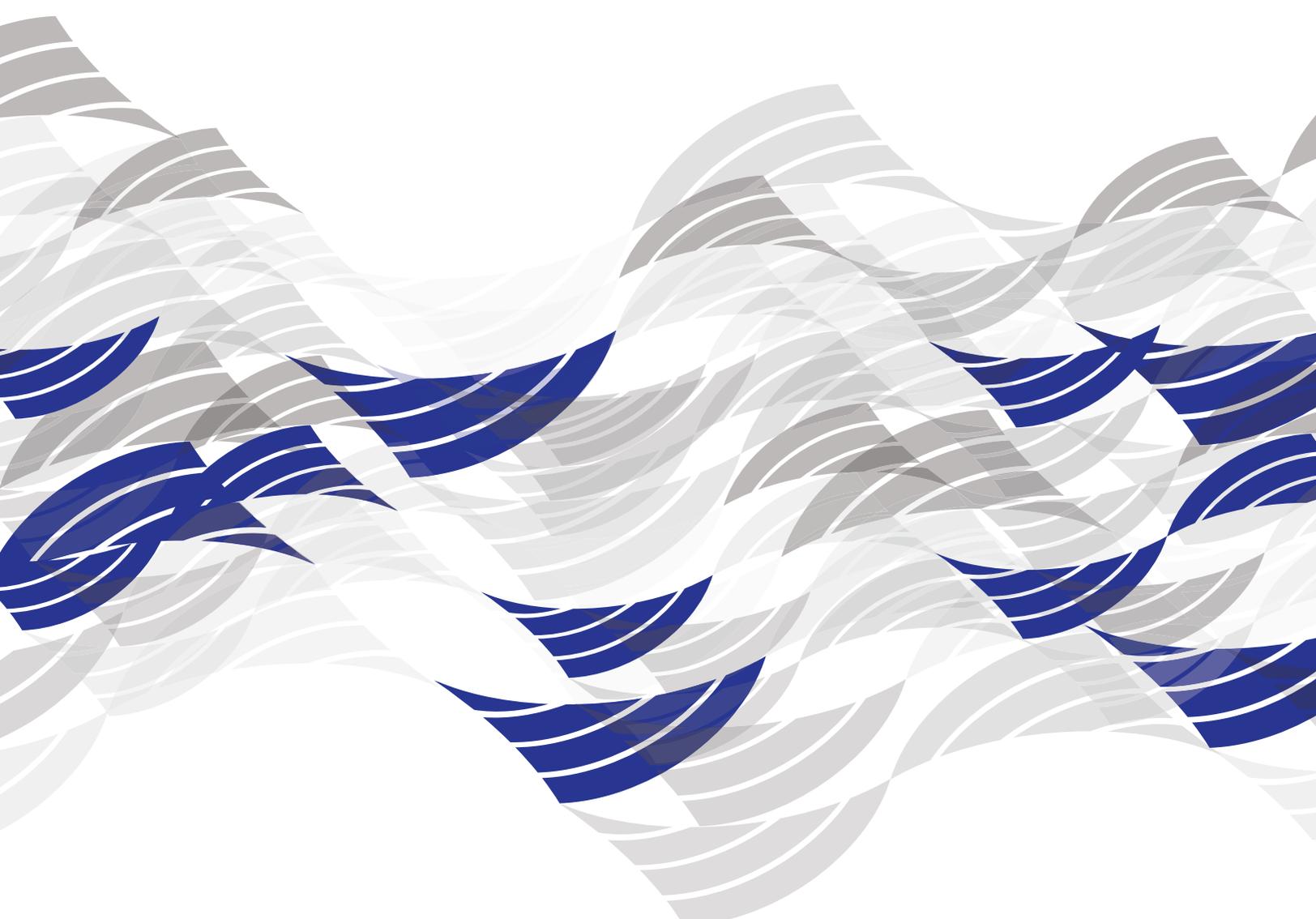


WHITE PAPER

Public Sector Leadership Challenges Are They Different and Does It Matter?



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Introduction

On October 1, 2013, the United States federal government shut down after Congress failed to enact legislation appropriating funds for the new fiscal year. Routine operations were curtailed, 800,000 federal employees were indefinitely furloughed, and another 1.3 million were required to report to work without known compensation. Regular government services did not resume until October 17 when Congress passed and the president signed an interim appropriations bill.

The government shutdown provided a dramatic example of the clash and collision of views surrounding the role of government and governance. Political leaders grappled with fundamental questions concerning the core functions, size, and funding of government. Despite their often diametrically opposed views, however, consistent calls could be heard from both sides of the political aisle that “the government should be run more like a business.”

Implicit in this refrain is the assumption that business is more efficient or effective than government. But are we comparing apples to oranges? Certainly similarities ex-

ist between the public and private sectors. For example, both are populated with organizations of diverse sizes, budgets, and missions. Nonetheless, major differences are readily apparent. Private sector organizations usually focus on profits and shareholder value, and operate within a business or entrepreneurial framework. Public sector organizations typically focus on regulatory implementation of legislation and service delivery to citizens, and operate within a unique constitutional framework founded upon the separation of powers of the branches of government.

Whether one sector is more or less efficient than another is best left to economists and politicians to deliberate, but the larger question comparing the public to the private sector does raise important issues about the nature of leadership. Are there different challenges associated with leading in the public vs. private sector? If so, do those differences alter the skills and behaviors required for good leadership? How might these differences impact leader development? Answering these questions might benefit leaders in both sectors.

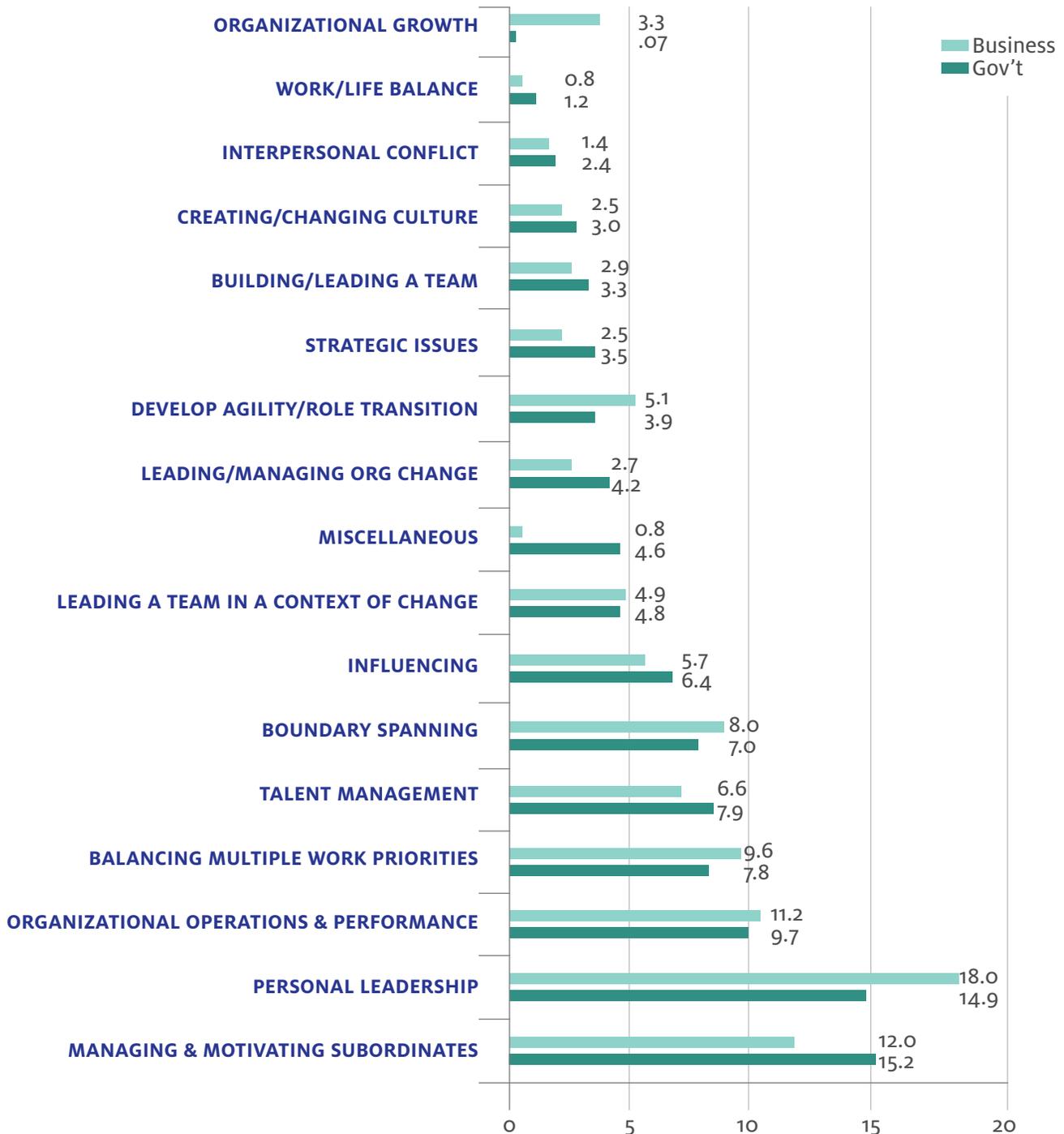
Research

The Center for Creative Leadership (CCL®) routinely asks participants in its *Leadership Development Program*, targeted to leaders of managers, and *Leadership at the Peak* program, targeted to enterprise leaders, to name their three most important leadership challenges. Program participants come from all sectors of the economy including business, government (both civilian and military), education, and nonprofit organizations. For this paper, we content-analyzed written responses from almost 1,500 U.S. federal government civilian leaders and a sample of more than 500 private sector business leaders who attended these two programs over the past five years. While the results are only applicable to U.S. federal civilian leadership, we feel that these experiences might also be familiar to state and local government leaders.

This data provides rich insights into the similarities, differences, and critical nuances of public vs. private sector leadership. And indeed, the story is one of nuance. As this paper highlights, leaders from both sectors name similar leadership challenges and prioritize them in parallel for the most part, but the unique setting and context found in the public sector—very much defined by the Constitution—leads to subtle, but very real and noteworthy differences.

Overall Comparison

The participants' written responses to the question "What are your most important leadership challenges?" were analyzed and sorted into 17 categories (detailed explanations of each category are in Appendix A). The overall results are shown in the graph below:



Note: Percentages based upon the entire public or private sector sample population.

The results on the left reveal that leaders in both the public and private sectors cite the same seven most frequently reported challenges with slight differences in prioritization. **Managing and Motivating Subordinates** is the top challenge reported by government leaders and the second listed by business leaders. **Personal Leadership** earns the top spot for business. Both groups cite **Organizational Operations & Performance** challenges in third place, followed with slight differences in prioritization by **Balancing Multiple Work Priorities**, **Talent Management**, **Boundary Spanning**, and **Influencing**.

The written responses explain major differences in prioritization. For government leaders, **Managing and Motivating Subordinates** takes on additional importance due to unique environmental factors associated with government service. For example, the annual government budgeting process with constantly looming furloughs and shutdowns increases uncertainty. Government workers, or “bureaucrats,” are regularly maligned both privately and publicly, which can diminish employee engagement. Special employee protections can make it difficult and laborious to change employee behavior or remove poor performers. And since the government sector is Baby-Boomer heavy, a significant percentage of employees are nearing retirement eligibility. These factors make **Managing and Motivating Subordinates** (and to some degree the **Talent Management** challenge) more pressing for public sector leaders, while both groups view the challenge of **Personal Leadership** similarly—skill deficits in communicating, planning, confidence, resilience, and emotional regulation.

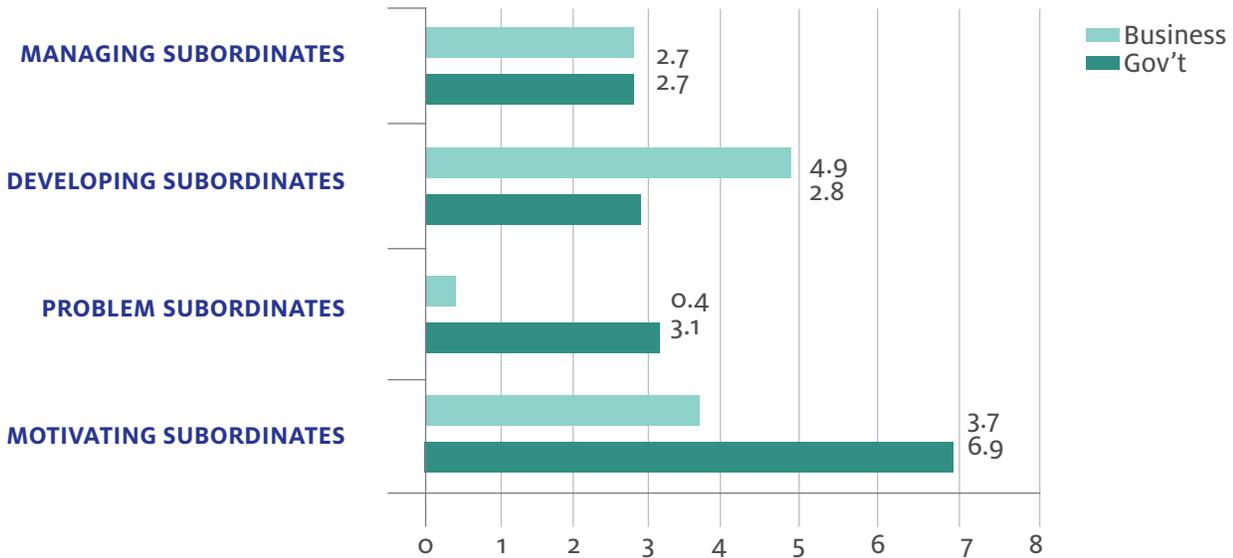
Government and business leaders see **Organizational Operations & Performance** challenges somewhat differently. For government leaders it involves dwindling or uncertain financial and staffing resources, calls for increased efficiency to “do more with less,” and trying to collaborate within a constitutional system designed to disperse power and decision-making (this is also the major difference in the **Boundary Spanning** challenge). For business leaders the issues tend to focus on staying current with technology, adapting to new regulations and policies, and dealing with organizational and market changes in a rapidly evolving global economy.

Public and private sector leaders both describe time management and prioritization as issues central to the problem of **Balancing Multiple Work Priorities**. Both groups also see the challenge of **Influencing** very similarly.

But the similarities and differences at this macro level do not tell the whole story. Some categories are quite large and contain multiple aspects of leadership challenges that reveal important nuances. In the sections that follow we break down the largest categories into their component parts to show additional detail behind the leadership challenges reported by government and business leaders. Let’s explore some of the most illuminating categories in more detail.

Managing & Motivating Subordinates

This primary category comprises four subgroups—*Motivating, Developing, Managing (general)* and *Problem Subordinates*—shown in the following table. The numbers represent the percentage of the whole sample (N=1448 for government, N=531 for business) who chose that subgroup. For example, 6.9% represents the percentage of all government employees sampled who cited Motivating Subordinates as a key challenge.



Note: Percentages based upon the entire public or private sector sample population.

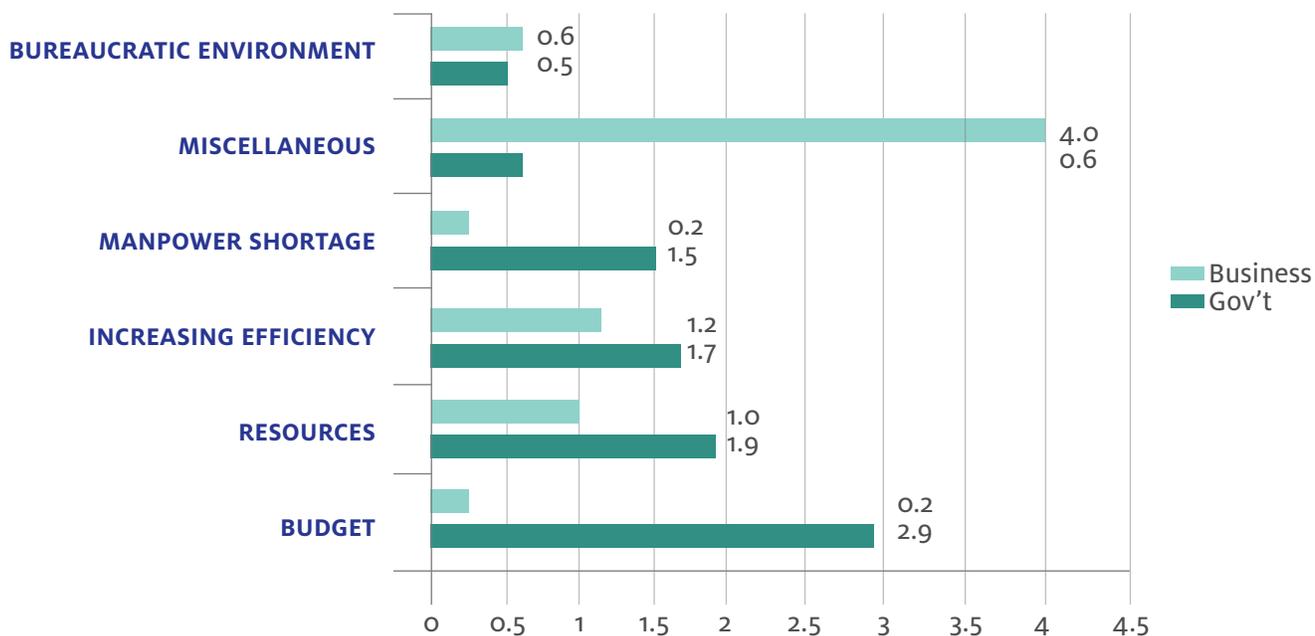
Within its primary category, **Motivating** is the most frequently cited challenge for government leaders. For them the issue seems more difficult because employees must assume greater workloads in the face of declining resources without the benefit of commensurate rewards for performance improvement or excellence. **Motivating** also surfaces as getting employees to “own” their jobs or take initiative. Though **Motivating** is the second highest subcategory for business leaders, they cited it almost 50% less than their government counterparts. While motivating subordinates in either sector might involve similar strategies and tactics, the context of a resource constrained and closed-system government environment produces unique challenges distinct from a potentially performance-based and incentive-rewarded business context.

Developing Subordinates is the most frequently cited challenge for business leaders. Business respondents often discuss the reasonable need to prepare and develop junior colleagues for the next level of responsibility. For their government counterparts, however, dealing with **Problem Subordinates**—an issue barely cited by business leaders—drains attention from developing high potentials. Many government leaders mention the difficulty, complexity, and lengthy process involved in removing employees for other than illegal or unethical acts. Similarly, government managers feel they can do little to correct performance issues when employees fail to cooperate. These issues reflect the carefully structured and regulated process for firing and hiring government employees.

Organizational Operations & Performance

In this primary category, the impact of government resource constraints is clearly evident. **Budget** is by far the key operational leadership challenge with **Resources**, **Increasing Efficiency**, and **Manpower Shortages** all ranked highly. The government’s limited and likely shrinking fiscal resources define the public sector leadership landscape.

For private sector leaders, the challenges associated with resources are much less pronounced. In fact, the **Miscellaneous** subcategory is the most frequently mentioned, suggesting business leaders experience a more heterogeneous set of operational challenges. These eclectic issues range from maintaining continuous improvement processes and instituting enterprise-wide project management to raising the bar on customer care and meeting regulatory requirements.



Note: Percentages based upon the entire public or private sector sample population.

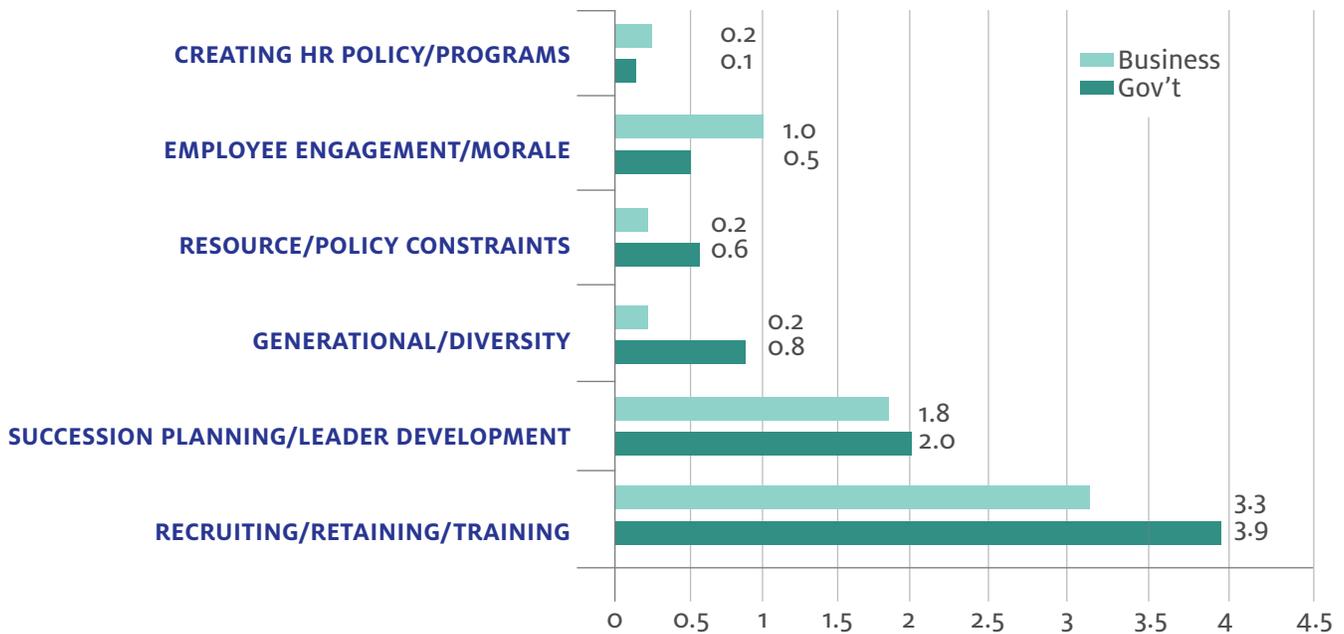
Balancing Multiple Work Priorities



Note: Percentages based upon the entire public or private sector sample population.

In the context of increasing workloads, leaders in both sectors identify their top challenge as **Setting and Balancing Priorities**. **Time Management** is a close second for both groups as well, followed by **Volume of Work**. It seems that the environment in which leaders operate has no major effect on how they describe this challenge. Setting, balancing, and shifting priorities in a high pressure environment is difficult for leaders across sectors.

Talent Management

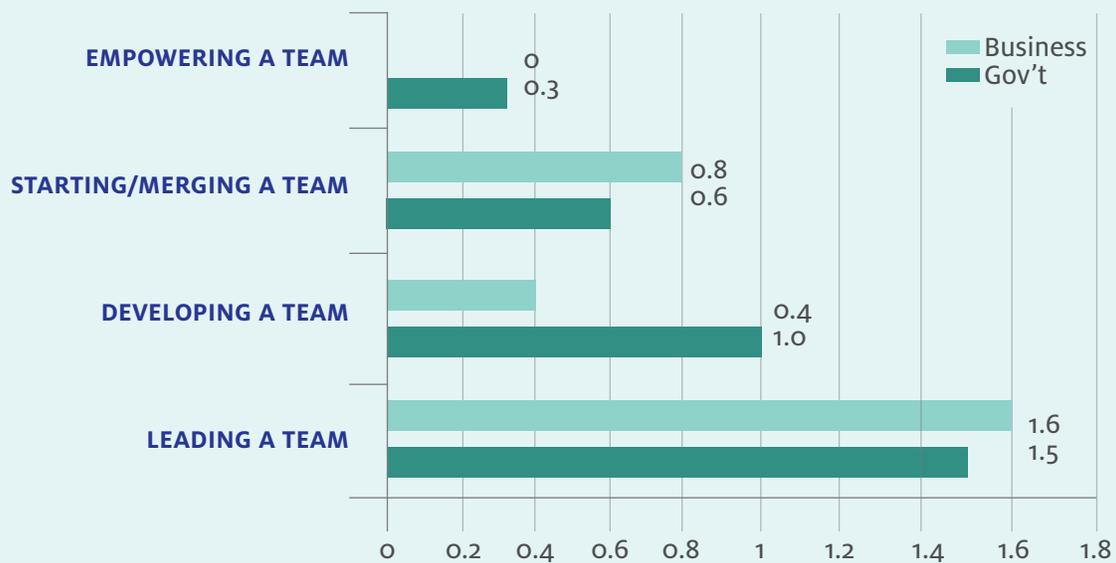


Note: Percentages based upon the entire public or private sector sample population.

While the top two subcategories reflect the importance of hiring and preparing organizational talent in both the public and private sectors, the constrained resource environment and structured HR policies of government make this a bit more challenging for government leaders. **The Generational/Diversity** differences could be an outcome

of hiring philosophy: business tends to hire for cultural fit while government wants to reflect its varied constituency. Given the government environment challenges previously mentioned, it is surprising that business leaders cite **Employee Engagement/Morale** as a bigger challenge than their government counterparts.

Building & Leading Teams



Note: Percentages based upon the entire public or private sector sample population.

Though the Building and Leading Teams category was cited as a challenge only about 3% of the time across both sectors, a few interesting observations bear mention. Both government and business leaders agree that **Leading a Team** is an important challenge. However, business leaders cite **Starting or Merging a Team** as their second most frequent challenge while government leaders felt that **Developing a Team** is more often a challenge. These findings may speak to the different environments in which teams operate in each sector.

Discussion & Conclusions

In response to the question posed in this paper's title—**Public sector leadership challenges: Are they different and does it matter?**—the answer is perhaps best captured by the phrase: “Yeah, sort of.” When first looking at the primary category data, it might appear that differences between the public and private sector exist, but are minimal. That seems reasonable. After all, leadership in any sector involves leading people who, regardless of sector, concomitantly share both universal human traits and unique individual differences. Deeper understanding of the subcategory data, however, reveals that more nuanced differences do exist. The environment of government, especially the constitutional structure and financially constrained context of the U.S. federal government, does appear to change some of the challenges faced by those leaders.

Do these differences alter how public sector leaders should behave, the skills they need, and the development necessary to meet those challenges? Probably. Without the benefit of significant financial incentives and quick merit promotions, motivating government employees may require leaders to incorporate different strategies to inspire superior performance. Without access to additional resources, even when unit performance or challenges merit those investments, leaders may need to collaborate even more intently and effectively with peers to accomplish the mission. And once these skills and behaviors are identified, how can government instill them in leaders through systemic development, especially in the resource constrained environment that is causing some of these challenges in the first place?

Leading is challenging in any environment. Leading in the public sector has some subtle, but noteworthy, additional challenges that require targeted leadership skills and development. With this knowledge, we can all better appreciate and serve those who serve us all.

Appendix A Leadership Challenge Categories & Definitions

Balancing Multiple Work Priorities: Challenges having to do with time management, volume of work, delegating, or setting priorities

Boundary Spanning: Challenges having to do with the need to or the difficulty of crossing hierarchical, functional, organizational, geographic, generational, cultural or other boundaries

Building/Leading a Team: Any challenge having to do with creating a new team, integrating people into an existing team or combining teams, or improving team process

Creating, Changing, or Maintaining a Culture: Challenges that specifically have to do with leading or managing a culture change in the organization

Influencing: Challenges having to do with managing up, leading without authority, inspiring others, negotiation, or getting buy-in for one's ideas/plans

Interpersonal Conflict with Peers or Superiors: An unresolved disagreement of a negative nature that is personally concerning or impactful to the leader and involves a peer(s) or a superior(s)

Leading a Team in a Context of Change: Challenges having to do with helping others with a unit or team to understand and cope with change, redesigning group processes or policies due to change, coping oneself with crisis while also leading others through it

Leading/Managing Organizational Change: Being accountable for leading or managing a major organization-wide change or aspects of that change, or working inside unhealthy culture

Appendix A continued

Making a Role Transition: Challenges having to do with the developmental agility required in successfully moving into a new job, a new department, a new organization; moving into or out of an assignment or sector; taking on additional responsibilities or dealing with uncertainty as a result of absence of direct boss

Managing & Motivating Subordinates: Challenges related to managing, motivating, or developing others, typically subordinates; dealing with problem subordinates/performance issues

Organizational Growth: Challenges that come with growth or lack of growth

Organizational Operations & Performance: Operational challenges such as dealing with budget cuts in a context of rising demand for services, the need to create greater group or organizational efficiency, working in a context of continuous change, dealing with bureaucracy, increasing organizational performance

Personal Leadership Development: Challenges relating to needs for personal and/or leadership development, new awareness of own strengths and development needs, or self-management issues

Strategic Issues: Strategic leadership challenges having to do with vision, mission, broad environmental factors that impact an organization, or strategic planning

Talent Management: Developing or implementing HR systems and processes or dealing with human resource related issues and problems

Work/Life Balance: Struggling with decisions or competing demands and opportunities coming from various parts of one's life and/or personal needs

About the Authors

John Ferguson is the America's Director of Vertical Markets for the Center for Creative Leadership (CCL®), responsible for business, research, and educational goals across major industry sectors to include government, healthcare, pharmaceuticals, legal, financial services, and energy. Prior to joining CCL, John spent over 20 years in military, government, higher education, and corporate leadership positions while living and working in Iraq, Afghanistan, Pakistan, Germany, Korea, the Philippines, and the U.S. John holds an MBA from Duke University, a BS in Engineering from the U.S. Military Academy at West Point, and is completing a PhD in Economics. He is certified in executive coaching, psychometric assessments, facilitation and simulation methodologies, and is a Six Sigma Black Belt with Lean and DFSS.

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