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**Leadership capacity building in the  
context of  
financial and economic crisis**

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# PLAN OF THE PRESENTATION

- **Introduction**
- **What are the challenges for the Public administration in facing the FEC ?**
- **Crisis and leadership : what relationship?**
- **What are the challenges for the leaders ?**
- **Questions to debate**

# INTRODUCTION

# 1- Direct causes of the crisis

- Withdrawal of the State (Neoliberalism of the 80's)
- Deregulation
- The role and the responsibility of the American financial sector and the high risk mortgage market
- The emergence of a « ghost », opaque and speculative financial system beyond the American borders

## 2- Profound causes of the crisis : the Globalization

- Liberalisation
- Creation of the World Trade Organization and the liberalisation of the international trade
- Technical and technological progress (birth of the internet)
- Internationalisation of production
- Deregulation of the financial sector
- Spectacular development of the flow of international finances

➤ Absence of regulatory system and efficient governance at :

-the international level

-the level of certain States

-the level of certain leaders or Chief Executive Officers (CEO)

**«A world without an efficient system of regulation and control is certainly likely to have the consequences we are witnessing today » - CAFRAD- 2009**

### 3- Multidimensional effects of the crisis : Global recession

- Unmatched crisis since the 30's
- A recession that affected at different degrees, first the developed countries, and later the developing countries as well as the countries in transition
- Significant negative impact on : income, wealth, employment and living conditions, international trade and the dynamics of the attainment of the Millennium Development Goals

Because «...a decision or an incident concerning an economy will in the process have repercussions on others or all other economies».

**M. Joseph Stiglitz, President of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System » (UNO Press Communique - 10/9/2009)**



**What challenges for the  
Public Administration  
facing the crisis ?**

- ❖ Any organisation will at a time or another face crisis
- ❖ However, the 2007 crisis has hit hard : considering its size, spectre, répercussions and mainly the uncertainties that surrounded it
- ❖ It represented a challenge for the Public administration as a main lever of State action and as actor in the development dynamics

# 1- Several challenges and as many questions

- What is the place or role of Public administration today in the development dynamics ?
- What role and what functions should it assume in a context of crisis ?
- How to define the relationships with other development actors, especially the private sector ?
- How to elaborate and apply public policies, in particular social, economic and ecological fields, or those related to the reform of administration ?
- What pre-requisites, potentials and means should it have to face these challenges ?

## 2- How to transform these challenges into opportunities ?

In a context of crisis and post-crisis, public administration of the 21st Century must :

- ❖ Take measures to stop the crisis and curb its effects
- ❖ Be able to prevent the recurrence of such crisis
- ❖ Remain vigilant and prudent inspite of signs of recovery
- ❖ To question the way it is and how it works
- ❖ Te restructure, update, transform or reform
- ❖ Consider working with many interdependant challenges that require a systemic approch for a global solution
- ❖ **Rethink, reconsider or recreate its leadership**

**Crisis and leadership :  
what relationship ?**

# 1- What meaning do we give to the word crisis within the context of leadership ?

- ❖ choice (difficult to make)
- ❖ Determine and undertake orientations for a common and coordinated vision
- ❖ Judgement
- ❖ Way to see and understand things
- ❖ Decisions
- ❖ Decisive moment
- ❖ Debate
- ❖ Disputes, conflicts, resistance or reject

**« To be in crisis means being in a situation which requires important and strategic decisions to face a turning point »**

(Chair of Leadership Pierre-Péladeau- HEC Montréal)

## 2- Crisis and leadership are closely linked

- ❖ In any crisis situation, when feelings of helplessness become high, we hope that a leader will know how to face and take control of the situation, minimise the damages if not rapidly restore the situation
- ❖ Leaders are those who know how to act and how to change the course of events
- ❖ They achieve this sometimes thanks to their charisma, talent, natural quality (gift), good judgement, capacity to create commitment, mobilisation, open mindedness, adhesion, to clear confusion and convince the different concerned parties

### 3- Leadership may be at the origin of the crisis

Some examples :

- ❖ The leader in power, may provoke a crisis deliberately or undeliberately. We have many examples in history
- ❖ A crisis may be the result of a natural disorder : passiveness, opposition to change, lack of movement, non intervention of the leader because she/he does not know what to do, under which circumstances, when, with which means and for what reasons
- ❖ The crisis (like the one we are facing) may be due to the accumulation of external and unexpected factors that leaders may be helpless to anticipate, avoid or fix
- ❖ The resort to the unfavourable external conjuncture as an explanation may sometimes be used by leaders to hide their inability to react



## 4- The 2007 crisis resembles in many of its aspects a leadership crisis

❖ At a global and regional level

- Absence of leadership and an efficient governance.

-« The globalization era we are living has transformed our planet into a village where any news spreads instantly, and where the taken decision in a country, a region or a continent have repercussions and effects on others (...). But, the global village is not governed or badly governed» (Jeune Afrique).

## ❖ At the level of leaders

- The principles and values of the liberal capitalist system are abandoned, as well as the regulatory systems and precautionary rules
- Insufficient information and prospective
- Failure of the controlling authorities and those in charge who haven't retrieved to see the threat and the crisis coming



**What challenges for the  
leaders ?**

## 1- Information : duty/obligation ?

- Set up clear and objective crisis diagnosis (risks, causes, size, concerned sectors, constraints and impact)

«Even before, during or after the crisis, it is essential that the people who have the authority and responsibility to act as leaders have to be objective. In more specific terms, it is important to recognize that the situation is serious and to communicate this in the most honest way»

(Source : [www.alcera.com](http://www.alcera.com)).

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- Give detailed explanations on public policies, planned interventions and anticipated impact
- Keep updated and reliable informations and make it available to the different partners which means the presence of reliable and updated information systems and databases
- Give recommendations on the measures that the different development actors may take in order to overcome the crisis : public and private sectors, local authorities, civil society, syndicates, households)
- Provide explanations on the way public policies contribute to reduce the effects and impact of the crisis (especially the most disadvantaged and vulnerable groups).

## 2- Communicate in an efficient manner in time of crisis

- Have a communication strategy
- Receive and give information
- Invite, encourage, sensitize the development actors so that they behave in a rational manner and avoid measures likely to worsen or prolong the crisis (reduction of expenses, closing or relocation of factories, dismissals, currency speculation...)
- Expected difficulties in case public policies are considered costly or unfair

### 3- Prioritise fair decisions and balanced policies

- Understand the needs and characteristics of the different concerned groups (different actors, vulnerable or disadvantaged groups, geographic zones, importance of the impact of the crisis) while managing diversity
- Give priority to the general interest
- Adapt the decisions to specific groups or situations
- Which means choices and negotiations to prevent any obstacles facing the implementation of these policies

4- What position to adopt to face the multiple stakes and interests involved ?

- When elaborating and implementing public policies, leaders must consider, manage and negotiate the impact of the stakes and the interests

- In fact, they will have to face radical, intermediary or passive positions



## 5- Which capacity building do the leaders need ?

- To lead the change
- To set up the communication plan
- To face the crisis and to overcome it
- To prevent this kind of crisis in the future
- To integrate the liberal globalization
- To achieve the development challenge, especially the attainment of the Millennium Development Goals

# Questions to debate

1- What is the most appropriate type of leadership for the public and the private sectors ?

2- How can we redefine the role of the public administration to enable the public sector to foresee and prevent crisis ?

3- How can such leadership capacity be enhanced under the circumstances of the crisis ?

4- How can public administration institutions help individuals in leadership positions to best exert their roles in this context ?

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THANK YOU FOR YOUR ATTENTION