Dealing with Wicked Problems: Government Priority System as a Tool for Engaging Leadership and Focusing on Changes

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Abstract

Due to the complex environment and a growing number of wicked policy problems, governments around the globe are poorly equipped to handle the demands of ambiguity, complexity and uncertainty to solve these non-routine tasks and issues. Therefore, the challenging task the Governments are currently facing is the need to develop specific capacities and find tools to transform systems of governance in such a way that they would be able to effectively react and adequately respond to the demands of a complex and quickly changing environment. This article aims at discussing important preconditions which are necessary to solve wicked problems, as well as defining specific instruments to deal with those challenges. The study presents the experience of the Lithuanian Government in implementing government-wide performance management reforms, emphasizing strategic leadership and collaboration while dealing with complex or wicked problems. It focuses on a specific instrument – the annual Government Priority System. The article is based on the results of two consecutive surveys conducted by the Office of the Government of Lithuania in 2012 and 2014 to assess the quality and relevance of the Government Priority System. The research findings have revealed that the Government Priority System can be considered as an important and relevant instrument for the Lithuanian Government to deal with wicked problems by establishing a platform to enable collaboration and strategic leadership. At the same time, several important shortcomings of the system have been identified, such as the lack of understanding of the importance of cross-governmental collaboration and joint priorities, lack of trust as well as insufficient political leadership. It is suggested that the next important step to be made by the Lithuanian Government is to develop relevant management and leadership competencies that will foster cultural change within the Government and will lead towards the New Public Governance.

Keywords: public policy, Government priorities, public management, wicked problems, strategic planning.

Introduction

Governments around the globe are faced with a growing number of wicked problems (Sorensen and Torfing, 2012). These problems are complex, unpredictable, ill-defined and intractable (O’Leary and Vij, 2012). Governance tasks became so complex that no actor has sufficient knowledge to solve them. It has become a challenge to predict the costs and benefits of policy decisions, to balance the conflicting values of different stakeholders and find relevant strategies to tackle these problems. Due to the complex and inter-dependent nature of wicked problems, traditional hierarchical and bureaucratic systems, standard tools and practices are unable to cope with the demands of ambiguity, complexity and uncertainty (Halligan, Buick and O’Flynn, 2012, p. 79). Unfortunately, governments are poorly equipped to solve these non-routine, non-standard tasks and issues. The challenge of dealing with wicked problems has been demonstrated in relation to the global economic and financial crisis, as well as coping with natural disaster situations (tsunami, different pandemics) where governments were unable to react very quickly in preparing, coordinating and rapidly mobilizing resources.

Drawing on the extensive research of various authors (Weber and Khademian, 2008; Bao et al., 2012; O’Leary and Vij, 2012; Sorensen and Torfing; 2012; Head and
Afford, 2013; others) this article builds on the concept of New Public Governance (NPG) as a framework for dealing with the policy arena where the predominance of wicked problems requires extensive behavioral and organizational change. It aims to discuss important preconditions which are necessary to solve wicked problems, as well as define specific instruments to deal with those challenges. This article presents the experience of the Lithuanian Government in implementing government-wide performance management reforms, emphasizing strategic leadership and collaboration while dealing with complex or wicked problems. It focuses on a specific instrument – the annual Government Priority System which was introduced during the time of the global economic crisis of 2009 – 2012. As a result of this crisis Lithuania’s real output fell by almost 15 % during 2009. The Government Priority System was meant to mobilize scarce human and financial resources to facilitate the urgent implementation of complex structural reforms, such as youth unemployment, social welfare services, emigration policies, other.

The article is supported by the results of two consecutive surveys conducted by the Office of the Government of Lithuania to assess the quality and relevance of the Government Priority System and provide recommendations for its improvement. The synoptic/opinion surveys were conducted in 2012 and 2014. Two groups were targeted by the surveys – ministers (vice-ministers) and strategic planning experts within the ministries of Lithuania. In 2012 the survey was launched in order to overhaul the Government priorities’ System suitability for policy leaders (Survey report, 2012). 14 Ministers/vice-ministers out of 14 surveyed responded to the questionnaire. The other synoptic survey was completed in 2014 in order to find out how the priorities’ tool is utilized by the strategic planning experts while running strategic planning process within the ministries and if it met their expectations. The heads of 14 strategic planning units were surveyed; the response rate was 100 %. Both surveys were carried out using internet questionnaires. This article also relies on the first-hand experience of the authors.

The first two parts of this article focuses on the nature of wicked problems and the concept of New Public Governance (NPG) provides a theoretical framework for the discussion, as well as outlining important preconditions required when dealing with these types of problems. Part three briefly introduces the Government Priority System and discusses key features of the system. Part four focuses the discussion on the ability of the Government Priority System to deal with wicked problems and enable strategic leadership. The main preconditions/assumptions for further development of the Government Priority System as a tool to deal with wicked problems are also outlined, as are some conclusions and lessons learned.

1. Current challenges of public management: wicked problems and scarce resources

Many of today’s problems are deep-rooted disagreements about the essence and significance of particular issues and possible solutions. For example, how to protect the environment without compromising economic growth? How to ensure citizens’ proper participation and consultations on specific issues without compromising the efficiency of the process? There is no single best approach to tackle such problems, but they are becoming increasingly more common and for which public leaders have few competencies and tools to deal with them. Wicked problems are characterized as difficult to decide and hard to solve. They carry a high potential for conflict and require specialized knowledge to capture and non-standard solutions to address them (Sorensen and Torfing, 2012). They are generally seen as associated with multiple interests and values of stakeholders and institutional complexity. Based on Head and Afford (2013) the fundamental cause of wicked problems is stakeholder disagreement, conflicting values and the perceptions of different stakeholders. Different stakeholders might have different positions and opinions, their values might be in conflict and there might be different types of responses to resolve the problem.

Public management logic assumes that each public organization has a clear strategy, supportive political environment, action plans to achieve outcomes, control over resources and the necessary capabilities to achieve the outcomes. However, none of which necessarily applies in the occurrence of wicked problems. Therefore, there is a need to develop policy instruments that can facilitate resolution of wicked problems – reduce life-style related illness and illegal immigration, enhance public safety, ensure sustainable development, other. These problems cannot be resolved by throwing more money or standard solutions at them, rather they require innovative policy solutions (Sorensen and Torfing, 2011). These policy instruments should become permanent and systematic activities that pervade the entire public sector.

Concerns about wicked problems and their challenges for contemporary governments are very much linked with the ongoing debate about the scope and role of government. It is well illustrated by movement from New Public Management (NPM) towards the concept of NPG. This tendency provides a good basis for finding solutions to deal with wicked problems.

The NPM approach, which has dominated public administration theory and practice for more than 25 years, focuses on business like management techniques to make government more responsive, efficient and accountable. It utilizes administrative approaches to solve problems that are essentially of a political nature. Whereas, the NPG movement evolutionally responds to the New Public Management weaknesses, such as overuse of private sector models, an excessive focus on efficiency, or fragmented structures of authorities. NPG is value centered and argues that the goal of government is to promote larger common goods, not just improve efficiency, effectiveness and responsiveness. NPG signifies a widespread perception of a shift in the nature and role of the state, from bureaucratic hierarchy towards multi-level institutions that cooperate with civil society through markets and networks (Bevir, 2006). NPG emphasizes the creation of government...
processes that facilitate the generation of implementable agreements among a wide range of stakeholders who may have conflicting interests. Political mediation among contending stakeholders having legitimate differences regarding the public value is at the center of the process (Bao et al., 2012). NPG suggests opening up the modes of decision making rather than just using the rational goal-directed model. It proposes robust community consultation and stakeholder engagement by public agencies.

Governments alone do not have sufficient knowledge, authority structures, resources and instruments in place to solve wicked problems. This creates a need for collaboration with other government entities, business companies, civil society, non-governmental organizations, other. The role of government is changing from direct service provider to generator of public value (Wilkins, 2013/2014). In order to facilitate discussions and negotiate a shared understanding of the problems and to look for creative solutions, high quality leadership is crucial. The role of leader is not limited to facilitating/leading discussions, but establishing the right environment and circumstances for joint solutions to emerge. Crosby and Bryson (2005) called it ‘leading in a shared power world’, identifying leadership as a critical impetus.

2. Strategic leadership and collaboration as main preconditions to solve wicked problems

Movement from NPM to NPG initiated a discussion on the forms of organization of cross agency boundaries. As was discussed above wicked problems cannot be solved or solved easily by one organization, usually they cross the boundaries of one organization. Therefore leaders very often find themselves facilitating and operating in multi-organizational arrangements (O’Leary and Vij, 2012). Multi-actor collaboration ensures that resolution of complex or even wicked problems draws upon and uses all relevant knowledge, experience, resources, transformative capacities and political authority. Therefore, in order to get better grip on wicked problems and to deal with crisis situations, threats and disasters, the strategies of ‘joined-up government’, or ‘whole of government’, and the concept of collaborative public management have been introduced in number of countries. These strategies aspire to reduce fragmentation of the public sector, achieve horizontal and vertical coordination in order to eliminate situations in which different policies undermine each other, to make better use of scarce resources, to create synergies by bringing together different stakeholders (Christensen and Legreid, 2007). This whole of government approach requires a focus on the broader picture and an understanding of the government’s overall policy agenda and priorities (Haligan et al., 2012).

For the decision makers, complexity and diversity create higher levels of uncertainty and ambiguity. As the number and variety of actors, groups, and organizational units involved in a complex issue increases, the need for high-quality management and leadership processes becomes more crucial (Head and Alford, 2013). Public management development research and practices have started to search for management solutions to tackle wicked problems. Growing attention has been paid to the importance of broad consensus and strong coordination. In the literature the concept of collaborative or networked management has evolved which might address different aspects of public administration; here collaboration as a management function to engage different parts in the policy cycle from problem analysis to accomplishment of relevant measures is considered.

In general, the central idea for conceptualizing and addressing complex problems is to foster collaboration. Collaboration broadens the relationships among different stakeholders and constituents, which influences the attitude of policy makers. In terms of dealing with wicked problems, it impacts understanding of the nature of the problem, helps to find the best solutions and increase accountability for the results. Therefore scholars highlight the role of collaboration in problem determination, policy deliberation and implementation phases (Head and Alford, 2013). The presence of collaborative relationships brings together different practices and increases the awareness of a problem causes; accordingly the problem can be better understood and address the needs of constituents. In policy deliberation process collaboration gain more knowledge and insights from different actors involved. Moreover, wide-ranging discussions which lead to a consensus increase the ownership and encourage taking part in a solution to a problem. A conditionally common strategy determines more effective policy implementation. Joint-agreement and mutual commitment, as well as shared contribution and coordinated activities, facilitate the implementation and diminish the resistant to change. To sum up, collaboration could be seen as the guiding principle in policy formulation and implementation that lead to better problem understanding, ensuring an appropriate solution to a problem and agreed common actions.

Different instrumental strategies have been applied across governments of different countries to introduce more coordinated, integrated and collaborative approaches. These range from top-down style in implementing policies, strengthening or reassertion of the center of government, establishing structures such as strategic units, inter-ministerial committees, cross-sectoral groups, making public service agreements, other (Christensen and Legreid, 2007). Strengthening of the center in countries such as the United Kingdom, Australia, and New Zealand implied strengthening of the prime minister’s office. Tightening up financial management and strengthening accountability was very visible in Canada.

A wide-spread focus on ‘collaboration’ as a solution to wicked problems is important but requires other supplementary measures. Head and Alford (2013) argue that collaboration is not always the best option among possible responses to wicked problems, primarily because collaboration alone does not necessarily address all the aspects of the complexity of the challenge. In response they suggested two additional strategies: broader ways of thinking about variables, options and linkages; and new models of leadership that better appreciate the distributed
nature of information, interest and power (Head and Alford, 2013). The suggestion to apply more sophisticated approaches is reasonable as collaboration by itself targets management as a process. From this point of view it could be considered as a core management principle that could be applied horizontally in different policy stages and in different layers of management.

When dealing with complex problems leadership is an essential success factor that supplements collaborative activities. Of course other determinants, such as advanced analytics and relevant management tools, are important in tackling wicked problems. Nevertheless, the high level of uncertainty and diversity, the need to reallocate resources and pool the endeavors of different actors, increase the significance of the leadership role. Collaboration and addressing complexity is deeply dependent on the skills and roles of leaders. In order to lead collaborative undertakings public leaders must have the capacity to persuade, communicate, influence, to build trust, to read people, think big and generally engage in diplomacy (Alford and O’Flynn, 2012). A facilitative style of leadership is therefore relevant since addressing wicked problems requires bringing forth knowledge that is beyond the compass of a leader acting alone (Head and Alford, 2013). Public leaders are expected to rely on interpersonal and interorganizational processes as complements to – and sometimes as substitutes for – authority.

In recent studies leadership concepts have emerged which are mostly grounded on the idea of collaboration and underline ‘collaborative leadership’ and ‘adaptive leadership’ roles. Both approaches emphasize an engagement process and the ability to work in a network or share-power environment. These new concepts advocate a mindset shift in the leadership role from ‘framing the vision and providing the strategy’ to ‘engaging in strategy elaboration and empowering’. These concepts are virtually based on cooperative forms and new leadership skills that assist in dealing with wicked problems. Instead of focusing attention on new leadership qualities, the leadership role from the performance management perspective is considered. The main question here is to what extent a performance management system could influence strategic leadership and which components of a performance management framework could strengthen the leadership role.

Observation of strategic leadership and collaborative patterns and the importance in today’s governance helps to explain the linkages between the prevailing public management theories. NPG points out the idea of value-based management and promotes the idea of the creation of a larger common good (Bao et al., 2012). The notion of common good brings up the legitimacy issue and herewith emphasizes the importance of wide ranging agreement or ‘networked governance’. Eventually the changing role of government affects management systems and requires them to adapt their performance management and leadership strategies.

Thereby NPG has moved beyond strategic management to strategic leadership. It influences the development of performance management and entails a shift from performance management to performance governance type. Performance governance broadens the boundaries of institutional performance and refers to government-wide and societal coverage which is in line with the wicked problem concept. Accordingly it has an impact on almost all elements of the performance management system: expands the scope of performance measurement, focuses on impact rather than on efficiency and effectiveness and promotes wide stakeholders engagement in defining the policy problem and desired results. Overall, the performance governance concept has changed the perception of results whereas it refers to fulfillment of constituents needs; results should be treated as a specific dimension of welfare state and progress. Target setting focusing on the expertise basis is not sufficient any more, there is a need for a political and policy debate on results in terms of well-being and the fulfillment of different needs.

Therefore under the influence of different preferences and conflicting values, the collaboration and strategic leadership role becomes significantly important in order to leverage the strategy and drive for change. The main characteristics of NPG stress the same variables that influence capabilities to solve wicked problems and correspond to a rapidly changing environment.

It can be stated that the NPG movement and significantly increased attention to wicked problems in public policy promote the need for new management and leadership competencies. Core competencies are shifting from managerial skills to networking, facilitation and negotiation with stakeholders arrayed horizontally in networks (Wilkins, 2013/2014). Leaders and managers are required to mediate different demands, to reach joint agreements within and outside the government and herewith drive the changes that will add the most value. Collaboration facilitates negotiations among different stakeholders, especially when dealing with horizontal issues. In turn, application of this principle ensures political commitment and increases accountability. Accordingly, leaders should be capable to go beyond institutional boundaries and focus on societal needs instead of coping with target achievement as good in itself. Strategic leadership should embrace various ranges of causalities, envision the most influential factors and lead policy deliberations. Moreover, strategic leadership is the core determinant ensuring high performance because it provides political support, drives for change and empowers policy coordinators to act horizontally.

3. Government priorities as a tool to facilitate collaboration and engage leadership: the case of Lithuania

There are different practices to make collaboration work, which vary from better regulatory initiatives to the application of innovative ICT tools. In the case of Lithuania, the Government Priority System was meant to be a key instrument addressing this challenge. The OECD developed (OECD, 1996) a Policy Coordination Scale that rates coordination options for internal management of
external relations. The Scale was composed to illustrate the degree of coordination in intergovernmental negotiations on policy. In accordance with the Scale establishing government priorities is treated as the highest coordination degree.

Improvement of the performance management framework with special attention to the annual priorities of the Government as well as setting viable policy coordination mechanisms has already been at the forefront of the political agenda of the Lithuanian Government for some time. The first steps in this direction were taken at the beginning of the financial crisis in 2009, when dramatically shrinking resources and citizens’ expectations to deliver ‘value for money’ required the Lithuanian Government to provide strong leadership and ensure a high performance culture. At the same time the Strategic planning system functioning before financial crisis of 2009 – 2012 fell short of political leaders’ expectations and aspirations to focus the political agenda on the most challenging policy issues and reallocate resources accordingly (Siugzdiniene et al., 2014).

The new Government Priority System was introduced in 2010 in order to focus attention and direct scarce resources on the key questions of the political agenda and strengthen capacities to implement comprehensive structural reforms (Box 1, for additional information on the Government Priority System). A lack of linkages between the political agenda and the strategic planning system, as well as difficulties in influencing the budgeting process in a timely way were the triggers for streamlining the strategic planning system. Institutional inertia and a focus on the accomplishment of functions rather than suggestions on how to achieve better results, was the other important setback meeting the needs of the leadership. Hence, the Government Priority System was intended to create suitable conditions for tackling cross-cutting issues and enable strategic leadership.

The Government Priority System is an integral part of the Government-wide performance management framework. In Lithuania the strategic planning system is mostly a decentralized system where ministers hold a high-level of autonomy and independently set targets and intended results in their responsible policy areas; while the Government Priority System aims to centralize the strategic planning of key policy development issues in the hands of the Government. The explicit focus on deliverables and emphasis on holding ministries accountable for results foster a high performance culture. To conclude the Government priority patterns are suitable for planning cross-cutting issues and help to pool ministries efforts to accomplish challenging tasks. In the next two parts the main Government priority features and implications on performance management system is studied. This explains how Government priorities help to address and solve complex problems, as well as creating relevant conditions necessary for strategic leadership.

The improvement of Government Priority System in 2010 helped to strengthen the strategic planning role at Government level on key public policy issues. It can be considered as a platform to tackle complex problems and reach joint agreement on the required resources and find appropriate measures to solve wicked problems. In line with these expectations, the Government Priority System was framed to support high-level policy deliberations and enhance responsibility for results.

Key features enabling the solution of wicked problems and assistance of leadership efforts to drive policy changes are highlighted and observed below. Discussion of key features is supported by the synoptic survey results carried out in 2012 and in 2014, as mentioned in the introduction.

**Linkages with political agenda and focused attention.** Frequently different countries, even with an advanced performance management system, face difficulties in developing a strategic planning system that reflects the political priorities and guides the resource prioritization in a timely way. The need to align political priorities with strategic planning and the budgeting system was the main trigger for reshaping the strategic planning system and introducing the priority element. Accordingly the Government Priority System makes strong linkages with the political agenda and serves as a landmark for policy change. According to the minister’s opinion survey, more than 75 % of respondents answered that the Government Priority System has connected the political agenda with ongoing planning (strategy action plan).

Moreover, the Government Priority System helps to concentrate sufficient Government attention to the strategic development question among ongoing policy issues. 85 % of respondents said that the Government Priority System has boosted strategic planning at Government level. Hence, the priority setting process enables the elevation of discussions on key strategic questions to a higher level; meanwhile priority monitoring ensures considerations of the progress reports. The institutionalization and unifying of procedures creates a recognizable platform for discussion at a political level and direct ministries to support the decision making process.

**Resource prioritization.** One of the most important tasks of the whole Government Priority System is to match the policy and financial priorities and serve as a focal point for resource prioritization. Government priorities are directly connected and implemented through ministries strategic action plans. This helps to attach the policy priorities and desired changes to the annual planning and budget formation process. At the macro level Government priorities are the starting point in the budget formation process and the core axis in budget negotiations between the Prime Minister, Minister of Finance and line ministers. Accordingly the budget negotiations results and the resource allocation decisions should reflect defined priorities and desired changes. The survey results showed that at the institutional level Government priorities have the highest impact on reaching resource reallocation decisions (more than 40 % of surveyed ministries’ strategic planning experts answered so). Strategy adjustment was highlighted as the other issue that has usually been affected by the priorities (more than 35 % of respondents indicated it). These findings make sense because priorities by their nature impose new courses of action which need to be taken.
Although the Government Priority System has been upgraded in order to facilitate resource reallocation decisions; there is still room for improvement. Use of performance information in the budgeting process and emphasis on priorities in budget arrangements seem to be the challenging aspects in the management system at the Government level. The survey results supports this assumption – 56% of the respondents pointed out that the lack of focused attention on the priorities in the budget negotiations is one of the most important setbacks to use the opportunities of the priority system. Moreover, the study carried out by the Government Office (Government Office, 2012) revealed that regardless of changing Governments and their policy priorities, the public financing rates per policy sectors remain more or less the same. Nevertheless, despite the lack of concentration on priorities in budget negotiations, priorities create conditions for ministers to focus on improving and pooling resources for those policy areas where performance gain and added value are likely to be the greatest.

**Focus on outcome based measures.** Outcome-based measures are an important component of the overall Government priorities’ implementation framework. According to the priorities’ development guidelines (Government Office, 2012), performance indicators are supposed to be outcome oriented, which permit the expression of the desired policy changes and subsequently the assessment of the fulfillment of constituents needs. This feature could strengthen performance monitoring at the Government level and supplement previous process-based monitoring system with a results-based component. Despite attempts to focus attention on results, ministries tend to define product performance indicators. In 2013 product performance indicators accounted for 46% of all Government performance indicators; in 2014 tendencies remain the same (Government Office, 2014). This is considered to be a shortcoming of the system, which needs to be managed in order to utilize the opportunities of result-oriented management.

**Results chain connects Government priorities with individual performance contracts.** The Government priority System is framed as a results chain which enables agreement to be reached on key results at all management layers. Firstly, Government priorities serve as an agreement between the Prime Minister and line ministers. This agreement is endorsed during the process of budget negotiations. Ministers’ commitment to implement certain priorities or actions and achieve agreed targets is confirmed by the Government in line with the budget approval procedure. Ministers develop the priorities of the Ministry based on agreed priorities. This document is called – the Strategic Change Plan of the Minister. It contains relevant actions and performance indicators to implement relevant Government priorities, as well as outlining additional priorities which are important for the specific Ministry. The Strategic Change Plan is integral part of ministries’ Strategic Action Plan (Government of the Republic of Lithuania Resolution, 2010) and is considered as an agreement between the Minister and the Chancellor of the Ministry, who is responsible for the entire strategic planning issue. In accordance with the Strategic Change Plan, performance appraisal contracts are signed with top level managers as well as other civil servants in accordance with accountability lines during the annual appraisal procedure. The opportunity to move Government priorities to an individual level secures Government attention to essential policy issues and their implementation, and ensures civil servants commitment to the processes of change.

**The importance of advanced analytical capacities.** A well-developed Government priority monitoring system challenges ministries analytical capacities. It is obligatory to submit quarterly report on progress, which should indicate the diagnosis of the current situation and lead to improvement decisions. Besides simple reporting on how the actions are accomplished, it exercises managers’ abilities to coordinate priorities and provides a deep insight on how to achieve better results. According to the survey results, ministries strategic planning experts consider analytical capacities as an influential factor for implementing Government priorities.

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**Figure 1.** Key competencies and management conditions required to deal with wicked problems

- **New Public Governance & Wicked problems**
  - Networked governance
  - Wide ranging agreement
  - Focus on values and common good

- **New management and leadership competencies**
  - Collaboration (cross-agency cooperation, empowerment)
  - Strategic leadership (change management, resource prioritization, dealing with complexity)

- **Enabling management conditions**
  - Platform for political debate and Government-wide commitment
  - Tool for Cross-government issues planning and cooperation
  - High performance culture
Almost 65% of respondents emphasized the importance of developed analytical capacities.

There are a number of issues where analytical capacities are an important factor of successful priority implementation. For example, ministries have to be able to conduct a diagnostic review of their performance in order to reallocate resources and match budget to priorities, or to glean robust evidence and support the decision making process. But the most important thing is that ministries are encouraged to advocate a continuous improvement philosophy and focus on how to improve results. Overall governance culture plays a significant role in strengthening results-based management.

According to the ministries strategic planning experts’ opinion, high management maturity is important factor enabling the Government Priority System (around 60% of respondents pointed out this aspect). The main Government priorities’ features observed above inevitably impact on the whole governance system and increase the overall government capabilities to cope with complexity. The findings show that the capabilities are enhanced when the governance system is able to adjust to the most challenging circumstances, demonstrate high quality results and address the needs of constituents. Discussing more specifically how Government priorities influence management competencies, three important factors are outlined – 1) platform for political debate and Government-wide commitment, 2) cross-government issues planning and cooperation and 3) high performance culture (Figure 1). These factors may be considered as management conditions induced by the Government Priority System in order to assist collaboration and strategic leadership, thus increasing the government’s ability to manage wicked problems.

4. Dealing with and wicked problems and enabling strategic leadership: implication of Government priority system

In this article it is argued that the Government priority system – an instrument, which comprises of the relevant characteristics needed to resolve the wicked problems of public policy. Government priorities virtually entail policy changes that require reaching a broad political consensus and pool ministries endeavors. Features such as a formal submission procedure and integration into the whole strategic planning system, result-oriented management, a platform for political debate, consensus building and cross agency collaboration, clear accountability and political commitment are suitable conditions for responding to complex development challenges and lead policy change efforts. This environment, in principle, should formally enable collaboration and strategic leadership. However, two questions remain: To what extent is the Government Priority System ‘fit for purpose’ when dealing with complexity and tackling wicked problems? Does the Government possess required new management and leadership competencies as discussed in the first and second chapters? By discussing these questions the main Government Priority System implications on the management system are analyzed.

Based on the discussion in the first two chapters and in light of key features of Government priority system as well as in-depth knowledge of the Lithuanian performance management context, four focus points are outlined and discussed. Adhering to defined new management and leadership competencies – strategic leadership and collaboration, focus points underline possible implications of the Government Priority System, which it is assumed are potential areas for improvement. For the sake of clarity two management layers are distinguished – Government and institutional levels.

**Shared agreement.** Government priorities are mainly related to the resolution of wicked problems, such as massive home renovation, energy independence issues, youth unemployment, the fight against corruption, the shadow economy, etc. and address complex issues and difficult patterns of causality as discussed in chapter 1. The nature of priorities led to presumption that priority setting involves different stakeholders and requires strong collaboration and strategic leadership from the beginning of the priority planning process and throughout its implementation.

The Prime Minister submits a primary proposal of Government priorities to the Cabinet and suggests possible directions for implementation. The Cabinet discusses the proposal and it is obliged to reach common agreement on the priorities. The Prime Minister is expected to facilitate the discussions and build a shared understanding as well as promote common values and vision. As it discussed in chapter 2, public leaders must have the capacity to persuade, communicate, influence, build trust, read people, think big and generally engage in diplomacy (Alford and O’Flynn, 2012). This is especially relevant for the context of Lithuania where by tradition coalition governments are the norm and quite often Ministers represent different political parties have very different views and pursue different agendas. Thus, the role of strategic leadership in fostering collaboration is crucial in this regard.

The Government priority setting and elaboration process should facilitate consensus on the most urgent and essential policy issues needed to be solved. Moreover, the priority system should serve not only as a platform for high-level political discussion but also as an aid to reach joint agreement and shared understanding of the problem. Priority endorsement could be considered as Government-
wide commitment to implement the desired changes. The survey results revealed that the Government Priority System is a suitable tool for planning and implementing the most significant changes. More than 70% of ministers interviewed agreed or strongly agreed with this statement. The strategic planning experts’ opinion survey showed similar results – 79% of the respondents stated that the Government Priority System enables them to point out areas for improvement and define the development directions. This is significantly important while stimulating collaboration in a coalition Government. As it mentioned, in the Lithuanian case coalition government is prevailing type of government constituted, therefore priorities ensure joint-agreement and continuity in implementing reforms.

However, the priority setting process has some limitations. It is a purely political exercise and it is limited to internal discussion of the Cabinet, though it is the cabinet of a coalition government. As concluded in chapter 2, performance governance broadens the boundaries of institutional performance and refers to government-wide and societal coverage which is in line with the concept of wicked problems.

In sum, the fact that Government priorities encourage the making of consistent arrangements on key structural reforms in coalition government indicates significant progress in dealing with wicked problems. Despite this, it is argued that shared agreement could be considered partial rather than equitable, because the agreement on priorities is virtually based on internal government’s discussions. Thus, it is important to distinguish between agreement within government as Government priorities’ endorsement, and outside government as broad consensus in society. It is important to note that Government priorities could be utilized to increase the credibility of public institutions and build trust.

Cross-governmental collaboration. Ministries leading implementation of some priorities are expected to lead the development of key actions for execution, as well as further implementation of priorities. However, very often leaders within the ministries lack the culture of horizontal cooperation, capacities and experience to push for the achievement of priority results (Government Office, 2014). On the other hand, the reluctance on the side of participating ministries to contribute to the implementation of ‘outlandish’ results is also evident (Siugzdiniene et al., 2014). As indicated in chapter 1, page 4, trust is a critical factor to develop shared agreements. Lack of trust can be indicated as important obstacle for cross-governmental collaboration.

Observation of Government priorities’ quality shows that ministries tend to contribute just in the frame of attributed functions and they are not willing to alter their course of action. Thus, the lack of understanding of the importance of collaboration and joint priorities, as well as the prevailing sectoral thinking, are the main factors influencing the shortcomings of the newly established annual priority mechanism.

As discussed in the section 3.1 Government priorities enable ministries to coordinate cross-cutting priorities and empower the negotiation and control of the actions implemented by other institutions. Importantly, the leading ministries should demonstrate strong and proactive coordination and facilitation competencies. However today there is a need to elevate ministries competencies to deal with cross-agency issues – to guide development of intervention logic, determining key actions, defining the intended results etc. Institutional barriers remain very strong and are influential obstacle to solve wicked problems.

A number of barriers and outstanding questions can be identified as inhibiting progress with collaborative approaches and developing partnerships with other sectors. Kernaghan (2005) identifies four governance barriers. Firstly, political barriers – emphasis of vertical dimension of policy making and lack of direct control exerted by ministers on decision making. Secondly, structural barriers, such as inter-jurisdictional tensions and political competitiveness, as well as a lack of dedicated funding and the vertical nature of the budgetary process. Thirdly, there are pay, reward and recognition systems that work against horizontal collaboration. Finally, cultural barriers which include an emphasis on the vertical dimension of government and support for departmental rather than inter-departmental initiatives (Christensen and Legreid, 2007; Haligan et al., 2012). In Lithuania’s case the Government Priority System makes it easier to cope with the first two barriers, whereas the cultural barrier remains the most pressing challenge. This is concerned with cultural change and broader ways of thinking, which should be underpinned with consistent efforts as well as supporting incentives to act horizontally.

Negotiation and facilitation/stakeholders’ engagement. These aspects are discussed simultaneously for the reason that both of them are related to leader’s ability to broaden institutional boundaries and encourage external stakeholders to engage in policy formulation. The negotiation and facilitation aspects exceptionally rely on leader’s competencies. Meanwhile, stakeholders’ engagement is more concerned with the prevailing management and decision making practice. Nevertheless, both together could be influenced by the changing leadership role.

As presented in Box 1, leading ministries are expected to engage in the elaboration of implementation activities and identification of outcomes of Government priorities. This should be organized more openly and ministries are invited to discuss key implementations actions and outcomes with relevant stakeholders within ministries, across ministries and even outside ministries. Although according the ministries strategic planning experts’ survey none of the ministry conducts consultations with relevant stakeholders in the priorities planning phase. Current practice shows that the priorities’ elaboration process is based on incremental policy making approach. Complex issues require the observation of different aspects of the problem and investigating various options, instead of attempting to impose a course of previously applied actions (Snowden and Boone, 2007). Coping with wicked problems is essential to leverage entrained knowledge (expertise) with the ability to broaden the thinking that
allows innovative solutions to emerge. The Survey results showed that in 2013 more than 45% of all priorities implementation actions were related to core institutional functions and routine issues (Government Office, 2014). Moreover, analysis of Government priorities logical models led to conclusion that half of the attempted results (outcome indicators) are rarely concerned with planned actions. In other words, often the proposed interventions are inappropriate for achieving the desired change.

Considering this, it is argued that strategic leadership is important not only in priority setting, but also in the deliberation and elaboration stages. Hence, Government priorities require high-level commitment and enduring leadership to be successful. Priority setting by its nature requires strong leadership support from the very top. While seeking to implement structural reforms and to change the existing strategy, the leader should not only envision the direction, but also push through change. The ministries strategic planning experts’ survey found that political leadership is the most important factor determining the success of priority planning and implementation (more than 70% of respondents indicated political leadership as the most important factor). Despite the indicated importance of political support, the lack of political leadership is the issue that hampers the development of the priority system the most. Insufficient top managers’ involvement was rated as the most significant obstacle resulting in lost opportunities.

**Discussion and conclusions**

Concerns about wicked problems and their challenges for contemporary governments are very much linked with the ongoing debate about the role of government. The role of government is changing from a direct service provider to a public value generator. This is very much in line with the shift from NPM to NPG. NPG emphasizes the creation of the government processes that facilitate the generation of implementable agreements among a wide range of stakeholders who may have conflicting interests. NPG suggest opening up the modes of decision making rather than the rational goal-directed model.

It is evident that traditional management logic and instruments cannot be applied in the presence of wicked problems. This requires innovative, non-standard solutions. Therefore, there is a need to develop policy instruments that can facilitate the resolution of such problems and deal with complexities. These policy instruments should become permanent and systematic activities that pervade the entire public sector.

The central idea highlighted by different scholars for conceptualizing and addressing complex problems is to foster collaboration. It can be stated that collaboration broadens the relationships among different stakeholders and constituents, which influences the attitude of policy makers. In terms of dealing with wicked problems, it impacts the understanding of the nature of the problem, helps to find shared solutions and increase accountability for the results.

However, collaboration alone does not necessarily address all aspect of the complexity challenge. Collaboration itself targets management as a process; therefore there is a need for broader ways of thinking about variables, options and linkages; as well as new models of leadership that better appreciate the distributed nature of information, interest and power. Leadership is a supplement to collaborative activities.

In order to lead collaborative undertakings public leaders must have the capacity to persuade, to communicate, to influence, to build trust, to read people, to think big and generally to engage in diplomacy (Alford and O’Flynn, 2012). The core competencies of leaders are shifting form managerial skills to networking, facilitation and negotiation with stakeholders arrayed horizontally in networks (Wilkins, 2013/2014). Leaders and managers are required to mediate different demands, to reach joint agreements within and outside government and thereby drive the changes that will add the most value. Collaboration facilitates negotiations among different stakeholders especially when dealing with horizontal issues.

It is also evident that under the framework of NPG there is a clear shift from performance management to performance governance. Performance governance broadens the boundaries of institutional performance and refers to government-wide and societal coverage which is in line with the wicked problem concept. The performance governance concept has changed the perception of results which refer to fulfillment of constituents needs; results should be treated as a specific dimension of the welfare state and progress. Target setting focusing on an expertise base are not sufficient any more, there is a need for a political and policy debate on results in terms of well-being and the fulfillment of different needs.

Therefore under the influence of different preferences and conflicting values, the collaborative and strategic leadership role becomes significantly more important in order to leverage the strategy and drive for change. So the main characteristics of NPG stress the same variables, which refer to fulfillment of constituents needs; results should be treated as a specific dimension of the welfare state and progress. Target setting focusing on an expertise base are not sufficient any more, there is a need for a political and policy debate on results in terms of well-being and the fulfillment of different needs.

Based on the conclusions above it is argued that the new Government Priority System in Lithuania which was introduced in 2010 can be considered as a suitable instrument and a platform to tackle complex problems and reach joint agreement on the required resources and find appropriate measures to solve wicked problems. It can be stated that the Government Priority System has formally established a supportive environment capable of dealing with wicked policy problems and enabling collaboration and strategic leadership.

Several features of the Government Priority System illustrate that a supportive environment to deal with wicked problems has been established:

- The Government Priority System has connected the political agenda with ongoing strategic planning and the budgeting processes. The linkages with the political agenda have been strengthened through the in-depth institutionalization of government priorities.
and linking them with the budgeting cycle as well as individual performance agreements. At the institutional level Government priorities have the highest impact on reaching resource reallocation decisions.

- The Government Priority System created suitable conditions for ministers to focus on improving and pooling resources for those policy areas where performance gains and public value are likely to be the greatest. Therefore, it currently serves as a focal point and as a vehicle through which ministers effectively reshape public policy.

- The Government priority System has encouraged the introduction of outcome-based measures and facilitated the development of a results based culture overall. Currently the system is framed as a results chain which enables agreement to be reached on key results at all management layers. The opportunity to move Government priorities to an individual level ensures Government attention to essential policy issues and their implementation, and ensures civil servants commitment to the processes of change.

- The system of monitoring and accountability for results has been strengthened and streamlined. A streamlined accountability system facilitated the development of performance management capacities within ministries in order to meet the requirements and achieve performance indicators.

- Building analytical capacities at ministry level is another important feature to be highlighted. It is obligatory to submit quarterly progress reports analyzing and diagnosing the current situation and providing evidence based information for improvement decisions.

- Most importantly the Government Priority System has developed suitable management conditions, specifically 1) platform for political debate and Government-wide commitment, 2) cross-government issues planning and cooperation and 3) high performance culture. These factors can be considered as management conditions induced by the Government Priority System in order to facilitate collaboration and strategic leadership, thus increasing the government’s ability to manage wicked problems.

It can be concluded that the management changes implied by the Government priority system are crucial while developing a performance based governance system. In light of a high complexity and conditions of scarcity, performance based governance should interlink leadership with expertise within and outside the Government and pool efforts in one direction. The retooled strategic planning in Lithuania connects politics and planning activities with a specific emphasis on cross-governmental issue coordination. This creates the basis for translating strategic political priorities into concrete policies, programs and, most importantly, results. So the Government Priority System, besides it proven relevant conditions for strategic leadership and collaboration, elevates the whole performance management framework.

In sum, the fact that Government priorities encourage the development of shared agreements on key structural reforms in coalition government indicates significant progress in dealing with wicked problems. Despite this, it can be stated that shared agreements could be considered as partial rather than equitable, because the agreement on priorities is essentially based on inner government discussions. Thus, it is important to distinguish between agreement within government as Government priorities endorsement, and outside government as a broad consensus in society. It is important to note, that Government priorities could be utilized to increase the credibility of public institutions and build trust.

The lack of understanding of the importance of collaboration and joint priorities, as well as the prevailing sectoral thinking, are the main factors influencing the shortcomings of the newly established annual priority mechanism. Lack of trust can be also indicated as important obstacle for cross-governmental collaboration.

There is a clear need to elevate ministries competencies to deal with cross-agency issues. Leaders should demonstrate strong and proactive coordination and facilitate competencies, guide development of intervention logic, determine key actions, define the intended results etc. Institutional barriers remain very strong and are an influential obstacle to solving wicked problems.

It is emphasized that the priorities elaboration process is based on an incremental policy making approach at the moment. None of the ministries conduct consultations with ‘outside’ stakeholders to gain more knowledge and insights from the different actors involved.

Despite the indicated importance of political support, the lack of political leadership and relevant competencies is the issue that hampers the development of the priority system most. Insufficient top managers’ involvement was rated as the most significant obstacle resulting in lost opportunities.

Furthermore, the cultural barriers remain the most pressing challenge for Lithuania’s Government Priority System. This is concerned with cultural change and broader ways of thinking, which should be underpinned with consistent efforts as well as supporting incentives to act horizontally.

Based on the above, it may be concluded that the Government Priority System is considered to provide an important instrument for the Lithuanian Government to deal with wicked problems by establishing a platform to enable collaboration and strategic leadership. However, the next important step to be made is to develop relevant management and leadership competencies which would foster cultural change within the Government moving towards New Public Governance.

References


Sudėtingų problemų sprendimas: vyriausybės prioritetų sistema kaip priemonė lyderystei skatinti ir pokyčiams inicijuoti

Santauka

Dėl nuolat besikeičiančios aplinkos ir daugiaučių kompleksinių viešosios politikos problemas, šių vyriausybės neturi pakankamai priemonių, kuriuos padėtų spręsti sudėtingas viešosios politikos problemas, reikalaujančias nestandartinėms sprendimams. Todėl vyriausybė susiduria su poreikiu ugdyti sąlygas, kuriose galėtų siekti ir spręsti sudėtingas viešosios politikos problemas. Struktūros problemų – išskirti priemonės, skirtos įgyvendinti. Šitaip, vyriausybės prioritetų sistema susiduria su dažnais ir veiksmingais praktiniuose nesėkmiuose sprendimuose, kuriuos padeda įgyvendinti veiklos rezultatus. Šios priemonės spręsti sudėtingas viešosios politikos problemas susiduria su atskiriomis, bet kartu yra daugiausiai veiksmingais institucijų sistemos, kurios padeda įgyvendinti veiklos rezultatus. 

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