

What does “strategic” mean? A public sector governance perspective



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I am sure all readers of this blog will have been in meetings when someone will pipe up and say, “can’t we be more strategic?”. We all nod. Being “strategic” is like decentralisation: nobody can possibly disagree. However, it is rarely said what “being strategic” actually means. It is a sort of mantra. “My boss said it, so I will.”

I sense that in development we mean one of three things (or even all of them at the same time):

- Are we focusing on goals and higher-order thinking, rather than detailed operational issues?
- Are there ways of achieving a greater impact from our funding for this initiative?
- Are we addressing the root cause of the issue, rather than just its symptoms?

This brings me to public sector governance.

Most of Australia’s development budget is spent in partnership with other governments. Government-to-government assistance.

So, the question is: can we design such “public sector” governance support to become increasingly “strategic”?

Let’s start with breaking down how governments are structured. Starting on the ground floor so to speak, there are many individual government departments or agencies. Sometimes these may be stand-alone organisations, at arm’s length from government. An autonomous revenue authority would be one example.

Sitting “above” the individual agency (please bear with me) is the sector, such as education or health or transport. These “sectors” may have several individual departments or agencies under their jurisdiction. In education, there are the departments or agencies responsible for the curriculum, tertiary education, procurement of textbooks, teacher training, professional support, and so on. These

departments and agencies collectively are often referred to as ministries.

“Above” the sector (the ministry) lie two responsibilities for the whole public service: managing the financial and human resources of the state. Ministries of finance are responsible for the money and public service ministries (sometimes commissions) are responsible for people. These two bodies set the rules and regulations for how money and people are managed for all line ministries.

So far, so clear. Now what do these ministries, departments and agencies (MDAs is the common abbreviation) do? They do three things: first, they deliver goods and/or services; second, they operate systems, procedures and processes that enable the delivery of those goods and services; and third, they draft and implement policies that govern the production and distribution of the goods and services that lie within their remit.

These two sets of observations are combined in the matrix below. But we know that the public sector does not exist in a vacuum. It sits in what is called the wider “institutional” environment. This refers to the formal and informal “rules of the game” which influence, if not determine, individual and collective behaviour. These are the incentives, the interests and the social norms and values that have become embedded and accepted in any polity. These “rules” may lie at cross-purposes with “conventional” thinking on how the public sector should operate: merit-based recruitment and promotion, competitive and transparent tendering, and a clear dividing line between the public and private spheres. The dominant pattern of norms and values found in Cell 1 below will affect what happens in all cells.

Table 1: Strategic public sector governance

	The Rules of the Game	Policy	Systems development	Service delivery
The wider institutional environment	Cell 1: Aimed at creating and sustaining a more enabling state policy environment for development	Cell 2: Aimed at improving the wider formal policy environment		
Public sector-wide	Cell 3: Reforms aimed at improving the functionality and accountability of the overall public service	Cell 4: Aimed at improving the capacity for policy making which will have impacts across the whole of the public sector	Cell 5: Aimed at improving central systems of managing information, people, money, assets, and information	
Sector-level	Cell 6: Reforms aimed at strengthening processes, systems, and incentives for policy making and delivery within the specific sector	Cell 7: Aimed at improving the capacity for policy making within one sector	Cell 8: Aimed at improving any sector specific systems for managing information, people, money, assets, and information	Cell 9: Aimed at improving the capacity of all MDAs organisations within one sector to deliver more effectively and efficiently
Organisation or agency level	Cell 10: Reforms aimed at improving incentives for improving individual and collective agency performance	Cell 11: Aimed at improving the policy making and implementation capability of individual MDAs	Cell 12: Aimed at developing the capacity of individual organisations to improve the management of their own resources	Cell 13: Aimed at improving the capacity of One individual MDA to deliver services more effectively and efficiently

Source: Graham Teskey.

What can this tell us about being strategic? If our objective is to help an individual MDA to deliver more and better goods and services, we can stop at Cell 13 and think no further. But if we do stop there, it is unlikely that we will achieve a lasting impact, or that we have addressed the root cause of poor organisational performance and functionality. We will have failed to be strategic in any of the three senses defined above.

From a public sector governance perspective, being more strategic requires us to track left and try and address system issues in the MDA (Cell 12). Even more strategically, we seek to revise and reform MDA policy (Cell 11).

However, the problem is that in seeking to promote such reforms within one agency, it is overwhelmingly likely that we will come up against bottlenecks. The individual MDA runs up against the established rules, regulations and ways of doing things at the sector or ministry level. So, in order to improve functionality and performance within the individual department or agency, we may well have to move into Cells 7, 8 and 9. We may need to consider what used to be called Sector Wide Approaches (SWAs).

Yet experience again tells us that sectors — ministries of health or education — face their own challenges and bottlenecks. Policies and regulations regarding appointing and paying teachers lie outside their control — usually with the public service ministry or equivalent. Similarly, the ministry of finance controls the cash. Sectors (ministries) can only reform themselves so far. At some point they run up against established public service-wide rules and regulations. So that shifts us up into Cells 4 and 5. What started out as a simple desire to, say, improve the delivery of basic education has suddenly morphed into a public service reform program.

The extent of the challenge faced at the sector and department level is largely determined by Cell 1: the wider institutional environment, the rules of the game. Cell 1 determines how challenging efforts in Cells 3, 6 and 10 are likely to be.

It follows that if we want to hit the three interpretations of “strategicness” noted above, we should follow the red arrow upwards and leftwards. The problem with that is the evidence tells us that the further we travel up this arrow, the harder the challenge will be. Rare are the examples of successful public service reform.

What does this mean for operations? Three things.

First, it is imperative that we understand what is going on in Cell 1. What are the rules of the game — the informal ones in particular. What are the interests and incentives that drive behaviour? Your political economy analysis must unearth these and draw out their real-world implications.

Second, you must be crystal clear regarding the problem you wish to address. For example, if staff attendance is poor at the department or agency level, then requiring staff to sign in and out may help temporarily, but if the real problem is low pay and the absence of a performance culture in the workplace, then it is unlikely to work for long. The problem lies beyond the reach of the department (and indeed the “sector”) itself.

Third, and following on directly from the first two, be clear-eyed about the objective of the investment. This requires an appreciation of both the nature of the problem and what “solutions” are technically appropriate and politically feasible. It may mean opting for second or even third best technical “solutions”.

Considering these three questions will indicate whereabouts on the arrow you are aiming to be. You should remember that it might not always be possible to be “more strategic” in the sense of the three dimensions outlined above. Sometimes there is nothing wrong in staying in Cell 13. It may be appropriate to respond to your colleague by saying, “no, in this instance we absolutely do not want to be more strategic.” If the benefits exceed the costs, who is to say that this is an inappropriate

investment?

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