

# Institutional leadership during tough times

Citation for published version (APA):

Zaccaria, G. (2023). *Institutional leadership during tough times: explaining the responses of international economic organizations to challenges*. [Doctoral Thesis, Maastricht University]. Maastricht University. <https://doi.org/10.26481/dis.20230630gz>

## Document status and date:

Published: 01/01/2023

## DOI:

[10.26481/dis.20230630gz](https://doi.org/10.26481/dis.20230630gz)

## Document Version:

Publisher's PDF, also known as Version of record

## Please check the document version of this publication:

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## Summary

The dissertation seeks to expand our understanding of the resilience of international organizations (IOs) embodying the global multilateral order in a time in which it is widely seen as being in crisis. This is especially true for IOs operating within the increasingly tense and vulnerable global trade and development arena, which provides many recent cases of challenges stemming from a range of sources, such as US reticence and abject contestation of the established multilateral frameworks, a rise in unilateralism and bilateralism in trade relations, the growth and consolidation of alternative institutional frameworks for the governance of development lending and finance, and the global pandemic, to name a few. Moreover, that arena also exhibits a clear variation in terms of the outcome of challenges, with some economic IOs having coped well while others having failed to do so. As such, it offers the ideal ground for examining the factors that explain IO resilience.

Most studies on IO resilience, however, explain mainly the causes of challenges, and in so doing, they focus on states and neglect the role IOs themselves play in securing their survival. The view that IOs are instrumental to members—and act mainly as vehicles for the pursuit of their interests—persists within the IR scholarship. The handful of studies on IO responses that have sprouted in recent years also tend to not zoom in on the specific role of institutional leaders within IO bureaucracies to explain the process behind the strategic formulation and implementation of responses. The dissertation, in contrast, relies upon the fundamental assumption that most IOs possess to varying degrees the ingredients necessary for exhibiting institutional agency during tough times, and that their agency in tackling challenges manifests through and is directed by their institutional leaders. With an eye on the debate on the crisis of multilateralism, the continuity of the institutions behind global governance, and the lacuna in the literature, the dissertation asks *What role do institutional leaders play in the formulation and implementation of strategic responses by economic IOs to challenges?*

The theoretical argument of the dissertation adds nuance to our knowledge of IO responses. It advances our understanding of the institutional dimension of IO resilience by theorizing and empirically analyzing the conditions that allow IO institutional leaders to play an active role in strategically shaping their IOs' responses to challenges. Relying on

conceptual insights from the International Relations (IR) literature on IOs, the dissertation provides the groundwork for analyzing the process that occurs behind how an IO responds to a challenge. It begins by offering a typology of response strategies and explaining how they address different manifestations of challenges and external factors. Building on previous studies, the dissertation identifies and conceptualizes three types of response strategies that IOs can employ against challenges: adaptive responses, resistive responses, and (inactive) nonresponses. Adaptive responses address challenges through tailored institutional and policy changes. Resistive responses focus on rhetorical tactics to dispute contesters and foster support for the institution. Nonresponse (inaction) consists of strategically remaining passive until the challenge passes, or relying on action by other actors.

Building on insights from the Public Administration (PA) literature on crisis management and leadership, the dissertation conceptualizes IO behavior aimed at tackling challenges (thus, their response process) as generally consisting of several stages, which it delineates as: sense-making, meaning-making, and response-shaping. The first stage denotes the recognition and interpretation of the challenge. The second and third stages denote the process that goes into finding and tailoring solutions, and ultimately implementing them. The dissertation then advances that framework with cutting-edge insights from the IR scholarship on IO bureaucracies to offer a tentative framework for examining the key roles played by institutional leaders within those processes, and the institutional and leadership conditions that explain that role. In doing so, the dissertation's framework exposes the tools and tactics that IO leaders employ for shaping responses, and the factors that strengthen or inhibit their ability at that.

The dissertation argues that IO institutional leaders can play key roles in the three stages behind their IOs' responses. First, by the authority vested in their position, institutional leaders not only figuratively symbolize their organizations, but also act as their executive heads. In most IOs, the formal powers delegated to their bureaucracies and executive heads allow them to influence decision- and policy-making processes, thus giving them the necessary leeway and scope of action to also shape their responses. Amongst the arsenal of tools available to them through their institutional authority, IO heads can often rely on agenda-setting, emergency decision-making, proposal-making, and mediating powers to directly oversee and indirectly insert their input into their IOs' response process.

Second, key to IO leaders' ability to play a role in the response process is having extensive bureaucratic capacity. Leading a hierarchically structured bureaucratic machinery that enjoys extensive expertise, supporting staff, and a large budget is crucial to IO heads' ability to (re)allocate and direct resources and relevant officials for realizing their response plans in practice. As such, the dissertation conceptualizes institutional authority and bureaucratic capacity as key conditions determining the roles that IO leaders can play. Third, the dissertation makes a theoretical case as to why aligning those conditions requires institutional leaders to possess and exhibit strong leadership competences. This is reflected by a proactive engagement with the challenge at hand, a hands-on approach towards bureaucratic leadership, public and private interventions in defense of their IO, and where possible, direct involvement in organizational processes.

Empirically, the dissertation focuses on three specific and recent cases of challenged IOs: the US contestation of the Appellate Body of the World Trade Organization (WTO); the World Bank and the threat posed by the China-led alternative Multilateral Development Bank (MDB), namely the Asian Infrastructure Investment Bank (AIIB); and the AIIB and its tackling of the global COVID-19 pandemic. Relying on 50 interviews with IO officials, state representatives and experts, in combination with an extensive review of official publications (e.g., IO agreements, annual reports, development project data, publicly available minutes and accounts of meetings and summits covering several years), the analyses delve in-depth into each case to obtain a fine-grained view of the response processes of the IOs under study.

Through the rich empirical evidence, the dissertation not only sheds light on the oft-ignored agency of IOs in navigating challenges, but also reveals the actors that embody that agency, and exposes the strategies and mechanisms they employ for defending their institutions. The case studies of the WTO, the World Bank, and the AIIB collectively uncover how IO institutional leaders exhibited clear and extraordinary agency and effectiveness in not only recognizing and producing solutions to their challenges, but also implementing these effectively. Across the cases, the findings highlight the importance of having enough institutional authority and bureaucratic resources endowed to IO institutional leaders, as well as for institutional leaders to exhibit a strong and proactive leadership approach.

The dissertation's findings show how the institutional leadership at the World Bank strategically took a proactive approach in proposed and framing solutions, garnering support, and overseeing the adaptive response of the institution to the rise of the AIIB. Similarly, the findings show how the AIIB's leadership also actively used the powers of their office to engage in analyzing and finding solutions to adapt the institution to the COVID-19 pandemic. Through issue-framing, proactive engagements with relevant actors and stakeholders, and a hands-on approach in overseeing and arranging the operational expansion of the institution, the AIIB's leadership effectively ensured that the COVID-19 pandemic could not only be tackled, but that favorable institutional change could be achieved.

In contrast, the dissertation shows how the WTO's leadership found itself limited in terms of authority and formal/informal powers to intervene in defense of the organization when the contestation by the US began to peak under the former administration. That, in combination with the neutral, hands-off leadership approach of the Director-General and his supporting officials, resulted in the failure of the institution to produce an effective response strategy. While the World Bank and the AIIB have effectively staved off the effects of their respective challenges, the WTO has experienced the loss of one its key functions.

The key premise of the dissertation is therefore matched with evidence, demonstrating that it is imperative to account for the institutional nature of IOs for understanding their resilience, and thus to avoid neglecting the role played by their institutional actors and responses. The findings of the dissertation strongly suggest that IOs are not helpless victims of external forces and power dynamics, but that they can exhibit own agency in their struggles, and that their institutional leaders in particular can play a great role in how they weather and survive challenges. Albeit outside of the scope of the dissertation, the findings suggest that it is reasonable to assume that institutional responses to challenges are causally prior to institutional outcomes.

Thus, a key scholarly contribution of the dissertation is to clearly show how IO responses can have a crucial impact on IO resilience during tough times. Moreover, the dissertation's conceptualization and typology of responses, and its framework for how they contextually address different modalities of challenges, also contribute to that research agenda. While the dissertation's focus has been on trade and development IOs, its findings

are nevertheless relevant for all researchers examining IO response processes. The dissertation therefore aids IR researchers in understanding what goes into the general mixing-bowl of ingredients behind an IO's response to a challenge, and how different types of responses are more or less effective against different manifestations of challenges.

The dissertation's findings also offer several additional takeaways relevant for both the IR literature on IOs as well as policymakers and practitioners in the field. The insights generated by the dissertation contribute to the IR literature on bureaucratic politics by shining further light on the specific role of institutional leadership in the bureaucratic machinery of IOs to reveal their causal influence within the response processes. Moreover, by taking inspiration from the crisis leadership literature in the Public Administration discipline, the dissertation also examines the individual leadership approaches of IO institutional leaders, and reflects the applicability of the conceptual frameworks on leadership in that discipline to the IR research on IOs and their bureaucracies. Lastly, the dissertation offers useful insights on the institutional processes, features, and relevant actors specific to the set of cases of the IOs under study (the WTO, the World Bank, and the AIIB). The findings also provide relevant insights into their inter-institutional arrangements.