scholars contend that turnover in the public sector is significantly high, potentially leading to diminished oversight and comprehension of processes. This, in turn, might result in a less coordinated approach to handling cases.\(^9\) Furthermore, it is possible that the strategic assessment and the strategic document itself are now often found in two separate documents, which could be contributing to the differences noted.

The analysis indicates that the 22 newer strategies fulfill fewer aspects of the framework compared to the original 11, with some elements demonstrating strength. This includes clearly defined objectives, detailed action plans, identified responsible parties, and improved

\(^8\) [https://www.visir.is/paper/fbl/141013.pdf](https://www.visir.is/paper/fbl/141013.pdf)

\(^9\) [https://www.mbl.is/greinasafn/grein/1564297/](https://www.mbl.is/greinasafn/grein/1564297/)
Strategic planning within ministries in Iceland

inter-ministerial coordination. These observations suggest that ministries are collaborating more effectively when crafting policies, recognizing the need for consultations due to overlapping issues across portfolios. However, the analysis also highlights a greater need for emphasis on post-implementation follow-up and performance evaluation.

Strategic planning in Iceland falls short of adopting a holistic approach aligned with strategic management principles, encompassing strategy formulation, implementation, and evaluation. While the analytical framework strives to encapsulate the entire process, the results reveal a mixed performance, with certain aspects executed well and others lacking. The improvement of this process is evidently a gradual undertaking, consistent with Proeller’s (2007) findings across six countries, indicating that enhancing strategic management in public administration is a protracted and resource-intensive endeavour, typically spanning five to ten years. Responding to the primary research questions yields a nuanced perspective. Strategic management was partially in use in Iceland in 2012, and strategies evaluated from that period demonstrate progress in addressing key features of strategic management. Formulation is relatively well-executed, there has been enhancement in implementation, yet the evaluation of strategies is seldom a planned component.

It is crucial to consider certain factors that may affect this analysis. Questions arise regarding whether the current analytical framework is comprehensive enough to cover all facets of strategic management adequately. Additionally, there is a possibility that ministries’ efforts during the implementation, follow-up, and performance evaluation stages might be underestimated. While many strategies and plans may not explicitly focus on these elements, it’s conceivable that they are addressed in working documents, even if not explicitly mentioned in the strategies themselves. Therefore, the analysis might inadvertently exaggerate the deficiency in post-implementation and performance evaluation.

References


Appendix: Analytical framework

1. Ideological Foundation. This concerns whether a policy aligns with the prevailing ideology of the environment where it's crafted. For example, a policy may reflect the dominant ideology by adhering to government priorities and strategic preferences set by international organizations, such as emphasizing certain road types (1+2) for increased road safety in the context of combating human trafficking.

2. Research-Based Foundation. This concerns how thoroughly a strategy or plan is rooted in the latest research within the policy domain. It includes cost-benefit analyses, feasibility assessments, examinations of foreign programs, surveys gauging attitudes, research by independent entities like universities, etc. Indicators of evidence-based policymaking are typically found in introductory sections or associated press releases.

3. Inclusivity and Stakeholder Engagement. A horizontal consultation is implemented by engaging all relevant parties impacted by a policy, fostering an ongoing dialogue throughout the policymaking process. Occasionally, distinctions are drawn among different groups such as developers, partners, and stakeholders. Stakeholder analysis is a valuable tool in identifying the categorization of various parties and their significance at different levels of policymaking.

4. Comprehensive Subject Description. A comprehensive overview assesses whether the subject is effectively introduced at the outset of the strategy, ensuring clarity and thorough understanding. This typically encompasses the project’s objectives, timeline, duration, and delineates the responsible parties or issuers of the strategy.

5. Well-Defined Time Frame. This pertains to whether the strategy is time-bound, designed to cover a specific period, as illustrated by, for instance, a timeframe like 2019–2024.

6. Objective. This concerns the presence of goals within the policy, whether they are subjective or objective. Goals serve as benchmarks to assess the effectiveness of the strategy’s implementation.

7. Subjective Goals. This involves subjectively implementing goals. Conceptual goals, being broad and unspecific, require detailed articulation for measurability, transitioning into objective terms. They may serve as overarching goals and are often expressed broadly, like ‘enhancing employee knowledge’ or ‘boosting industry sustainability’.

8. Objective Goals. This pertains to the objective implementation of goals. Objective goals are distinctly defined and incorporate numerical criteria, allowing for measurement to confirm the degree of accomplishment. For instance, a goal like ensuring that 90% of hip operations are conducted within 30 days of the decision to operate. Effective objective goals adhere to the SMART criteria, being Specific, Measurable, Action-oriented, Realistic, and Time-bound.

9. Strategic Action Plan. It is widely acknowledged that each strategy is typically accompanied by an action plan delineating projects aligned with policy priorities and goals, which are then implemented in practice. The action plan specifies details such as the parties responsible for and executing the actions and projects.
10. **Performance Metrics.** This concerns the utilization of metrics as a tool to assess organizational goal achievement. Metrics involve the systematic collection of data to gauge the success of activities. To be effective, they should be policy-relevant, quantifiable, straightforward, and interconnected with other organizational measures. Metrics rely on data sources such as administrative files, institutional systems, separate surveys, lobby displays, and information from external entities.

11. **Identification of Responsible and Implementing Parties.** This pertains to whether the individuals responsible for executing actions and projects within the policy are clearly specified, typically contingent on the presence of an action plan.

12. **Alignment with Other Plans.** This checks if the strategy aligns with other fully implemented policies or international agreements, considering both similar and different issue categories (e.g., industrial development and the environment). It’s essential to avoid conflicts with goals in other plans, as typically indicated in the introduction or the policy itself.

13. **Financial Integration with the Budget.** The strategy’s priorities, actions, or projects ensure progression in the budget process. This encompasses operating costs, fixed costs in the budget for the establishment, expenses related to special projects included in fixed costs, and costs specifically itemized in the budget. Essentially, organizations anticipate achieving goals or fulfilling objectives with allocated financial resources, or they may seek additional funding if necessary.

14. **Ongoing Policy/Plan Review.** This concerns the periodic review of the strategy, including its ideological content and the action plan. Revision frequency depends on whether the strategy is new or previously published, typically spanning 4 or 10 years. Some undergo revision at the period’s end, leading to a new plan, while others are reviewed mid-period, prompting a new plan formulation.

15. **Performance Evaluation.** This checks if there’s been a performance evaluation of the strategy, its objectives, and the action plan within a predetermined timeframe. Evaluations may occur at the strategy’s conclusion or after one to two years to gauge progress. Post-evaluation, it is crucial to revise goals and potentially the action plan based on the findings. Verifying whether such assessments have been made is vital, especially when dealing with revised strategies, as separate discussions on performance evaluation results may not be guaranteed.

16. **Parliamentary Submission of Strategy/Plan.** This pertains to whether the strategy is presented to Alþingi as a parliamentary resolution proposal for approval.

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