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CONTEMPORARY BUSINESS EDUCATION: A SOLUTION FOR GLOBAL LEADERSHIP CHALLENGES

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Abstract

Education and professional development is considered central issues in civil service development and public administration reform. While this may be true, the content of such programs bears equal influence in skill acquirement, which in turn, has an impact on managerial performance (Perry, 1989). The contemporary economic and social environment poses numerous and complex challenges to public leaders, who need to be equipped with the adequate set of skills and competencies in order to have a proper response. The present paper aims to find out the whether the current educational programs from the business field can be a solution for preparing the next generation of public (and private) leaders. My argument is that the latest developments in public management reform (New Public Management, Good Governance and Public Entrepreneurship) combined with new demands for effectiveness, efficiency and high quality public services could increase the relevance of such programs. In support for this I presented a series of research results that point to a set of common leadership challenges that transcend the public-private divide. Finally I explored the offerings of the top 5 MBA programs in the world to see whether this is reflected in their educational programs. Not surprisingly, three out of the five programs analysed offer dual degree programs that combine business and public management education as a solution for the leadership challenges that lay ahead.

Keywords: contemporary business education, leadership challenges, MBA/MPA, public vs. private, public administration, public management, graduate education.

JEL Classification: H75, H83, I21.

Introduction

Public sector reform has been one of the defining features of the public policy landscape for the past thirty years (Pollitt, Bouckaert, 2011), with a very diverse collection of reform initiatives but with a common goal of enhancing both effectiveness and efficiency of public service delivery (Pollitt, van Thiel and Homburg, 2007). It would seem that public management reform is somehow directly linked to societal dynamics and pressures, this interplay shaping both the ideological and practical form of reforms.

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If we take into consideration the last 30 years, we could argue that **New Public Management (NPM)** has taken the spotlight starting with the 80's mostly because of "a set of special social conditions developing in the long peace in the developed countries since World War II, and the unique period of economic growth which accompanied it" (Hood, 1991, p. 7). However, Hood is quick to place NPM into context and linked to other reform administrative trends (idem., p. 3): attempts to slow down government growth (both structurally and financial spending), privatization of public services, influence of ITC in provision of public services and a shift towards a more international or global agenda of reform from country specific approaches. Pollitt (2003) goes further, arguing that NPM adoption and spread is due to a conscientious choice of practitioners because of its "efficiency and control" appeal coupled with a certain element of "fashion" with NPM being "the only show in town" at that time. NPM is seen as an "effort to roll back the state through some combination of privatization, contracting out, deregulation, expenditure reduction, program termination, downsizing the public service, and measures to contain pressures on the public purse" (Lynn, Jr., 2006) or simply put, the use of private sector management techniques, instruments and organizational structures, in the public sphere, with the aim of improving effectiveness, efficiency and quality of services (Pollitt, Van Thiel, Homburg, 2007). NPM is basically a conceptual umbrella for "the entire collection of tactics and strategies that seek to enhance the performance of the public sector – to improve the ability of government agencies and their non-profit and for-profit collaborators to produce results" although it has done this through "different strategies employed in different governments in different situations" (Behn, 2001, p. 26).

In spite of the diversity in both approaches and effects of NPM reforms, there are several common NPM characteristics (Hood, 1991, p.4):

- tighter control on activities from managers with more autonomy – so called "hands on professional management" or "letting managers manage";
- explicit and quantitative performance standards along with measurement instruments;
- focus on results and allocation of resources based on performance;
- disaggregation, break-up and downsizing of monolithic bureaucratic units;
- introduction of competition in the public sector through public tendering and contracts;
- private sector style of management with greater flexibility and autonomy in hiring and rewards;
- efficient use of resources through cost-cutting and better labour discipline – "doing more with less".

If some authors (Homburg, 2007) still debate the meaning of NPM, the picture is even more blurry regarding the impact of NPM reforms. A recent meta-analysis on this (Pollitt and Dan, 2011, p. 31-32) concludes that "scientific knowledge of the general outcomes of NPM is very limited [...] and that outputs resulting from NPM, vary enormously, from highly positive through 'no change' to rather negative, depending on circumstances". There is a rich empirical body (Pollitt, 2003; Politt, Van Thiel and Homburg, 2007; Van de Walle and Hammerschmid, 2011; Pollitt and Bouckaert, 2011) that reach the same conclusions: mixed results of NPM reforms.

The Neo-Weberian State (NWS) can be seen as a counter-model to NPM (Drechsler, 2005), a reinterpretation of Max Webers theory, describing a model that takes the positive

elements of NPM and places them on a Weberian foundation (Pollitt and Bouckaert, 2004). NWS is specific to continental Europe, developed because of concerns with the inadequacies of NPM and other managerial reforms imported from the USA (Dunn and Miller, 2007, p. 350). NWS proponents criticize NPM on four aspects (Dunn and Miller, 2007, pp. 350-352): (1) ideological choice of NPM for a weak state which in turn translates into vulnerabilities in relation to international organizations like the World Bank or IMF, (2) failure to deliver on its promises on more effective and efficient public organizations and higher quality public services, (3) emphasis on improving management functions, seen as a form of new managerialism and neglect of specific public sector values like equity, fairness, transparency and accountability – a weakening of a the public sector ethos (Pollitt, 2003), (4) institutional fragmentation which leads to coordination and control problems. Both Drechsler (2005) and Pollitt and Bouckaert (2004) acknowledge the European pedigree of NWS and highlight its essential characteristics (adapted, Dunn and Miller, 2007, pp. 351-352):

- **Central role of the state** – the State becomes the main facilitator of solutions to societal problems of globalization, technological change, shifting demographics, environmental threat (Drechsler, 2005, p. 13). This has been a characteristic of the classical Weberian approach. The neo element stems from a shift of orientation towards external factors, focusing on citizen needs and adoption of a quality culture.

- **Reform and enforcement of administrative law** – a legal framework that would guarantee the equality of all individuals before the law, protection from abuse of power or arbitrary judgment and possibility of scrutiny from different stakeholders affected by state actions. The main difference compared to classical administration is a reorientation towards results instead of simply following legal procedures through introduction ex-post measures of evaluation and control (Drechsler, 2005, Politt and Bouckaert, 2004).

- **Preservation of public service ethos** – creating a distinct culture, a special status for civil servants and a body of specific set of regulations regarding employment, payment, promotion, dismissal (HRM). The neo element stems from the new role of the bureaucrat which is now a manager of public value instead of just an expert executant of administrative law.

- **Emphasis on representative democracy** – representative democracy is the basis for control, legitimation and maintaining stability and competence of the bureaucratic apparatus. This aims to reduce the “natural” distance between the bureaucrat and the citizen, open up the administration and encourage public participation.

In a nutshell, NWS can be seen as an attempt to modernize traditional bureaucracy by making it more professional, efficient, and citizen-friendly (Pollitt and Bouckaert, 2011, p. 19). Looking at the characteristics of NWS, one could argue that it is somewhat paradoxical: designed to replace NPM but, at the same time, takes inspiration from it. The general shift in orientation from internal to external aspects, the centrality of citizens and their needs, higher emphasis on results, transformation of the bureaucrat as a manager of public value and in a certain way increase in public participation, are all linked with NPM. We have to admit that NWS brings at least two distinctive (and new) ideas – the central role of the state and the importance of representation and representative democracy.

If the effects of NPM style reforms are still unclear, those of the NWS are not even evaluated, as NWS is still in its “theoretical” phase. Christopher Pollitt (2009), one of the first to coin the concept, is also one of the first to raise questions regarding its practical relevance, arguing that the academic community is fast at creating new models and theories

but rather slow in designing and conducting empirical testing of these theories. He also points to the need of refining the NWS model to take into consideration the specifics of different “cultural regions” of Europe (northern countries, Eastern Europe, Napoleonic countries) which may have a significant impact on the models relevance. Therefore, talk about the effects of NWS is impossible because of the lack of any empirical data to back it up. However, this does not reduce the importance of this paradigm, as it waits for empirical data to prove its worth.

New Public Governance (NPG), is part of the big “governance movement” that includes concepts like *corporate governance* - “the internal systems and processes that provide direction and accountability to any organization” (Osborne, 2010, p. 6) - or *good governance* - “the manner in which power is exercised in the management of a country’s economic and social resources for development” (World Bank, 1992). The scientific literature is quite rich regarding definitions of governance, Osborne (2006) presenting a relevant selection which emphasizes inter-organizational networks (Rhodes, 1997), policy communities (Kickert et. al, 1997) and institutional relationships within the society (Kooiman, 1999).

Osborne (2010, pp. 6-7) breaks down the concept in 5 dimensions:

(1) **Socio-political governance** which is concerned with the institutional relationships within society. In this view, NPG refers to the participative dialogue between public and private actors in order to represent their interest (Torfing and Triantafyllou, 2013).

(2) **Public policy governance** referring to stakeholder policy networks involved in the policy process

(3) **Administrative governance** referring to the generic practice of public policy implementation and public service delivery (Salamon, 2002)

(4) **Contract governance** referring to the contractual relations in the delivery of public services, clearly a reminiscence of NPM

(5) **Network governance** concerned with “self-organizing inter-organizational networks (Rhodes, 1997) that function both with or without government in order to provide public services”

To sum up: (1) governance implies constant interactions between 3 different stakeholders – public (government), private (the economic side) and social (citizens, NGO,s or other forms of civic representations) and (2) these interactions manifest themselves through network structures. Currently, the state is facing complex and rapidly changing problems, for which a network approach may be suitable (Kettl, 2003) because networks are adaptable, flexible, relying on negotiations and mutual adjustment between actors (Christensen, 2012) and thus more suited for complex problem solving. Most western states are using organizational networks aiming to increase administrative capacity (Klijn and Skelcher 2007). The downside is that accountability is (potentially) reduced and coordination is more difficult. Compared to the traditional approach to public administration, NPG implies a redefinition of the role of the state in the governance process, which by no means implies a decline of the state and its role, but rather a transformation as a coordinating entity, part of a complex network or partnership that aims to replace the traditional hierarchical model. Compared to the NPM approach, policy formulation and public service delivery in NPG is done through co-operation, negotiation and the active participation of relevant stakeholders that are envisaged to chip in with their interests, knowledge and resources instead of fragmentation, competition and choice (Torfing and Triantafyllou, 2013).

The impact of NPG is still unclear, most studies focusing on developing a coherent theoretical model than actually analysing reform efforts and their results. Recent studies on public administration reform (Pollitt and Bouckaert, 2011; Torfing and Triantafyllou, 2013) indicate that such initiatives are different and diverse and there is no one specific model to explain them. There are signs of NPG style reforms – expansion of initiatives encouraging public participation and bringing public and private actors together (OECD, 2009, OECD, 2011), delivery of certain public services in co-production and co-participation (Pestoff, 2011), impact of governance on the business community (Boța-Avram, 2014), policy process from a network perspective (Huys and Koppenjan, 2010). However it would be unrealistic to try to measure the impact of a model that is not fully developed yet.

A synthesis of the three reform model leads to the following conclusions:

- **The three models are interconnected** with several elements in common (citizen representation, effectiveness of public services, external orientation of administration, openness)
 - The latter two models, NWS and NPG are so new that **the effects of these reforms are impossible to evaluate**, although they have a high theoretical appeal among scholars
 - **NPM is starting to show its age**, with both NWS and NPG aiming to at least replace certain elements (if not the entire paradigm) of public administration reform.
 - There are some **contradictions between aspects of the reform proposals** (e.g. “Increase political control of the bureaucracy/free managers to manage/empower service consumers”, Pollitt and Bouckaert, 2011, p. 187) showing that there is still theoretical refinement needed.
 - All three models express different views of an **ideal relationship between the state, the market sector, and civil society** (Pollitt and Bouckaert, 2011) and by this criteria alone all could be seen as general governance models
 - **The models are not comprehensive** while the empirical map usually represents a mixed story with elements from more than one model popping up in the same reform package (ibid., p. 210).

1. The public vs. private debate

The public vs. private analysis is subject to continuous debate, with opinions falling into two major categories (Mora and Țiclău, 2013): on the one hand there’s the opinion that the differences between the two are negligible while other feel that there substantial enough to be taken into consideration.

Rainey makes a convincing case for the first opinion, by arguing that public and private sectors overlap creating a blurring and entwining of the sectors based on 3 major elements (Rainey, 2009, pp. 62-65): **(1) mixed, intermediate, and hybrid forms** - numerous public organizations resemble business firms either by structure, managerial practice or relations with their clients (e.g. public companies, state owned enterprises that generate their own revenue, have a business-type structure, have higher autonomy than governmental agencies). Furthermore, non-profits resemble public organizations both regarding their mission (provide public goods and services) and operations (not for profit) while some private firms have almost exclusive relations with the state (e.g. defence contractors, some infrastructure contractors); **(2) functional analogies** – a person occupying a certain position will perform more or less the same functions irrespective of the nature (public or private) of

the organization e.g. a secretary in a public university will probably need the same qualifications and would have more or less the same responsibilities as a secretary in a private lawyer’s office (NMP ideology); **(3) complex interrelations between public, private and non-profit** – there’s a constant exchange of resources and collaboration between the sectors (governments deliver different public services through private or non-profit organizations – health, education, social protection; governments subsidize different activities of private or non-profit organizations – e.g. research; governments regulate different fields but both private and non-profit negotiate with governments for interest representation)

The other side of the analysis (on differences) starts from the intrinsic characteristics of the public sector (adapted from Rainey, 2009, pp. 65-67): (1) **purpose** – probably the biggest difference, instead of profit, public organizations are mainly concerned with public goods and services or resolving market failures); (2) **essential values** – while private organizations are promoting efficiency, competition, innovation, flexibility, public organizations are concerned with guaranteeing and representing specific “public values” like liberty, equality, solidarity, social justice, non—discrimination, rule of law, equity, fairness, openness, responsiveness; (3) **ownership** –almost self-evident, although one could argue that modern organizations are harder to classify based on this criteria – with extreme examples of public-owned organizations that get most of their funds from private sources (e.g. public companies) or privately owned organizations that get funded mostly by the state; (4) **economic and political authority** – economic authority is considered to be at its peak “when owners and managers gain total control over the use of their organization ’ s revenues and assets, and it decreases as external government authorities gain more control over their finances” (Rainey, 2009, p. 77). Political authority is granted from outside elements (citizens, other governmental institutions) and refers to the capacity of the organization to act on behalf of those elements and make binding decisions for them (Rainey, 2009, p.78). Clearly, private organizations score high on economic authority while public organizations have more political authority.

2. Leadership challenges – business leaders vs. public leaders: are they facing the same problems?

The next section is an analysis of the major challenges leaders face in the two sectors – public and private. My aim here is to see whether there are any overlapping challenges which would point to similar solutions for both public and private leaders.

A recent study (Morales, Breul and Kamensky, 2008), identifies 10 major challenges that public leaders face in the near future[†] (table no. 1).

Table no. 1: Challenges for public managers in the next ten years - IBM Center for the Business of Government

Fiscal sanity	Reducing public debt by modernizing public social programs (health, retirement) and increasing government efficiency in running all public services
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[†] The study is contextual, referring to public leaders from USA, but taken into consideration the power position USA has in the global political, economic and social context, one could argue these issues have relevance at international level.

Technical Competence	The technical requirements for public services have increase substantially. There is clear need to devise professional development programs to respond to these necessities.
Information Overload	Developing capacity to use large quantity of information, analyse and filter it, for evidence based decisions, modelling and forecasting.
Network based government	A change from hierarchical based structures to non-hierarchical ways of doing business through “collaborative networks” and “boundary-less organizations.” The challenge is to combine knowledge and skills flexibly around changing tasks
E-government	Standardize and integrate E-government across all governmental agencies as a fundamental part of public service delivery.
Control on contracting	Effective government means a strong cadre of contractors supporting a strong cadre of government workers. Management of contractors both regarding methods of contracting and delivery of services is going to be crucial.
Focus on results	Introduction of performance-driven systems in order to make government more accountable and result oriented. Collaboration with private /non-profit to transform their cultures from procedure focus cultures into performance oriented cultures
Environmental Sustainability	Solving environmental problems through a blend of innovative public policies, incentives and close collaboration with private markets.
Security and Privacy	Information access and internet translates into potential security threats and privacy issues. Governments need to be able to create systems that offer high access level to information but protect sensitive privacy data.
Managing uncertainty	The external environment poses unpredictable and complex which can be both an opportunity and a threat. “Policymakers will need forward-looking information to set the stage for early warnings about emerging threats and to make informed choices about effective government responses” (Morales, Breul and Kamensky, 2008, p. 13)

Source: adapted from Morales, Breul, Kamensky – Ten Challenges Facing Public Managers, 2008

We can clearly observe that problems range from internal aspects of organization management (focus on results, technical competence, and information overload) to external issues (environmental sustainability, uncertainty).

Another study done by the Ashridge Public Leadership Center (2008) found the following as key challenges for public leaders (table no. 2).

Table no. 2: Key challenges facing public sector leaders – Ashridge Public Leadership Center (2008)

Increasing pace of change	Leaders in the public sector need to be able to deal with an increasing pace of change and uncertainty all areas of their work
Technological developments	Wide ranging impact of ICT on public service organization and delivery – E-government
Higher visibility of public leaders	The need for more transparency and openness of government has led to higher “public” exposure of leaders, which need to be able to manage their image accordingly

Higher citizen expectations	Citizens have more diverse, growing and shifting expectations, taking the role of citizen-consumers, demanding higher quality and more personalized services
Citizen empowerment	Because of ICT development, citizens have more opportunity to be involved in the policy process
More dynamic workforce	New generation of public servants are more dynamic and do not seek a “job for life” thus motivation and professional development programs need to be adapted to suit the “younger workforce”
Global changing environment	Leaders need to define their external environment from a parochial perspective to a more “global” one. Interdependence between different actors or entities lead to high level of complexity and change that leaders need to be able to adapt to.

Source: adapted from Key challenges facing public sector leaders – Ashridge Public Leadership Center, 2008

Lastly, a 2013 PwC study entitled *Future of Government*, done by PwC’s Public Sector Research Centre, identified 6 major challenges for public sector leaders (table no. 3).

Table no. 3: Challenges for public sector leaders

Challenges	In practice
Greater citizen awareness	<ul style="list-style-type: none"> • Greater awareness regarding their rights • More access to information • Higher expectations regarding public services
Changing demographics	<ul style="list-style-type: none"> • Aging population • Immigration
Greater accountability and transparency	<ul style="list-style-type: none"> • Heightened role of media and social activism • Instant transformation of a management issue into a political problem
Budgetary constraints	<ul style="list-style-type: none"> • Reduced budgets for investing in the public sector • Increasing difficulty in funding the public sector by increasing taxes
Global competition for investment	<ul style="list-style-type: none"> • Need to attract investment • Investment fund managers regard efficiency of the public sector as an important factor
Public sector reform	<ul style="list-style-type: none"> • Need to meet the United Nation’s Millennium Development Goals

Source: adapted from PwC – Future of Government Report, June 2013

Leaders need to be *agile, innovative, connected and transparent* (PwC, 2013). They have to be capable of anticipating and adapting to changing unforeseen events, incubating innovative ideas, developing collaborative networks across sectors for better service delivery and become accountable for outcomes through higher transparency.

Regarding business leaders, recent studies show that there are certain areas where problems or challenges are general, irrespective of the public-private differences. A PwC study done

in 2010[‡] among Senior Business Executives around the world has identified the following challenges of greatest concern:

- Excellence in execution
- Consistent execution of strategy by top management
- Speed, flexibility, adaptability to change
- Economic performance
- Managing financial risk

The study also concludes that around 70% of strategic plans fail because of execution problems, with leaders having to show commitment, clarity in defining goals, capacity to translate goals into daily tasks, create synergy among team members and a system of shared team accountability to succeed. A more recent study done by the same PwC - *Government and the 17th Annual Global CEO Survey 2014* – which surveyed both public and private CEO's, identified four major factors that are going to transform business and society in the next 5 years: (1) **technological change** - harnessing technology to create value in totally new ways, (2) **demography**– workforce demography changes poses challenges for talent discovery and retention along with new skills development, (3) **customer needs** – customer's needs are more diverse in a more competitive environment thus customer retention is crucial, (4) **business ethics and trust** – customers are more focused on the impact products have on the environment and general society, CEO's need to convince customers that their companies are doing “the right thing” for society According to the same report, *that the perception of government agencies CEO's regarding the key threats and challenges is very similar to non-state backed CEO, with technological changes, building trust, reducing costs and increasing efficiency and ensuring growth through innovation as the main concerns in the next 5 years.*

Other studies on the same topic point to the same blurring, interconnected challenges across public and private. Two recent studies done by the Center for Creative Leadership (CCL) bring about evidence on the interdependence between private businesses and government. The first study - *The Challenges Leaders Face around the World. More Similar than Different* (Gentry, Eckert, Stawiski and Zhao, 2014) gathered data from 763 managers leading the middle and executive levels of organizations (85% private, 14% public) in seven different countries – China/Hong Kong, Egypt, India, Singapore, Spain, UK, USA). The study points to the existence of six major issues that are “inherent in the role of being a middle/senior manager regardless of the context one needs to fulfil this role” (ibid., p. 4). These are:

- **Developing Managerial Effectiveness** – developing the relevant skills and competencies such as - time management, prioritization, strategic thinking, decision-making, and getting up to speed with the job – in order to be effective.
- **Inspire/Motivate** – finding the right incentives to inspire and motivate your team and make sure that members are satisfied with what they are doing;
- **Professional and personal development** – developing the people you are working with both professionally and personally, making them “better” through mentoring and coaching

[‡] PwC (2010) - Execution-focused leadership: Balancing short-term survival with long-term sustainability

- **Creating and leading teams** – building smart, learning and performance oriented teams; building synergy among members, pride and respect among members, developing accountability mechanisms
- **Managing change** – understanding and deciding effectively in changing conditions; methods of overcoming resistance to change, mobilize and lead towards desired change
- **Managing stakeholders and developing support networks** – managing relationships with different stakeholders, gaining support and buy-in from internal and external actors, creating and developing partnerships and networks support

A second study done by the same Center for Creative Leadership – *Public Sector Leadership Challenges: Are They Different and Does It Matter?* (Ferguson, Ronayne and Rybacki, 2014) which surveyed more than 2000 leaders and managers (approx.1500 from the public sector and approx. 500 from the private) aimed to find out whether public and private leaders identify common challenges regarding their work.

Looking at Figure 1 (below) two matters are obvious:

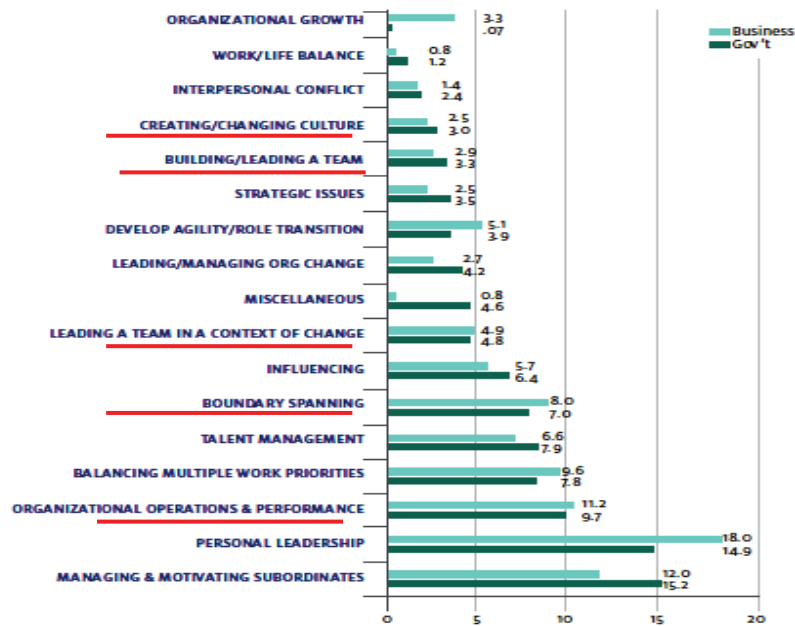
a) Both business and public leaders identify (with some difference regarding importance) the same **seven challenges** as being essential for what they do, and these are (in order of importance)[§]:

- **Managing and motivating subordinates** – managing, motivating, or developing others, typically subordinates; dealing with problem subordinates/performance issues
- **Personal leadership** – personal and/or leadership development, new awareness of own strengths and development needs, or self-management issues
- **Organizational performance** – dealing with budget cuts in a context of rising demand for services, the need to create higher group and organizational efficiency in a context of continuous change, dealing with bureaucracy, increasing overall performance
- **Balancing multiple work priorities** – time management, volume of work, delegating, or setting priorities
- **Talent management** – Developing or implementing HR systems and processes or dealing with human resource related issues and problems
- **Boundary spanning** – crossing hierarchical, functional, organizational, geographic, generational and cultural boundaries
- **Influencing** – managing up, leading without authority, inspiring others, negotiating, getting support for initiatives

b) There are five major areas of convergence, where both public and private leaders score almost the same (in order of convergence): (1) Leading a team in a context of change, (2) building and leading a team, (3) creating and changing culture (4) talent management, (5) influencing. Both public and private leaders agree upon the importance of leading a team in a changing environment (which includes both achieving results and keeping people motivated and offering opportunities for development) and being catalyst of change (which includes getting support for change initiatives). It is straightforward that CHANGE is the essential concept in all the elements that are converging (see fig. 4 below).

[§] The explanations of each of the seven challenges is the actual operationalization used by the authors in the study and has been taken from the appendix of the study, p. 8-9.

Figure no. 1: Answers to “What are your most important leadership challenges?” based on CCL study - Public Sector Leadership Challenges: Are They Different and Does It Matter?



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

Source: CCL study 2014 - Public Sector Leadership Challenges: Are They Different and Does It Matter?, p. 2

Based on the results of the studies presented previously we can draw several conclusions:

a) There is clearly a certain amount of overlapping between the main problems public and private sector leaders face. This overlap may be explained by what we have called earlier *complex interrelations* coupled with the growing importance of a global perspective regarding leadership.

b) There are several challenges that seem to transcend both sectors:

- **CHANGE** – is probably the most transcendent of all challenges. Either referring to change of the external environment and the pressures that this possess for the organization, or change of leadership, management and culture, inside the organization, creating a need for new ways of leading and building teams. The exponential rate of change and the complexity (more variables from either internal or external environment, from different fields, interrelated, changing at more or less the same time) of change are challenges in themselves. Future leaders have to develop methods of coping thriving in changing environments.

- **TECHNOLOGY** – modern technology brings a new challenges in managing relations with clients or citizens but also with other stakeholders. Both public and private organizations need to integrate modern technology in their “way of doing” business if they want to remain competitive. While the specific ways in which public and private organizations do this may differ, the fact remains: technology will only increase in importance in general management of any organization, starting with communication and

ending with innovative ways of solving problems. Obviously technological advancement brings changes to other aspects of the society like citizenship (more participation possibilities), the characteristics of the workforce (new skills, work processes and job design), or organizational structures (Şandor, 2012, p. 157).

- **COMPLEXITY** – this encompasses the specifics of our society in the 21st century – everything is related to everything else (interdependence) which means higher levels of uncertainty and need for uncertainty tolerance from leaders. Complexity is caused by increasing diversity of demands from customers/citizens, coupled with increasing competition (both in private and public sectors) which need more complex and hybrid organizational structures - *organizational networks* – to cope with them.

- **CITIZEN/CUSTOMER FOCUS** – organizations need to focus more than ever on what their citizen-clients tell them. Public leaders have to serve empowered, informed, active citizens, who want to be more than just end users of a public service; this has implication in the internal processes of public organizations which are expected to be transparent, open and accountable; private managers have to deal with clients who are interested on products that serve the society in general, not only their needs. From end users citizens/customer become active stakeholders.

- **PERFORMANCE** - although it has always been a priority to both business and public sector leaders, it is still a major challenge, first because the actual meaning of the concept has shifted. Performance for public leaders means being effective and efficient but at the same time being transparent, accountable and open. Private leaders need to develop products or services that give something back to the society as a whole (CSR), be sustainable and serve a bigger purpose. All this in an environment where competition for resources of all kinds is tougher than ever. Speed of learning and capacity to adapt fast may become the most powerful competitive advantage very soon.

- **LEADERSHIP** - *multitask-leadership* – today's leaders have to resolve multiple problems at once, in a complex environment, with more demanding stakeholders, more competition for resources and constant change. Their main challenge is building and leading competitive teams, developing incentives and development opportunities that keep their followers motivated and on a constant upward learning curve. At the same time, they still have to keep a focus on the outside, to build partnerships and networks of support for their ideas in order to lead change not just react to it.

3. Contemporary business education – is it up to the leadership challenge?

The last question that I want to answer in this analysis is whether current educational programs that target leaders are living up to these challenges? I analysed the top 5 business masters programs (according to Financial Times 2013 MBA Rankings) aiming to find out whether they are in line with the current demands of the market: Harvard Business School; Stanford Graduate School of Business; London Business School; University of Pennsylvania: Wharton; Columbia Business School (Financial Times, 2014).

A detailed analysis of the curriculum shows that 3 of the programs offer dual degree MBA-MPA/MPP**, that aim to prepare leaders to solve “global” problems, while the other 2 programs (London Business School and Columbia) offer joint degrees in global or

** MBA = Master of Business Administration, MPA = Master of Public Administration, MPP = Master of Public Policy

international business – London Business School and Columbia Business School. The first program^{††} offered by **Harvard Business School** is a joint degree 3 year program (MBA&MPP/MPA) with Kennedy School of Government serves a growing need of critical importance to global society: *developing leaders, skilled in management and the shaping of innovative public policy, who will assume positions of influence spanning business, government, and non-profit organizations, through which they will contribute significantly to the well-being of society.* Graduates will be prepared for complex issues that call for the collaboration of the public, non-profit, and private sectors—and for leadership effective in each. The program focuses more strongly on the public management component and includes 2 mandatory internships – one in a public organization and one in a business organization. **Stanford Graduate School of Business**, through its joint degree 3 year MPP/MBA, program allows students to simultaneously pursue an MBA from Stanford GSB and an MPP degree from the Public Policy Program at the School of Humanities and Sciences. The program is aimed for students interested in pursuing a career in public policy, or at the intersection of business and government. Compared to the Harvard offering, students enrolled at Stanford have only one mandatory internship which is done in a public organization. The third program, offered by **University of Pennsylvania: Wharton**, gives its students three options – an MBA/MPA, an MBA/MPAID^{‡‡} and MBA/MPP. The most interesting part is that the *public dimension* of the program is actually done (again) at Harvard Kennedy School of Government. In other words, students coming here get their business education from Wharton and their public management/public policy one from Harvard. The goal of the program is to prepare its graduates for positions of significant responsibility in the public, non-profit, and private sectors. The last program is actually a three university partnership – London Business School with Columbia University and University of Hong Kong offer a 20 month International Executive MBA (no public component here) designed for highly ambitious mid-career professionals (executives) who have, or aspire to have, transnational responsibilities. Different from the other programs there's no mandatory internship (as the target group is working professionals).

Once more, the dual degree programs are destined (at least from their mission statements) to train the future leaders to do a good “balancing act” between public and private problems. This development of more diverse, overarching educational programs is supported by previous studies (see Vanagunas 2002; Rosenbaum and Kauzya, 2007; for training programs, see Borins, 2000). All programs are characterized by high levels of interdisciplinarity, with courses covering multiple fields - economics (Markets and Market Failure, Public Economics, Business, Government, and the International Economy), management (Strategic Management, The Entrepreneurial Manager, Operations Management), human sciences (Leadership, Organizational Studies, Decision Making, Public Policy Analysis, Democratic Governance). The dual degrees offer substantial “practical” education with mandatory internships or practice periods in real world organizations. Moreover, all three programs have a “global component” – they have moved from developing local or national leaders to “global” leaders who are able to solve complex global problems. Finally their mission statement acknowledges what some of the studies presented above pointed: future leaders need to be able to perform in a dynamic,

^{††} Information in this section has been taken from the websites of each of the programs included in our analysis

^{‡‡} MPAID – Master of Public Administration and International Development

interconnected, interdependent complex working environment which “transcends” dichotomies of the “public-private” type. Finally, these programs take into account the new specifics of the *young workforce* which will be more dynamic, motivated by other factors than job security and stability.

In conclusion, the short analysis on the top 5 Business Schools would point that, Business Education is very tightly connected with current leadership challenges and it is responding by providing educational programs that are tailored on those needs.

Conclusions

The purpose of this analysis was to answer three important questions regarding contemporary education for public leaders:

a) What are the current trends in public administration reform?

I have answered this question by pointing to the evolution of reform approaches starting with the New Public Management (NPM) which was adopted (in different ways) by most western countries, a reinterpretation of the classical Weberian approach through the model of Neo Weberian State (NWS) and a model of reform that takes into consideration the current complexities of the modern society and couples them with the idea of democratic governance, called New Public Governance (NPG). While NPM seems to be at the end of its “career” it has passed some of the positive elements towards the other two models that still have to prove their viability in the real world.

b) What are the current challenges of leaders around the world?

I have shown arguments for both sides of the public vs. private debate and then argued, with examples from empirical studies, that there are a number of common challenges that transcend the public-private separation. Change, technology, complexity, stakeholders, performance are global problems that need “globally prepared” leaders.

c) Are current business educational programs up to this challenge?

It’s hard to answer this with a simple yes or no, but we can see that educational offerings for leaders are connected with what happens in the leadership realm. The best MBA programs are now offered as double degrees between public administration and business management, as a response to the blurring of the sectors and the “global” character of leadership challenges. From a public leadership point of view, this approach seems very much suited to what is asked of public leaders: be able to preserve the specific character of the public sector (which is covered by the MPA/MPP degree) but bring in the benefits of entrepreneurship – innovation, creativity, efficiency (covered by the MBA component). Although the analysis was theoretical, the fact that the top 3 worldwide leading business schools are offering such programs is proof that there is at least demand for leaders prepared to lead in both public and private realms. Finally the subject is relevant for Romania’s graduate education program in the field, which face important challenges regarding adoption of performance standards similar to ones used at international level (Mora, 2012) and a more realistic and up to date definition of quality in education and academic management (Hînțea, 2013) There are some encouraging initiatives of institutional cooperation between Babes-Bolyai University and Michigan State University as a strategic choice to respond to these new challenges (Hîntea, 2013) with one of the

products being a double degree MPA program which could be a starting gate for the new generation of public leaders.

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