

Working in the International Public Sector

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Leaders face a set of complex challenges

By Sarah Murray



Seismic shift: World Bank president-elect Jim Yong Kim will find stakeholders have varying priorities and objectives

Three contenders – two from emerging markets – made their cases to be the next president of the World Bank, with [Jim Yong Kim](#), the US nominee, being chosen last week.

But whichever candidate had triumphed, they would still have had to come to terms with the fact that while global public sector leadership is changing fast, the challenges facing its leaders remain distinct from those in the private sector.

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If corporate chiefs see their world as complex and volatile, running a business starts to look relatively simple when you consider the forces converging on global public sector leaders.

First, the donor landscape is undergoing seismic shifts. While this once consisted largely of states giving to states, a new donor ecosystem has emerged in recent years with players ranging from large grant-makers such as the Bill and Melinda Gates Foundation

and the Gavi Alliance, a public-private partnership, to Acumen Fund, a non-profit venture fund that applies entrepreneurial approaches to development challenges.

Meanwhile, institutions such as the United States Agency for International Development (USAID) and the UK's Department for International Development (DfID) are transforming their funding policies, with many more grants going to projects that involve corporations, entrepreneurs and local non-profit organisations.

Furthermore, funding no longer flows in one direction, from the rich world to the poor. With plans for an Indian development agency and talk of the creation of a common development bank by the Bric group of fast-growing nations – Brazil, Russia, India and China – future funding may come from many different sources.

At the other end of the spectrum, the execution of development projects – whether building healthcare capacity in low-income countries or rolling out off-grid power systems in under-served communities – is being carried out by a wide range of agents, from charities and UN agencies to for-profit entrepreneurs and large corporations.

“In the development sector, there's been a move away from monolithic and omni-competent organisational models to a much more complicated pattern,” says Simon Kingston, who leads the global development practice at Russell Reynolds Associates, the executive search firm.

“Sources of funding are much more varied and delivery through partnership with other organisations is the norm. Wherever in the chain your organisation is, you need to be able to understand the whole picture.”

Mr Kingston points out that leaders of development organisations are often working across public-private boundaries and their success is significantly influenced by political developments beyond their control. “You have to have a 360-degree view,” he says. “In a way, that is even more marked than in the private sector.”

Russell Reynolds has interviewed leaders in the sector and produced a report* in which it identifies factors prompting a shift in the types of leaders development organisations seek. These include new sources of funding, increased demand for transparency and a focus on measurable impact, greater local input into the design of development programmes, an expanding private sector role and a growing number of partnership models.

But if global public sector leaders have to be far more flexible to accommodate new complexities, they also have to operate within highly process-driven environments that can seem to limit their room for manoeuvre.

For multilateral institutions, this is necessary, says Ngaire Woods, director of Oxford University's Global Economic Governance Programme, because they are answerable to governments, who are in turn accountable to voters. Organisations therefore have to follow processes that ensure they are held to account and that national governments have a say in their strategies.

“It’s restrictive for a deep purpose that people often forget,” says Prof Woods. “One of the challenges for a leader in the international public sector is to understand that they’re not reporting to a board or a set of identifiable shareholders – they’re reporting to voters who have not elected them.”

This kind of accountability is not seen in the private sector. Moreover, development agencies need to be accountable to myriad organisations, from national governments to local communities. And when social progress rather than profit margins is the chief motivator, views on what counts as success can vary.

“In this complicated world, managers don’t have the luxury of clear objectives because they have multiple stakeholders,” says Diana Farrell, director of the new McKinsey Centre for Government, created by McKinsey, the global consultancy, to support government performance.

“Companies have more clarity about shareholder value,” she says. “In the development world, customers are multi-varied and often have different priorities and objectives.”

For non-governmental organisations, too, donor pressure for greater transparency and accountability are rising and the nature of the results NGOs are required to measure and report on is changing.

Today, donors might not be satisfied with the information that, for example, 2m anti-malarial bed-nets have been distributed in a region. Donors are more likely to want to know what the drop in the incidence of malaria is and how closely it can be correlated to the use of those bed-nets.

“Donors and funders are increasingly demanding proof of outcome not output,” says Mr Kingston. “It doesn’t always mean organisations have someone at the top to deal with that yet. But it means people who are running measurement and evaluation functions are on senior management teams in a way they weren’t before.”

The demand for outcome-driven results has another effect, too. Organisations such as the World Bank and the Global Fund are changing their funding strategies, moving away from open-ended funding to making more financing available to solve specific problems with short-term goals.

“That leaves less scope for strategic leadership,” says Prof Woods. “For an international organisation to be looking ahead to foresee the next crisis, you need core resources.”

If these complexities are not enough for international public sector leaders to deal with, they now face tightening budgets. “You now have extraordinary constraints for all these organisations,” says Ms Farrell. “So they have to be more productive – do better with less – and an important way to do that is by driving innovation.”

In addition to being able to drive innovation, today's public sector organisations need leaders with a range of qualities and skills. And these may not necessarily reside in one individual.

In fact, the Russell Reynolds report recommends that organisations draw in a wide diversity of talent, including executives with private sector experience. Given the rapid shifts in the development landscape, says Mr Kingston, they need leaders who are versed in change management and working in different environments.

“At a general level, you need someone who's been through organisational change and whose cultural dexterity is well developed,” he says.

The good news for global public sector organisations is that, when it comes to these kinds of individuals, the pool of talent is expanding. Many more executives are moving between public and private sectors, bringing new ways of thinking with them.

And as the economies of developing countries expand, they are producing a new cadre of local leaders used to working in challenging environments but also with experience of building a business or working in a multinational company.

For large development organisations, the need to build a diverse top team will only increase. Responding to this, argues Mr Kingston, might not be easy. “Handling a genuinely culturally diverse group is a real test, and there are people in any sector who struggle with that,” he says. “It's a very particular art creating and supporting a genuinely intercultural top team.”

** Global Development: A New Approach to Leadership, Russell Reynolds Associates, 2012*