Strategic management is now prominent on the agenda of public administration scholars and practitioners. In this review, the authors outline why approaches based on strategy are suited to public agencies, noting the ways in which strategy varies across public organizations, seeks to match internal capacities to organizational environments, and shapes the impact of external and internal constraints on performance. Empirical evidence on the impact of strategy on performance is placed under the microscope, and while there are many positive relationships, the evidence base is limited in terms of its scope, data, methods, measures, and coverage. The authors trace out what needs to be done to move the field forward, noting in particular that theoretical enrichment, empirical variety, and explanations of causal complexity are likely to come from a synthesis of models of strategy and publicness.

One of the most important functions of public organizations is to provide services that meet the expectations of citizens and that are efficient, effective, and equitable. In other words, public organizations are expected to achieve high standards on a variety of dimensions of performance. We see no sign that this expectation will diminish by 2020: the main elements of the New Public Management reform movement are still in full swing, and the emphasis on performance indicators, performance management, and consumer responsiveness remains high on the policy agenda of most nations.

The performance of public organizations is influenced by many variables (Boyne 2003). Some of these are largely outside the control of public managers, at least in the medium term. These include the resources allocated by higher levels of government, the size and characteristics of client populations, the political ideology of national and subnational governments, and the level of support provided by political principals. Some internal characteristics, too, may be largely inherited from the past and serve as constraints on contemporary public managers. These include the age composition of the workforce and the prevailing organizational culture, which is widely regarded as difficult to change (Ashworth 2010). In seeking higher performance, then, it is especially important to focus on organizational characteristics that senior and middle managers can actually influence and shift in more positive directions.

In this paper, we review arguments and evidence on one such characteristic: the strategy that organizations adopt to pursue their objectives. We identify the strategies that seem, on the basis of the available evidence, to be most effective, and set out an agenda for research that would be helpful to public managers in steering their organizations toward better performance. It is important to emphasize that we do not see research on strategy as likely to produce a “magic bullet” that will unerringly hit the target of high performance. Nevertheless, we believe that valid and comprehensive theories and evidence can illuminate which strategies are likely to work best under which circumstances.

**Why Does Strategy Matter?**

Strategy in the private sector is often viewed as a way of defeating rivals in competitive markets. In the public sector, strategy is more appropriately conceptualized as a means by which organizations can improve their performance and provide better services.