



LIBRA KNOWLEDGE NETWORK

MEETING REPORT

SECURITY AND JUSTICE SECTOR REFORM AND PRIVATE SECTOR CHANGE MANAGEMENT – What can each side learn from the other?

Introduction

On 15 November 2007, [Libra Advisory Group](#) brought together a diverse mix of Security and Justice Sector Reform (SJSR) practitioners and private sector management consultants to compare notes on the challenge of achieving change in large institutions. The following is a brief summary of the wide-ranging discussion.

It is surprising just how little consensus there is on how to achieve change – and how little crossover there is between the private and public sectors. The vast management literature on managing change in business is a closed book to most SJSR practitioners. The successful examples of fundamental political and economic reform in Eastern Europe have rarely been studied by business schools. As an example of this mutual incomprehension, some SJSR practitioners complain about the “unique challenges” of changing an institution where officials do not always have the public interest at heart, implying that private sector change is easier because companies are staffed by obedient automatons. Such people are evidently unaware of the vast economic and management literature on “principal-agent” problems, which deal with the difficulties of creating incentives for management to serve the interests of a dispersed group of shareholders rather than pursuing their own power, convenience and financial gain¹.

The purpose of the meeting was not to claim similarities where they do not exist or suggest that one profession is ‘better’ than another at its job. And bringing together people with such different backgrounds – with little shared experience or vocabulary – inevitably raised more questions than it answered. But we hope that the meeting at least suggested some subjects for further cooperation and research.

¹ “On the Folly of Rewarding A, While Hoping for B”, Steven Kerr, The Academy of Management Journal, Vol. 18, No. 4 (Dec., 1975), pp. 769-783 gives evidence that this is a long-standing concern.

Libra Advisory Group Ltd

5 St John's Lane London EC1M 4BH UK
Tel +44 (0) 20 7549 1666 Fax +44 (0) 20 7549 1667
www.libraadvisorygroup.com

Registered in England and Wales number 06016565.
VAT number 891 4607 03

Registered address 8-10 New Fetter Lane, London EC4A 1RS, United Kingdom.

What's the same? What's different?

On the face of things there are big-picture similarities between people trying to effect change in public and private sector organisations - both are working in complex and often resistant organisations; both deal with institutions with widely varying cultural underpinnings; and both have to deal with the processes and systems that hinder or support change.

But there are clearly key differences in context. Few management consultants operate in hostile physical circumstances. The organisations which are the target of security sector reform are likely to be far less functional than those who have employed, often at considerable cost, a management consultancy to revise their working practices. In many cases the SJSR professional has not been directly *invited* into the organisation, and his or her presence itself is seen as a threat to livelihoods and power bases. The staff of a developing country security institution may be working to a myriad of objectives, some acknowledged and some hidden, many of which may run counter to the stated goals of the organisation itself. And whilst such a lack of alignment is not unknown in the private sector, disputes over power in a company are rarely backed up by violence or intimidation.

What are the problems? What are the emerging solutions?

In the private sector and in SJSR, practitioners deal with problems of leadership. In the many family businesses that dominate East Asian economies, well-connected individuals who have never worked in the 'engine room' of that business's operations are responsible for major strategic decisions. The same may apply in security ministries, where Generals or officials may have entered the policing or military profession without ever working at street level. Ministers often arrive with no professional knowledge of their subject, and take an active role not only in providing democratic oversight and direction but also in day-to-day administration and management. In both private and public spheres it may be that **managers do not understand the nature of operational problems.**

It is also often the case that **those who are in key leadership positions, both in private companies and in security organisations, are among the most resistant to change.** In both cases they have achieved power and in many cases wealth *through* the current system, which has served their interests well. Enthusiasm for change will often be found in the lower and middle ranks of organisations. Change managers have therefore oscillated between the benefits of "top down" change, which brings power and decisiveness but rarely openness and imagination; and "bottom-up change" which emphasises creativity and enthusiasm at the expense of experience and authority.

This has led to the resurgence in business consulting of '**middle out**' change **management** theory and practice – much-maligned middle managers are again

being seen as well-placed to manage the tension between top-down direction and bottom-up innovation, rather than as people to be downsized².

There are examples, perhaps not yet codified in an explicit way, of this practice in SJSR – including in one case deliberate development of a cadre of ‘change agents’ at middle management level in an Iraqi Ministry. This should not be confused, however, as ‘democratising’ change. A management consultant commented that trying to empower shop-floor employees of a Filipino company to innovate, for example, would be likely to threaten the existing orthodoxies and culture to too great an extent to be useful. Similarly, introducing concepts of the delegation of power in organisations which have run traditionally on autocratic lines is likely to come up against major cultural barriers.

This is connected to the relation and tension between effecting **change in an organisation’s overall strategy and purpose, as opposed to revising its operational practices**. Contrasting examples emerged from recent SSR activities – in Afghanistan there had been a focus on improvement of strategic management, without a corresponding uplift in operational practices; in the Iraqi MOI the situation was reversed – lots of focus on street-level police training, with little attention paid to management or security strategy.

Clearly without change at a management level, operational improvements are unlikely to become institutionalised or to be sustainable. The challenge in both business and in SJSR lies in persuading the leadership of an organisation that their personal best interests lie in accepting and backing new operational practices. This is, in both contexts, a deeply political undertaking, requiring acute sensitivity to **what motivates individuals in positions of executive authority**.

In both contexts, therefore, a key task is to **understand where power lies**, and indeed what ‘power’ means in the organisation and culture. This is unlikely to reflect an organisational chart, or be altered by re-drawing that chart. In developing country security institutions, power may lie in the control of procedures or resources from which individuals may be able to profit – this may be as seemingly trivial as control over allocation of a company’s or ministry’s car parking spaces. Reconfiguring the leadership may be resisted less, therefore, if individuals are allowed to retain control over these procedures and resources, even if they are moved out of positions of executive authority.

What are the dilemmas?

Acknowledgement that the motivation to effect or accept change may not be primarily to do with making the organisation work better allows change managers in both the private and public sector to work with, rather than against, the personal motivation of senior figures. The question arises, at least in the public sector, of the legitimacy of working with individuals whose personal motives may not be noble, in order to achieve project goals. Is it legitimate to work through a senior manager, or a warlord, to effect positive change because he feels he will benefit from that

² “The Middle Manager as Innovator”, Rosabeth Moss Kanter, Harvard Business Review 1 July 2004 (first published 1982), is the classic work on this.

change at the expense of his internal rivals? And what unpredicted effects might result from the consequent shift in an organisation's or nation's power balances?

In both private and public sector this relates **to the speed with which change is required**. The tendency among western business consultants is to 'get in there' and bring about some improvement, as a way of offering clear added value to the business and providing the client with reportable improvement. But such quick wins are often counter-productive, as they work by building on and strengthening the very dysfunctions that the project is supposed to correct. Japanese businesses, by contrast, tend to engage in a very lengthy diagnostic phase before they set about trying to change anything – but when change comes it comes quickly and effectively. Chinese businesses may see change in the perspective of generations – to the extent of sending their children to study in a range of different countries as a way of 'diversifying' the principles on which their business operates. Those children are not, however, expected to revolutionise business practices on their return – but instead to provide a variety of pulls and pressures which over a period of time will affect the evolution of the business.

Bringing about reform in a developing country security organisation is almost certainly about effecting cultural change – which takes time. This runs counter, however, to donors' tendency **to wish to measure the outcome and impact** of activity on an annual timetable; and certainly conflicts with the 4 or 5-year policy time limitations built into Western democratic cycles. Is there a way for donors to invest in a genuinely long-term way in SJSR projects; and to accept that the outcomes and impacts, over that longer term, are likely to be hard to predict and more ambiguous than current tools of measurement suggest?

There are also questions about the method of change, as well as its outcome. SJSR has emphasised the '**holistic approach**' to organisational change; in contrast private sector change management often works on a more selective basis by identifying 'tipping points' - specific areas where reform may lead to a wider shift in an organisation's effectiveness³. It may be worth understanding better, in security organisations, where these tipping points lie: reconfiguring an army may have less effect on national security paradigms than reforming a police force. But in both cases there may be more 'bang for the buck' in focusing on central government decision-making mechanisms, and how a government ascertains what threats its police or militaries should be configured to respond to, rather than on those forces themselves. Intelligence services may offer another area where a small input may result in disproportionate pressure for change elsewhere. In many cases, in both private and public sectors, a multi-speed approach may be better than attempting to move forward equally on all fronts.

³ "Tipping Point Leadership" by Chan Kim and Renee Mauborgne, Harvard Business Review, 1 April 2003 is the classic work on this.

Conclusions

SJSR practitioners are increasingly acknowledging that they are involved in highly-political, long-term cultural change. What they perhaps do not realise is that management consultants are often involved in exactly the same challenges, for all that the latter work appears to be more clear-cut and technocratic.

The greatest area of potential for cooperation and further research is perhaps in understanding incentives and “principal-agent” problems – management consultants do not naively imagine that all executives wish to serve the greater good of the corporation, any more than we always trust generals and politicians to serve the greater good of the nation. The challenge of getting executives to genuinely represent the interests of their shareholders, without resorting to moral exhortation, is at the root of much management theory and economic modelling. SJSR practitioners face a similar challenge. They seek to get security officials to respond to the demands of their people for human security but are finding that exhortations to “democracy” are counter-productive, controversial or ineffective. They may find rich pickings in management theory and practice.

Karina Grube, Alex Martin and Peter Wilson, 25 January 2008.

[Libra Knowledge Network](#) will provide a platform for the exploration of new ideas, as well as the sharing of lessons and experiences. Our aim is to help enhance the professionalism of security and justice sector reform practitioners as well as bringing together policy-makers and practitioners working on stabilisation and post-conflict operations. Libra Knowledge Network will include periodic seminars and papers on cutting-edge topics. Our events will be by invitation to carefully-selected individuals who can contribute actively to the discussion and can translate findings into practice. In due course, we intend that the Libra Knowledge Network will support a wider set of initiatives such as training, the exchange of lessons and standards setting that will help to professionalise the delivery of security and justice sector reform and policy advice, notably in conflict-affected environments.