LINKING LEADERSHIP TO PERFORMANCE IN PUBLIC ORGANISATIONS

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1. Introduction

1. Effective leadership for public organisations is an important objective for most nations. The necessary qualities of leadership, however – as well as the characteristics of “good” or “effective” leadership – may be different in different national contexts. Nonetheless, global and consistent pressures of reform, technological development, and calls for improved accountability and performance have emphasised the importance of leadership in new ways. E-governance, “hollowed government”, and the need to link leaders and leadership to building institutional and managerial capacity challenge traditional definitions of leadership (OECD, 2000). Leadership for the future has been described as more about “knowing who”, rather than “knowing how”; that is, about relying on a network of external experts, rather than hiring expertise into the organisation; about redefining the nature of work in new political and technological environments; and about leading networked and more transitory organisations. Linking leadership to performance, and linking the performance of public organisations to greater accountability and better governance are concerns for elected officials, members of the public service, and citizens.

2. The rigid hierarchical structures for which public organisations have long been noted are under attack in many national settings, but have not been dislodged or significantly altered in most places; the behaviours and constraints they create remain a reality for public officials and other leaders. Leading toward current and future demands, while still constrained by older structures and procedures, has severely tested the higher public service in numerous countries. To bridge the “talented leadership” gap that has emerged, OECD Member countries and others have created a variety of strategies for the acquisition and development of leadership talent and capacity. It is clear, however, that fundamental issues related to leadership and leadership development demand additional analysis and attention.

2. Choices About Leadership Styles and Behaviours

3. There is a broad diversity of perspectives about leadership, as well as about what constitutes effective leadership within organisations. The literature, for example, has explored personal characteristics of leadership, relationships between leaders and subordinates, the role of leadership in organisational change, and the differing effectiveness of various leadership styles in different settings and environments (Stogdill, 1974; Atwater, et al 1999; Ulrich, Zinger, and Smallwood, 1999).

4. Very generally, however, conceptual models of leadership style and behaviour can be summarised into four broad categories: the hierarchical, command/control model commonly associated with large bureaucratic entities emphasises rules, regulations, structure, and stability. Leadership, *per se*, is related to the authoritative giving of orders and the expectation that those orders (or decisions) will be followed (or implemented). In Follett’s (1936) terms, the relationship between leader and subordinates is one of “power over”, not “power with”. Power or authority sharing diminishes the quality and the strength of leadership.
5. Transactional leadership (Bass, 1985) moves to recognition of necessary leader/subordinate exchange in the interests of rewarding desirable behaviour (in pursuit of leader or organisational goals) and punishment or corrective action to discourage behaviour and activity not deemed productive. In public organisational terms, behaviour and characteristics of transactional leaders are closely related to adherence to procedures and commitment to process, and internal organisational relationships reflect essentially standardised patterns.

6. Transformational leadership (Bass, 1985) moves more proactively to linking leadership to positive change. In transformational leadership behaviour, personal characteristics of the leader (including charisma), individualised consideration of follower needs, the ability to view problems or objectives from multiple perspectives, and the ability to communicate a vision or a path/purpose to change are significant factors. Although transactional and transformational behaviour are not completely separable patterns, because effective leadership behaviour and style must be contingent on context, there is some empirical evidence that suggests that transformational behaviour can be linked to higher performance in ways that transactional behaviour cannot (Howell and Avolio, 1993). That is, transformational leaders motivate employees to higher levels of productivity and organisational commitment. Further, the emphases of transformational leadership on change and innovation fit closely with the values inherent in models of administrative and organisational change underpinning many public sector reform efforts. As a result, reliance upon the general model has been extensive in reformed settings.

7. Nonetheless, transformational leadership theories and behaviours have also been challenged by new models of leadership emphasising nearly constant change, changed patterns of communication, shared horizontal authority and responsibility, and leadership within organisations whose boundaries are open to complex and often unpredictable pressures and demands. Integrative leadership perspectives argue that effective leadership is not a free-floating phenomenon, but must be more specifically linked to organisational abilities and performance (Ulrich, Zinger, and Smallwood, 1999).

8. This integrative view of leadership may be particularly apt for public leaders, who necessarily operate in organisational contexts and environments where conditions and parameters are often determined externally. Public leaders are dependent upon a systemic organisational base over which they do not have complete control for the implementation of policies and programmes. At the same time, public leaders must utilise and build upon the existing base if critical organisational capacities are to be created and higher levels of performance are to be achieved. Systemic capacity, in this sense, becomes critical to the leader’s ability to perform and for that performance to be linked to overall organisational effectiveness. Fundamental systemic capacities include the organisation’s human capital, its internal management capabilities, information and knowledge management skills, and the ability of the organisation and its members to evaluate and learn from previous efforts and experience. The leader in this setting must integrate all of these component parts into broader organisational strength and potential. This must be done with an eye toward building for future capacity, as well a clear focus on present performance. The ability to achieve this balance is a core characteristic of the integrated leadership model.

9. The boundaries between the general leadership categories just described are not rigid; both theorists and real world leaders recognise the need to tailor behaviour and style to contingent need and context. There is good evidence that effective leaders move from one set of behaviours to another depending on context and demand, essentially picking and choosing from strategic options to obtain optimal outcomes.

10. Differing definitions and utilisation of leadership models also reflect differences in the fundamental nature of organisations and the environments in which they are nested. Level of economic development and stability, extent of social integration within the broader society, the nature of the governmental structure, and the nature of the political environment and the national political culture are all broad environmental influences on public organisations and the roles they can play.
11. Turbulent organisational environments, on the other hand, are now a given in most nations; awareness of turbulence—or potential turbulence—is a factor common to leadership and organisational change models around the world. Organisations in both public and private sectors are subject to increasingly intense and complex changes created by technology, e-commerce and e-government, and knowledge management challenges. These challenges will necessarily reshape leadership roles and actions in the near future, if they have not done so already.

3. Forging the Links to Performance in the Public Service

12. Demands for better accountability and improved performance have resulted in administrative reforms that strongly emphasise new leadership and leadership development models (Pollitt and Bouckert, 2000). A primary target of such efforts—often summarised as New Public Management reforms—is the narrow traditional model of “leadership” found in many national bureaucracies. Leadership development in this model relied on “growing your own” leaders, or on training and grooming persons who are already inside the organisation for leadership positions. Leadership capacity occurs or develops in tandem with ever increasing skills and expertise in programme, policy, or administrative functions. Long-term service to the organisation results in promotion up through narrow “stovepipes” of expertise or experience, and culminates over time in promotion to management, upper-management, and finally “leadership” positions. Leadership development/training opportunities occur at specific promotion points. Because formative experiences for many leaders who emerge from this mold revolve around process and bureaucratic procedure, many characteristics of transactional leadership model also fit this internal development model.

13. The strong points of this pattern include long-term development of public service values and creation of an intense institutional knowledge and memory base about specific programmes, policies, and administrative practices. The negatives are also important: transforming the narrow perspective acquired over time into a broader organisational view is difficult. Inter-programme or inter-organisational mobility moves, one very widely accepted strategy for increasing broader vision, have been, at best, only moderately successful in most countries. The second major negative associated with the internal promotion leader model is a possible lack of diversity at those levels of the organisation which create the feeder pool for leaders, and a consequent continuing lack of diversity in the leadership cadre.

14. Some early reforms, such as the creation of senior executive services, were intended to combat the narrow organisational and performance perspectives fostered by the “grow and promote your own” model. Better management skills, greater ability to cross organisational boundaries and to communicate more effectively with elected officials and other public leaders, and an improved capacity for creative leadership skills were perceived to be necessary for more effective leadership in the public service. In addition, because members of the senior executive services were more directly accountable to political officials—and therefore to external measures or perceptions of performance—it was important to establish early connections between leadership and performance were established.

15. Other components of these reforms were equally significant. Recognising that some external “refreshing” of the higher service was also part of a leadership development strategy, many senior executive efforts included hiring in new leaders from outside the organisation and outside the public service. These reforms were direct challenges to the “grow your own leaders” philosophy of leadership development; they marked a serious rethinking of the nature of leadership and the development of leadership capacity in public organisations. “Growing your own” was not an adequate answer to the public leadership capacity problem, according to those who supported the reforms. Rather, “buying” or hiring in leadership talent was either a necessary replacement for, or supplement to, the strategy.
16. In effect, the reforms and their proponents argued that neither hierarchical nor transactional models of leadership behaviour and performance reflected the real needs of modern public service and governance. A move toward more transformational, performance based leaders and leadership development was necessary. A part of that move would also be away from a process based public service – although one strongly grounded in core public service values – to a leadership cadre and service more grounded in market values and more receptive to new demands for performance.

17. Many national governments initially addressed these perceived tensions not only by hiring in, but also by explicitly adopting private sector contract models for the executive cadre of the public service. New discretionary authority and flexibilities were created to facilitate performance-based behaviour and to more accurately reflect conditions found in private sector organisations. Recruiting into executive positions from outside the public sector was not just one part of, but critical to, the creation of more effective leaders and higher levels of performance. Reforms in Canada, New Zealand, the United Kingdom, and the Netherlands are examples. Just as growing your own leaders could have limited ability to produce the broad strategic perspective now deemed significant, however, the practice of hiring in or buying leadership talent sometimes produced limited capabilities in understanding and committing to core public service values. Further, the blending of internal and external talents and perspectives in a leadership cadre, while theoretically energising and refreshing, has been demonstrated to require careful balancing if it is not to lead to a fractured and fractious leadership group.

18. While these performance reforms have not been abandoned, more recent developments place leadership in an ever more complex, but more specifically public context. New perspectives on both performance and on the role of leaders in achieving high performance results emphasise the preconditions for performance and the extent to which leaders and managers have the necessary tools, skills, and organisational capability to attain performance objectives. Improved performance, in other words, relies not just upon leadership, but also upon a combination of factors. The integration of these factors and the synergy among them contribute to an improved performance dynamic and to positive performance potential. In this perspective, capacity assumes substantial significance as an interim objective that effective leaders can work to develop, but also as an effective launch pad for improved performance in the longer term. This conceptualisation of leadership closely resembles the integrated leadership model described earlier.

19. There are other factors to consider as well. One of these is the set of relationships between leaders and managers, or between leadership and operations, in public settings. Distinctions have frequently been made between the two activities: leadership is most frequently viewed as providing the vision and direction for an organisation and serving as organisational voice for primary mission and values. Managing, on the other hand, has been viewed as more concerned with organising daily activities in pursuit of longer-term organisational objectives.

20. However, as organisational boundaries both within and across organisations become more open and less distinct, it is clear that the boundaries between managers and leaders must change as well. Leaders will necessarily build systems that enable managers to be more flexible and effective, but they can only do so with the participation and assistance of managers and operating staff; managers will assume some leadership responsibilities in being more proactive, more accountable, and more directly connected to organisational performance. They can only be effective if leaders are willing to share authority and responsibility. Jointness of managing and leading is one contributor to improved organisational capacity for change and performance, but assumes unusual skills for both leaders and managers.

21. It is also important to note that emerging concerns with the link between performance and governance – rather than the more simple definition of performance as productivity – have placed the citizen and citizen satisfaction with public performance very squarely into the effective leadership
equation. For leaders of public organisations, this broad external – sometimes-instantaneous – evaluation of organisational performance is a new dimension. In this setting, organisational boundaries and constraints alone do not define parameters for performance; citizen expectations also contribute. The need for effective communication, listening and learning is exponentially increased. The ability of leaders to acquire, process, disseminate, and use good information effectively, while always significant, becomes even more critical.

4. Potential Learning Models From Public Organisations

22. As governments have redesigned and reformed leadership and management policies in the past, the private sector has been the most frequent source of ideas for change. Increasingly, however, the duration of reform and the diffusion of reform ideas across governments have created a set of public models from which to draw ideas and lessons. Reforms such as senior executive service, executive contracts, and performance based executive pay can be examined in any number of national and sub-national governments. Lessons about leadership recruitment, development, and reward can be drawn. While it is safe to say that virtually all-public reforms have moved away from the hierarchical, transactional leader models, full descriptions of precisely what governments are moving toward are just emerging.

23. One set of lessons with potential utility in framing public leadership models is provided by an ongoing analysis of public management capacity at all levels of government in the United States. The conceptual model underpinning the Government Performance Project specifically adopts the integrated perspective in its analysis, arguing that a core component of capacity is created by the management systems found in most governments: human resource management, financial management, infrastructure management are common factors across governments. Information management is viewed as a critical integrating factor; results based management is identified as fundamental to the ability to move to improved performance. Leadership, however, is viewed not only as the major integrating influence, but also as a key driver of improved organisational capacity and performance potential.

4.1. The Government Performance Project

24. In the period from 1997-2001, the Government Performance Project surveyed all 50 American states twice (in 1998 and 2000), 30 federal agencies, and the 35 largest cities (by revenue) in the United States. In 2001-2001, it will analyse the 40 largest counties in the US and an additional set of federal agencies. The project represents the largest and most systematic examination of managing government ever undertaken in the United States. The model presented in Figure 1 provides the basis for criteria development for each of the systems. (Samples of the criteria are included at Appendix One). The analysis is based on surveys, interviews and documentary analysis. The conclusions were presented in summary form as grades, one for overall capacity and one for each of the management systems examined. Additional information is available on the GPP Website.
25. Although leadership was defined early in the process as a critical factor in both management capability and potential for performance, the GPP pilot studies demonstrated that leadership per se was a topic too politically sensitive to be addressed as a separate issue. As a result, information and conclusions about leadership were drawn from questions relating to sources and/or incentives for change, framing visions for creating capacity and improving performance, understanding of overall organisational goals and objectives, and managing for results.

26. Overall, the findings of the Government Performance Project to date include:

1. **Creating Capacity.** Governments demonstrate very different levels of ability to create the capacity for performance. For each of the levels of government studied, and for each of the systems, there were few high performers and a similarly limited number of governments that did not do well. For each of the analysis years, about one in 10 of the governments studied demonstrated strong performance potential in each or most of the management systems (average grades for selected systems in each year of the analysis are included at Appendix 2).

   In each of these governments, there was also a readily identifiable leader or leadership team. A slightly lower number of governments were rated uniformly low against the criteria for all of the systems. The performance potential of the remaining, and largest number, of governments varied – sometimes dramatically – across the systems.

2. **Budgeting and Financial Management.** The system for which governments consistently received the highest grades was budgeting and financial management. The most problematic systems were consistently human resource management and information management. (It must be noted, however, that following the Y2K “crisis”, state governments demonstrated great progress in information technology and management). The findings for budget and financial management systems are of interest, of course, because of the central function that effective budgetary systems play in governmental effectiveness and accountability. The GPP
analysis demonstrated clearly that both elected officials and leaders from the career public service frequently view budget systems as the core strategic driver for leadership vision and values. Some state and local government leaders, in fact, argued that a strong budgetary system and process that reflected strategic vision, values, objectives and measures obviated the need for additional and less publicly accessible strategic documents.

3. **Human Resource Management.** Findings related to human resource management systems are also of particular interest. As noted, governments generally were struggling in this area. At the same time, there is a growing recognition that human capital investment and management are fundamental to success. Leaders of effective reform around the world consistently describe human resource management flexibility and capability as central to their ability to meet performance objectives. Yet the contemporary effort to recruit, develop and retain human resources has been described as a “war for talent” in one private sector study (McKinsey, 1998). Governments at all levels face a similar struggle to acquire necessary expertise and to manage it for maximum effectiveness.

Initially, governments responded to the need for new approaches to recruitment, retention, and reward by extensively and rapidly decentralising human resource activities. Decentralisation was intended to provide leaders and managers with as much flexibility as possible to pursue the talent search. In the first set of governmental analyses conducted by the GPP, decentralisation was the favoured strategy in both state governments and at the federal level. The 2000 analysis of the states, however, demonstrated a sharp movement back toward what the states termed a “strategic balance” between central oversight and decentralised activity. One city in the 1999 analysis described their system as “co-ordinated decentralisation”.

To some extent, this demonstrates the changing lines between leading and managing in government. While there is a continued recognition of the need for decentralisation if necessary flexibility and discretion is to be present, there is also a need for leadership to retain strategic direction and co-ordination of decentralised efforts. The shared responsibility that emerges balances both needs and, at a minimum, provides key decision-makers with enough information to understand what the organisation is really doing and how it is doing it.

4. **Managing for Results.** Managing for results (or performance) systems are present and evince strong expressions of support at all levels of government in the US. These systems are also very modestly developed in many settings, however, and are clearly evolutionary in levels of sophistication and utility. Many continue to reflect the initial emphasis on getting measurement right, rather than obtaining useful information. Further, most do not cross into the political environment to provide information to elected decision-makers. Rather, the most common information targets are professional staff members of career bureaucracy who are involved in early shaping of budgets and plans. Nonetheless, in cases where managing for results systems have been carefully developed and refined, they provide leaders with critical tools and information for co-ordinating and streamlining processes and services and for targeting resources to desired results. The gathering and subsequent dissemination of performance information does serve an integrating function within the organisation, but also identifies barriers to further improvements. This is one area, however, in which strong and consistent leadership is absolutely critical. When leaders are committed to using the system and the information it provides, other members of the organisation buy in. When leadership was not committed in the governments studied by the GPP, managing for results systems became just another paper generating activity.
5. **Leadership.** Despite the centrality accorded effective leadership in the results of the GPP – leadership clearly emerged as a decisive factor in the top five performers each year, while absence of leadership was clearly discernible in the lowest performers. Styles and patterns of leadership varied in the governments analysed, as did leadership strategies. Strong leaders were identified following two primary methodologies. First, based on average grades, high performers and low performers were identified and separated. Common characteristics of high performers were identified. Then, following backward mapping processes, common characteristics were traced back to underlying influences. In the high performers, the major influence was leadership. In addition, although public attention and discussion often centred on one individual, closer examination revealed the existence of a team or teams of leaders. Significantly, composition of the strongest teams included both elected/appointed officials and career members of the public service, that is, the leadership teams combined longer-term career expertise with political direction and support for change. At the local levels of government, personal style of the top political official was often a key factor in defining the nature of leadership; even in those cases, however, the leader created – or was creating – an institutional base on which to depend for implementation and additional support.

27. There were several striking commonalities among the top leaders and leadership teams in the governments studied. These included:

- A clear and sometimes very sharp definition of purpose accompanied by specific identification of strategic priorities.
- Identification of a clear base of support or specific strength from which to pursue the priorities.
- A demonstrated willingness to defend the priorities.
- A clear strategy for pursuing the priorities and a delineation of applicable boundaries and standards.
- Building of (initial) capacity around priorities, with clear implementation and assessment objectives.
- An emphasis on acquiring talent necessary to meet priorities.
- Longer-term focus on creation of crosscutting or integrating mechanisms with emphasis on improved communication.
- Clear oversight of the management and implementation activities related to achieving priorities.

28. The statement of purpose or vision was communicated in a variety of ways. It was often articulated in a budget statement or summary. It was sometimes the core of a broad strategic or performance plan. It was frequently placed at the heart of a governor’s state of the state or a mayor’s state of the city address. In some cases, the statement of purpose was unwritten, but frequently stated and clearly supported by budget priorities. In the federal government agencies, it is a mandated part of the strategic plan prepared under the provisions of the Government Performance and Results Act. In all of the settings in which leadership was judged to be most effective, however, the core message was repeated over and over again, to a wide variety of audiences. One widely acknowledged leader told the GPP staff that “I say it over and over again to anyone who will listen, and when I can’t bear to hear myself talk about it any more, I find someone to say it to one more time”.

29. Introducing clarity into the message and consistently refining focus was most difficult for leaders in the federal agencies, where conflicting missions – or sometimes, “mission creep” – render limiting
priorities and targeting resources quite difficult. In the agencies studied over the three-year period by the GPP, even those whose performance was relatively high indicated that the dual problems of limiting mission and targeting resources to priorities were constant. In these cases, the leadership team’s ability to communicate effectively and often beyond organisational boundaries – and thus to win external support – was a key factor in the ability to maintain and meet some performance objectives.

30. The choice of – and reliance on – a core system as driver of change is also notable. Budget systems are an obvious choice in this regard, but information technology and management and managing for results also proved to be significant. One state that received strong ratings in both years of the analysis observed that while it was striving for excellence in broad strategic leadership and management, it was committed to strong financial management systems as the cornerstone of that effort. Another state, utilising its high-tech environment, used information management as a base for further capacity building and as an integrator across government systems and functions.

31. In the federal government, where dealing with multiple and sometimes conflicting management systems is a reality, it is not surprising that the managing for results systems mandated by the GPRA became a vehicle for achieving some internal coherence and co-ordination. Again not surprisingly, agencies whose missions were clear or relatively coherent, who had a product or service that allowed understandable measurement, and who had created well crafted measures to chart progress were agencies in which leaders were most able to capitalise on the potential benefits of managing for results. Even in some of these agencies, including one with a clear revenue producing bottom line, leaders scrambled to keep performance activities on track when the Congress consistently diverted its revenue into the broader general fund, thereby reducing the agency’s resource base.

32. Finally, it is important to note that the leaders and leadership teams that we observed in the Government Performance Project appear to have taken a building block approach to improving capacity and performance in their governments. This may speak to the long-term nature of change in public organisations. But the choice of very clear and limited objectives and priorities, of a single system to serve as the capacity building base, and the gradual adding on of capacity in other management systems and in integrative processes demonstrates a consistent belief among effective leaders that the creation of a sustainable institutional base is as important to public leadership as is leadership style and/or behaviour. This also demonstrates quite clearly that, although effective leadership can be a precondition for more effective performance, it is not the only condition. There are strong and committed leaders in many governments and agencies whose overall capacity is weak; they readily acknowledge that, despite their best efforts, the organisation is not likely to achieve high levels of performance. Absent capacity and alignment within the organisation – or the opportunity to create them – leadership is a squandered resource.

5. So What? Implications for Developing Future Public Leaders

33. While transferring lessons from one national setting to others is somewhat risky, it also affords an opportunity to consider possible implications for future leadership development efforts. Further, because many governments have adopted various management reforms but continue to operate with essentially unreformed bureaucratic structures, the lessons related to organisational capacity and conditions necessary to support effective leadership have broad application. That is, in fact, one of the most significant findings to emerge from the GPP study:

- While effective leadership can be linked to, and have a positive impact on, performance, good leadership alone is not enough. Effective leadership is only one of several preconditions necessary for higher performance to occur. A comparatively clear mission, relatively predictable resources, and the potential to create or build upon internal organisational capacity are all component parts of the performance equation. Particularly in the absence of potential for organisational capacity, however, the ability for leadership to
make a difference is thwarted. Further, in such a setting, well-designed development programmes may only produce transformational and integrative leaders who are trapped in transactional settings. Thus, the investment in leadership will have very low returns.

- The need for leaders and leadership teams to work through organisational systems to create additional capacity points to concomitant needs for a fundamental understanding of public management systems and values. These needs are based partly on the relationships that must be built with managers who operate existing systems, and who will be instrumental in the success or failure of capacity building efforts. The needs also emerge from recognition of the role that values play in underpinning and shaping change and performance. In the public sector, both processes must reflect core public values, integrating, for example, the concern for effective governance with a focus on productivity and performance.

- Of equal significance, there is an on-going need to understand that all of the constraints on public management systems are not ill intended, but may be based on very real legal and constitutional limitations. That is not to suggest that past structures and processes did not impede performance, but only to note that many older public management systems represented the gradual accretion of rules and regulations, rather than a strategic design. Some of the rules and regulations probably remain legitimate. Effective leadership in capacity building and related changes must recognise, therefore, the unique limits that the public context can place on their efforts. While internally grown leadership candidates likely will have an understanding of these issues, those recruited from outside of the public service will be less likely to possess this insight. In both cases, problems in understanding the parameters of potential change and the points in the change processes where effective leadership will be decisive are presented. A better understanding of systems and values also supports the building block approach to capacity building, which necessarily rests on a good understanding of how management systems will fit together in the longer term.

- Both of these previous points suggest the need to develop leaders with very strong communication and bridge building capabilities and skills. The consistent need for good communication with elected officials and citizens; the above-mentioned need for excellent communication within the organisation, not only about goals, but about progress toward them; the need to communicate effectively across organisations and within networks; and the emerging need to be an effective knowledge manager and translator all point to communication skills not often found in public managers and leaders – or any other leaders, for that matter.

- The GPP conclusions point strongly to the need for future leaders to lead in a decentralised, but well-co-ordinated, setting. While good lessons exist about leading in one or the other of these situations, the combination poses special challenges. Determining the kinds of information gathering and oversight necessary for co-ordination, without reverting to hierarchical direction, is an emerging art. Setting and respecting accountability boundaries in settings of discretionary authority and flexibility will also be a part of the emerging leadership skill set.

- Not related directly to GPP findings, but of central significance to leadership and leadership development issues, is the problem of diversity. Developing and maintaining a leadership cadre that reflects the diversity of society and public organisations has been a challenge met with varying degrees of success by OECD nations and others. In some cases, inability to recruit and retain a diverse workforce has been the issue. In others, internal promotion procedures and processes are obstacles.
• Both the ‘growing your own’ and hiring in options for acquiring leadership are somewhat problematic in regard to diversity. If recruitment, placement, and promotion practices of the past have limited diversity in the leadership pool of the organisation, continuing to rely on those practices and on that limited pool by growing your own leaders will only reinforce lack of diversity. The hiring in option, while offering an immediate solution to lack of diversity in the leadership cadre, also creates a bit of an “insider-outsider” difference if many or most of the external hires look different from the internally grown pool. This requires special emphasis on creating and reinforcing common values and purposes.

• The emerging emphasis on strategic decentralisation mandates careful specification of overarching governmental objectives and values, as well as clears means of linking decentralised accountability into central and obvious accountability mechanisms. The implications of this for leadership development strategies and assessment are very clear. The strategies must focus on the centre, centre values, and critical information needed by the centre for effective co-ordination at the same time that they develop strong abilities in decentralised leadership, management and accountability. The seamless integration and alignment necessary for such strategies to be effective can only be achieved with clear direction from the centre and joint participation by decentralised agencies or programmes in the design and implementation of development strategies.

Further, the decentralised organisations must play a critical role in development of leaders for their future needs by ensuring that development activities create leaders whose talents and abilities are matched to the real work of the organisation or agency.

6. Conclusion

34. As leadership development strategies for the future are developed, they will have to address many of the issues that previous reforms have ignored – or perhaps created. The needs to balance centralisation with decentralisation, clear accountability with discretion and flexibility, institutional knowledge with external expertise and energy, dynamic knowledge management with routine, and public service values with performance and productivity are present across OECD Member countries. Good guidance on how to achieve these balances and to judge the success or failure of the balancing act is not so evident. Past patterns of transactional leadership will not meet the challenges of the future, but to the extent that old structures and procedures remain, so too will the need for some transactional capabilities.

35. The process of transformation is underway in many national and sub-national governments, but that transformation must proceed with clearly public models and values in mind. Integrative leadership will be necessary for it to proceed effectively, but broad support for re-designing old systems to improve organisational capacity and to clearly link the efforts of public organisations to strong performance must also be created. Getting from here to there is not impossible, as many governments have demonstrated. But it will require nimble leaders who can act in new ways, and who are undaunted by the requirements to do so.

36. Finally, if new leadership development strategies are to be amenable to assessments of success or failure, they must be linked to the real work that public organisations perform. That real work is, in a fundamental way, connected to the systems and institutional processes of government that permit public organisations to fulfil expectations for governance, as well as performance. If leadership development is to be effective, a focus on aligning talent, values, and systems will be important. Systems, as both the setting and mechanisms for public action, are particular manifestations of the publicness of the leadership endeavours examined here. Aligning them to work together, and in support of governance and performance objectives, will be one key measure of public sector success. For higher levels of performance to occur and
be sustained, all parts of the performance equation must be in place: the potential for performance must exist. In public organisations, both leadership and systems are critical components of that potential.
APPENDIX I
GOVERNMENT PERFORMANCE PROJECT CRITERIA FOR SELECTED SYSTEMS

**Human Resource Management**

- Clear and Understandable Personnel policies and Procedures.
- Timely Hiring.
- Appropriate Education, Training, and Development for the Workforce.
- Ability to Acquire Necessary Skills; Workforce Planning in Place to Achieve Right Future Mix.
- Effective Compensation, Motivation, and Reward Systems.
- Effective Discipline and Termination Policies and Procedures.
- Agency and Managerial Flexibility in Hiring, Reward, and Disciplining Employees.

**Managing for Results**

- There is a Strategic, Results-Oriented Plan.
- Key Stakeholders are Involved in Plan’s Development and Evaluation.
- There are Measures and Information that Permit Tracking of Progress Toward Desired Results.
- Information From the Evaluations is Available to Leaders and Other Policymakers, Management, and Citizens.
- There is a Clear Process for Communicating Results.

**Integration**

- Leadership has a Vision for the Organisation that is Effectively Communicated to Other Members of the Organisation and to Stakeholders.
- Leaders are Able to Motivate Employee Performance Clearly Linked to Vision and Goals.
- The Right People (Talent) are in the Right Places (Positions, Systems) at the Right Time (When Needed).
- The Right Information is Available to Key Decision Makers When They Need It and in a Form They Can Use.
- Resources are Predictable and Reinforce the Organisation’s/Leader’s Key Priorities and Activities.
## APPENDIX II
### AVERAGE GRADES FOR SELECTED SYSTEMS

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<td>Average Grade</td>
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<td>B-</td>
<td>C+</td>
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<td>High Grade</td>
<td>A-</td>
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<td>A</td>
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<tr>
<td>Low Grade</td>
<td>F</td>
<td>D+</td>
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<td>Average Grade</td>
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<tr>
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<td>F</td>
<td>D</td>
<td>D</td>
<td>C</td>
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</table>
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