

The Legal Framework of Strategic Management Implementations in Public Institutions in Turkey

***Dr. Mustafa GORUN, Department of Public Administration, Biga Faculty of Economic and Administrative Sciences, Canakkale Onsekiz Mart Univesity, Canakkale, Turkey,
E-mail: mustafagorun@hotmail.com
Tel: +905447711717***

***Dr. Filiz Tufan EMINI, Department of Public Administration, Faculty of Economic and Administrative Sciences, Selcuk University, Konya, Turkey
E-mail: filizemini@hotmail.com
Tel: +905337339647***

Abstract

Since the discourse of “nothing is permanent except change” has become a motto, institutions have faced with the necessity of complying with this change and managing the change. Because of the change process which is experienced in technological, economic, social, political and cultural dimensions with the impact of globalization, being aware of their environments has become a necessity for public institutions. As a consequence of this situation, the adoption of methods and approaches of private sector have emerged in public administration. Among these approaches, strategic management stands out as a dynamic process which provides organizations the capability of evaluation of the effects of external factors by considering its own strengths and weaknesses as well as identifying the forward-looking strategies by evaluating opportunities and threats in the environment. In this study, the characteristics of strategic management process, which has become an administration style that needs to be followed for the success of public institutions as well as private sector institutions, are discussed. In this context, after discussing the definition of strategy and strategic management, the researchers focus on the importance of strategic management for public institutions. After presenting the theoretical framework, the strategic management studies in Turkey and their legal bases are examined.

Keywords: Public institutions, new public administration, strategic management, legal regulations.

1. Introduction

The rapid change process, which affects the whole world in recent years, has brought the necessity of public institution developments as well as private sector developments. Dynamics such as globalization, developments in information and communication technologies, urbanization and increase in population mobility triggered this process. These developments have made things difficult for public institutions in terms of reaching to their goals and objectives effectively with their existing structures. The essentiality of making public institutions' structures more efficient and effective, improving the quality of service and the necessity of satisfying the growing and changing needs of citizens has brought reorganization practices. In this context, the new public administration approach, which proposes the adoption of private sector methods and approaches in public administration in the United States and Britain in the 1980s, have emerged. Among these approaches, strategic management has come to the fore as the locomotive power of reorganization practices due to its advantages such as determination of the current situation as a result of the analysis of opportunities and threats with strengths and weaknesses. Strategic management also ensures monitoring and evaluating the implementation of developed plans as well as planning and budgeting processes.

Until the 2000s, strategic management practices were carried out through five-year development plans, reports and researches in Turkish public administration. After the financial crisis (the 2000s) with the influence of external actors, performance-based budgeting and strategic planning activities were initiated in public institutions. The legal framework of these studies was drawn by Public Financial Administration and Control Law No. 5018 which published in 2003. Following this law, strategic plan was involved in Metropolitan Municipality Law, Special Provincial Administration Law and Municipality Law. In this study, after mentioning the development of the concept of strategic planning and its importance in terms of public institutions, the laws which constitute the legal framework of the transition from the strategic planning process in Turkey will be discussed.

2. Strategy and Strategic Planning

Strategy defines as identification of organization's long-term basic objectives and then determination of allocating the necessary resources to achieve these objectives (Ozgur, 2004: 208-211). The concept of strategy was developed from the word of strategos in Greek and means the art of general (Row and others, 1988: 265). It is a military origin concept that basically expresses the purpose of winning a war or battle in a war (Cevik and Goksu, 2000: 80; Arslan, 2004: 161). Strategic management is a broad concept which includes all administrative decisions and actions and determines the long-term performance of the organization (Poister and Streib, 2005: 46-47). Strategic management is a method for finding the answer of the questions like "Where are we? Where do we want to be? What changes happen in competitive environment? Which aspects of the action will help us to achieve our goals? (Daft, 1991: 152). The stages of the strategic management process are purpose, goal and mission determination; environmental analysis; determination of advantages and weaknesses; assessment of opportunities and threats; strategy determination; implementation of strategy; control and evaluation of strategy (Chandler, 1984: 13; Azaklı, 2002: 419; Eren and Durna, 2002: 55-57). This process consists of the necessary stages of determining goals for an organization, formulating designed actions for achieving these goals

in desired time scale, implementing the actions and evaluating the progress-consequences (Less and others, 1998: 475).

3. Strategic Planning in Public Administration

Strategic management has come to the primary position in public administration for several reasons (Sozen, 2005: 84-86). First of all, there is a rapid orientation to localization and democratization trends because of the globalization process. With the effect of these trends, it is seen that there are significant changes and transformation in internal and external environment of public administration. Public bureaucracy is affected by this situation; it feels the need to control this change and keep informed about the change (Okmen and Parlak, 2010: 502-503). The necessity of positioning itself of public administration has emerged the understanding of new public administration which expresses the implementation of management methods and approaches in public administration. The implementation of strategic management in public administration is the result of the adoption of new public administration.

Strategic management keeps future-based uncertainties of public administration at minimum level, it provides significant advantages in terms of re-positioning itself against these changes and being successful in long-term for public institutions (Okmen and Parlak, 2010: 503). In addition, public institutions can use scarce resources more efficient and effectively through strategic management and by identifying their needs correctly they can analyze potential opportunities, threats and problems fast, accurately and economically. Strategic management also contributes to strategic thinking and it is helpful for top managers. With the implementation of strategic management, top managers can have the possibility of devoting more time to the planning and coordination of activities and resources, by getting rid of their routine works (Eren and Durna, 2002: 61; Ozgur, 2004: 234-235). In addition, strengthening the capacity of policy-making and costing, development of budgeting, administrative awareness on goals and objectives, providing the demands of citizens in public service delivery and accountability are aimed with the strategic management in public organizations (www.sp.gov.tr/ss.html, 10.01.2010). In this sense, strategic management is an important tool in the point of more efficient, effective and qualified service delivery of public institutions (Azaklı, 2002: 418).

The implementation of strategic management in public institutions as a private sector administration approach brings some problems in practice because of the differences in administration technique and purpose issues between private sector and public sector (Toprak, 2000: 39). In other words, the implementation of strategic management is very difficult in organizations like public institutions which are closed to change and prefers to stick with the status quo (Azaklı, 2002: 419). For this reason, it is important that organizational structure with strategic management process and developed strategies are compatible with each other.

4. Strategic Management in Public Administration in Turkey

The countries which use strategic management in public organizations widely are United States, Canada, Australia, New Zealand, United Kingdom, Sweden and Ireland. In Turkey, the implementation of strategic management is fairly new.

In Turkey, in the 1940s, the planning studies which starts with the reports that were prepared by experts, continued with the projects for the solution of the structural and functional problems of public administration. In 1963, with transition to planned period, the

development plans with an interval of five years were began to prepare but the expected success were not achieved with these plans.

The strategic management studies with today's sense in Turkey have began with transition to performance-based budgeting system in 2002. In this context, 'Strategic Planning Guide for Public Institutions (2003)' was prepared by experts of State Planning Organization (SPO) with the aim of giving direction to strategic management studies.

Strategic planning studies were initiated in pilot institutions listed below under the leadership of State Planning Organization in accordance with 2003/14 and 2004/17 Higher Planning Council Decisions (<http://www.sp.gov.tr/pilot.html>, 15.01.2011):

- Ministry of Agriculture and Rural Affairs,
- State Institute of Statistics,
- Directorate General of Health for Border and Coastal Areas,
- General Directorate of Highways,
- Hacettepe University,
- Denizli Special Provincial Administration,
- General Directorate of Provinces Bank,
- Kayseri Metropolitan Municipality.

The Undersecretariat of State Planning Organization is responsible for carrying out strategic planning studies in cooperation with the pilot institutions; Ministry of Finance is responsible for oversight and coordination of compatibility and integrity of performance-based budgeting and strategic planning activities. The pilot institutions have been selected from organizations in various qualities in order to evaluate the implementation results more healthy and adapt more easily (Ozgur, 2004: 240). It is aimed that the experience which will be obtained from eight pilot public institutions, contribute to necessary institutional and legislation arrangements in dissemination studies.

Strategic plans of pilot institutions have completed in 2006. In the same year, the second edition of 'Strategic Planning Guide for Public Administrations' which was prepared by the Undersecretariat of State Planning Organization, was published. Within the scope of central government, by October 2010, the draft plans of 140 public administrations were reviewed by the Undersecretariat of State Planning Organization and the evaluation reports were sent to the institutions. The final plan was created by agencies for 121 of them and submitted to the Undersecretariat of State Planning Organization. The final plan studies in 18 public agencies are in progress. The studies of 39 public agencies which are required to complete their strategic plans are underway. The Undersecretariat of State Planning Organization maintains update studies of 'Regulation on Procedures and Principles Regarding to Strategic Planning in Public Administration' and 'Strategic Planning Guide for Public Administrations' (<http://www.sp.gov.tr/default.asp>, 16.01.2011).

5. THE LEGAL BASIS OF STRATEGIC MANAGEMENT IMPLEMENTATIONS IN PUBLIC ADMINISTRATION IN TURKEY

Strategic management in public administration in Turkey, has arranged with Public Financial Administration and Control Law No. 5018, Metropolitan Municipality Law No. 5216, Special Provincial Administration Law No. 5302, Municipality Law No. 5393, Regulation on Procedures and Principles Regarding to Strategic Planning in Public Agencies, Regulation on Annual Reports Prepared by Public Agencies, and Regulation on Working Procedures and Principles of Strategy Development Units (<http://www.sp.gov.tr/mevzuat.html#yonet>, 16.01.2011).

In 'Public Financial Administration and Control Law' No. 5018 (<http://www.tbmm.gov.tr/kanunlar/k5018.html>, 16.01.2011) which was enacted on 10.12.2003, strategic plan is defined as a plan which contains medium and long-term goals of public agencies, basic principle and policies, objective and priorities, performance measures, methods to achieve these plans and resource distributions (article 3/n). With this law, public institutions have been in charge of preparing strategic plans with participatory methods in order to constitute development plans, programs, mission and visions for the future within the framework of relevant legislation and adopted basic principles. Additionally, public institutions have to determine their strategic goals and measurable objectives, measure performances towards pre-defined indicators, monitor this process and make the evaluation. Public institutions must also prepare their budgets performance based and in line with their mission, vision, strategic objective and targets which appear in their strategic plans (article 9). According to the law, top managers of institutions must prepare the strategic plans and budgets appropriate to development plans, annual programs and performance targets of the institute. Top managers who are affiliated to institutions in central administration are responsible to the Minister in the execution of duty and responsibilities were specified in this law but in local administration they are responsible to the assemblies (article 11).

According to 'Metropolitan Municipality Law' No. 5216 (<http://www.tbmm.gov.tr/kanunlar/k5216.html>, 16.01.2011) which was enacted on 10.7.2004; preparing metropolitan municipality's strategic plan by taking the views of County and first stage municipalities, annual goals, investment programs and the budget is, one of the duties, and responsibilities of metropolitan municipality (article 7/a). Metropolitan mayor has to manage the municipality in accordance with the strategic plan, constitute institutional strategies of municipal administration, prepare and implement budget in accordance with these strategies, determine, monitor and evaluate performance criteria of municipality activities and personnel and provide relevant reports to the parliament (article 18/b).

In 'Municipality Law' No. 5393 (<http://www.tbmm.gov.tr/kanunlar/k5393.html>, 16.01.2011) which was enacted on 3.7.2005, assignment of discussing and accepting strategic plan with investment and working programs, performance criteria of municipality activities and personnel is given to municipal council (article 18/a). Municipal board is assigned to review strategic plan and annual work program with budget and final account and give information to municipal council (article 34/a). The mayor of the municipality has to manage the municipality in accordance with the strategic plan, constitute institutional strategies of municipal administration, prepare, implement, monitor and evaluate budget, performance criteria of municipality activities and personnel, provide relevant reports to the parliament (article 38/b). In addition, the law brings a necessity to the mayor about preparing the strategic plan. Accordingly; the mayor is obliged to prepare the strategic plan in accordance with development plan and program with region plan within six months after local government elections.

It also predicts that the issue of ensuring participation on strategic planning of the city must be prepared by receiving opinions from universities and professional associations and civil society organizations and it must become valid after being accepted by municipal council. However, according to the law, the municipalities whose population is below 50.000 are not responsible for preparing strategic plan. The prepared strategic plans will be a basis for the preparation of the budget and it will be accepted by discussing before the budget in municipal council (article. 41).

‘Special Provincial Administration Law No. 5302’ (<http://www.tbmm.gov.tr/kanunlar/k5302.html>, 16.01.2011) which was enacted on 22.2.2005 appoints provincial council to discuss strategic plan with investment and working programs (article 10/a). The board is appointed to assess strategic plan and annual working program with budget and final account to give information to provincial council (article 26/a). Moreover, governor who is the executive power of special provincial administration is vested with managing special provincial administration in accordance with the strategic plan, constituting institutional strategies of special provincial administration, preparing the budget in accordance with these strategies and submitting it to the council (article 30/b). In addition, the law also imposes obligation to governor about preparing strategic plan. According to this; within six months after local government elections; the governor has to prepare the strategic plan in accordance with development plan and region plan and submit it to provincial council. It is also stated in the law that strategic plan will be a basis for budget and it will be accepted by discussing before the budget (article 31).

‘Regulation on Principles and Procedures for Strategic Planning in Public Administrations’ (<http://www.mevzuat.adalet.gov.tr/html/27027.html>, 17.01.2011), which became valid by the Official Journal dated 26.05.2006, is prepared for determination of public administrations which is in charge of preparing strategic plan with strategic planning process calendar and association of the procedures and principles about strategic plans with development plan and programs (article 1). According to the legislation, the points which must be considered in the strategic planning process are as follows (article 5);

- The participation of the beneficiaries from public administration service, employees of public administrations, non-governmental organizations, other parties which are related to relevant public institutions and organizations must participate and their contributions must be taken into account,
- The studies are performed with participation and contributions of all units under the coordination of strategy development unit,
- It is mandatory for public administrations to prepare their own strategic plans,
- In the case of necessity, consulting services, which is provided from outside of administration, can be used. But consulting issues are limited (only methodology and process consulting with education services),
- All relevant public administrations work with each other in the way of harmony, cooperation and coordination and they consider the requirements of accountability.

Regulation on Annual Reports Prepared by Public Agencies (<http://rega.basbakanlik.gov.tr/Eskiler/2006/03/20060317-8.htm>, 17.01.2011) was prepared in order to arrange annual reports of public agencies within the scope of the general budget, agencies with special budget, social security institutions and local governments and to give them to relevant administrations, express to the public and to determine the periods corresponding these procedures with other principles and procedures (article 1). The purpose of the Regulation on Working Procedures and Principles of Strategy Development Unit (<http://rega.basbakanlik.gov.tr/Eskiler/2006/02/20060218-2.htm>, 18.01.2011) is to regulate working procedures and principles of the strategy development units (article 1).

6. CONCLUSION

The idea of “adaptation of private sector method and approaches to public institutions”, which comes up with the concept of new public administration, is the basis of recent administrative reform efforts. Strategic management have come up as one of the

methods for the purposes of giving efficiency to the operation of public administration, ensure efficiency in service delivery and making possible to fulfill the duties of public administration in the best way. Strategic management approach is a dynamic process which contributes to orientation of public institutions to environmental conditions.

Strategic management implementations in Turkey began with the reports prepared by foreign experts in the 1940s. With transition to planned period, planning studies have been started to prepare in five-year intervals. Preparation of strategic plans (in a professional way) came up with the transition of performance-based budgeting system in 2002. From this moment, strategic planning studies have started and important progress has been recorded under the leadership of State Planning Organization.

The legal framework of strategic management implementations in Turkey was described with Public Financial Administration and Control Law No. 5018, Metropolitan Municipality Law No. 5216, Special Provincial Administration Law No. 5302, Municipality Law No. 5393, Regulation on Procedures and Principles Regarding to Strategic Planning in Public Agencies, Regulation on Annual Reports Prepared by Public Agencies and Regulation on Working Procedures and Principles of Strategy Development Units.

While the arrangements about strategic management in the legal documents in the framework of restructuring of public administration are evaluated as a whole, it can be said that a strategic perspective is tried to be created in public administration. This situation is important in constituting an efficient public administration which captures the rate of change in its environment. Indeed, in public institutions, it is seen that the understanding of strategic management is adopted and successful implementations are achieved in terms of increasing efficiency and productivity, ensuring service concept for quality service and results, ability to implementation of new administration techniques.

Strategic planning process, which is based on participations and contributions of its service beneficiaries, its employees, civil society organizations and other interested parties, is important in terms of adoption of the process by everyone. In addition, the execution of strategic management implementations under the leadership of State Planning Organization has ensured the public institutions which have lack of information and facilities have fulfilled this process successfully.

In relevant regulations, it is stated that public institutions must submit their studies as reports. This situation is important to provide focusing on success with strategic perspective for institutions. However, it will bring the presentation of reports to the public within the framework of accountability principles and the provision of public confidence to public administration.

Besides all of these advantages, in legal documents, the absence of clarity about what are performance evaluation criteria (which is an important part of strategic management) can be expressed as a significant lack.

In addition, it is expressed that some concepts, which appear in legal arrangements and give an authority of determination to the administration, will not accord with public service. These can be summarized as follows (Cinar, 2005, 33-34):

- ✓ It is required from administration to determine mission and vision for itself. In fact, “mission and vision”, which are expressed in the legal regulation, are the concepts of World Bank, and these concepts have an effect on the contents of public service. And this creates a situation which is inconsistent with meaning and importance of public service.
- ✓ It is proposed to establish criteria to measure citizen satisfaction with public services. Within the framework of measurability criteria, resource allocations are carried out

in the budget process. Therefore, in this situation a question emerges: will immeasurable services be provided or not?

- ✓ Strategic plan provides an important flexibility to administration, but actually it does not provide relative autonomy of administration because of labor-capital conflict in the use of this tool. Therefore, it is concerned that the adoption of participatory approach in the preparation of strategic plans will reveal a new model of political power. In fact, strategic plan reveals a process which legitimizes the intervention of capital to budget allocations.

As a result, the legal regulations, which are related to the implementation of strategic management approach to public institutions in Turkey, bring several concerns and problems, which arise from the nature of public administration. However, new regulations are carried on the agenda to ensure benefit and development that is expected from process itself. For example, the ideas of Central Institutions, Institutions with Special Budget, Special Provincial Administrations, Municipalities and the Undersecretariat of SPO have been taken for the update of Regulation on Procedures and Principles Regarding to Strategic Planning in Public Agencies and it has been designed as the basis to revision studies. Concordantly, the Undersecretariat of SPO continues the update studies of 'Regulation on Procedures and Principles Regarding to Strategic Planning in Public Agencies' and 'Strategic Planning Guide for Public Institutions'. Additionally, 'Strategy Development Units Survey' was performed in order to identify the problems which are faced by strategy development units that were founded at the beginning of 2006. The purpose of this survey was to determine the problems of strategy development units to ensure that they accomplish their duties in adequate and effective level (<http://www.sp.gov.tr/default.asp>, 18.01.2011). These studies are clear indicators which show that this process is open to development.

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