

LEADERSHIP AND CRISIS MANAGEMENT DURING CRISIS SITUATIONS

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ABSTRACT

The business environment is regarded as a dynamic system that is in a continuous change. As a result, there is an imperative need within organizations to have trained people managing the various situations that might occur. Years before this approach was acknowledged, it stated that one effective solution in order to overcome problems is by identifying the real cause, recognizing which leadership is appropriate and 'encouraging' employees to examine critically the leadership method in concrete situations, in this manner to better fit their 'style' to the situational demands. Nowadays, the research shows that leadership is still recognized as the way of focusing and motivating a group to enable them to achieve their aims.

Keywords: *Crisis, Leadership, Management*

1. INTRODUCTION

There have been given plenty of definitions for a crisis. Important to note is that all definitions emerged had in commune the three related threats a crisis can create, such as the public safety, financial loss and reputation loss [1].

Leadership and management represent two distinct and complementary systems, each system having its own functions and specific actions [2]. Taking into consideration this approach, added that leadership and management are two concepts that work together, but none of them is superior to the other.

Furthermore, it was suggested that leadership is a facet of management and that the best way to differentiate them is by illustrating what happens when there is one without the other. The importance of leadership within the organization increased as the environment became more volatile and competitive and people better prepared and informed. It was also stated that the remedy for this situation is the recruitment and selection of employees with leadership potential who are then trained and exposed to experiences that contribute to its development. Within the literature, it was suggested that there are various steps that might help leaders to encourage innovation and to create a new strategic direction, in order to overcome a crisis situation within an organization.

Firstly, it was suggested that developing new perspectives on the meaning of control was essential to encourage innovation. Linking this approach with a democratic leadership, allowing organizing processes and learning groups, might result in encouraging employees to take part actively in finding solutions to overcome problems.

Analyzing the relationship between crisis management and leadership and how the two concepts are influencing each other, it might be stated that there are clear differences between followers and leaders and between effective leaders from less effective leaders, theories supported and reinforced by specific literature.

2. BODY

Crises are products of "either a threat or opportunity that arises from internal or external issues that may have a major impact on an organization". Analyzing other theories on the matter, most of the authors favored crises definitions that emphasize business impacts due to environmental accidents, employee shootings and bankruptcy [4]. Moreover, a similar approach was theorized by Gold [5] who organized crises around four different types: technological, societal, natural disaster and managerial or systematic.

Taking into account the approach of understanding crisis as opportunity, it should be highlighted the fact that many authors have supported this theory. In addition, Brockner and James (2008). Analyzed the way executives see crisis [6]. The aim of the research was to investigate the conditions under which executives come to perceive crisis as opportunity. Within the journal article called "Toward an Understanding of When Executives See Crisis as Opportunity" there have been highlighted the behavioral manifestations of perceiving crisis as opportunity and the importance of seeking the views of multiple and diverse stakeholders, in order to emphasize both short and long term outcomes, not merely short term outcomes [7].

Crisis management is a critical function and failure can result in serious harm to an organization's stakeholders, losses for the organization, or even might end its very existence. Considering crisis situations, the matter was regarded that organizations prepare contingency plans in recognition of the fact that things sometimes go wrong. This approach targets managers to prepare plans for predictable and quantifiable crises as well as for unexpected events. On the other hand, leadership is seen as essential when such situations happen, being seen as an attribute of a hierarchical position in the organization, a characteristic of a person, a process of mobilization and training of staff in a particular direction, a capacity of mobilization or a category of behavior. Leader's contribution to the process of leadership is given by his personality, motivation, skills and legitimacy. The followers, in their turn, will bring their contribution of personality, motivation, skills and expectations to the situation,

situation which has certain resources, types of tasks, social structures and specific rules.

Looking at leadership, there were identified various styles of leadership correlated with leadership functions. Dividing the styles into two separate categories, autocratic and democratic, it was highlighted the idea that participative leadership, also known as democratic leadership was thought to be the most effective leadership style, matching the employees' needs. Some of the primary characteristics of democratic leadership include:

Group members are encouraged to share ideas and opinions, even though the leader retains the final say over decisions.

Members of the group feel more engaged in the process.

Creativity is encouraged and rewarded.

Emphasis was also placed on various leadership behaviors, which are thought to improve the relationships between managers and employees and that, were suggested to ease the process of overcoming the crisis. Researchers have acknowledged the importance of employees' perception concerning their own role in the organization and stated that as long as employees felt that they belonged to that organization, a crisis situation might be overcome easily. Referring to this approach, it might be highlighted that consideration and targeting were thought to be effective instruments to improve the relationship between the leader and followers. Analyzing these concepts, consideration was defined as the extent to which a leader is approachable and concerned about the fate of the subordinates [8].

Furthermore, targeting was the concern to achieve the objectives related to a strong relationship between employees and managers. When referring to targeting, accent is placed on the division of tasks, setting deadlines, correcting poor performance. The aim is to correlate all these activities with the fulfillment of the mission. As a result, the most effective leader was defined as able to harmoniously combine strategies, in order to activate the socio-emotional function between managers and employees [9].

By analyzing the relationships between leaders and employees and linking the moral claims of an organization's employees to corporate responsibility strategy, the findings have shown that the corporate responsibility strategy would succeed only if the employees recognize that this strategy created value for them as well. The main idea of the research was to demonstrate that an organization could strengthen emotional bonds with its key stakeholders through an effective participative leadership. Considering the limitations of the research, it was suggested that various potential problems might appear in participative leadership such as the waste of time and energy when there was a situation that required a quick decision. In addition, it was suggested that the leader's roles in an organization were to build a shared vision and testing mental models, in order to attract new and innovative ideas, attitudes that might be attained only by applying a participative leadership.

Leadership is regarded as a social influence. By highlighting that leadership means 'leaving a mark', it was also suggested that leadership is about initiating and guiding, the result being the change. Considering this theory, the change may consist in a product that sets a new direction of an organization.

Another similar approach highlights that leadership is seen as a social process of exchange in which the leader gives something to those who follow him. This process has three variables: the leader, the followers and the situation.

Considering all the presented theories regarding leadership, a general statement widely accepted and supported by theorists is that leadership sets the strategic direction of the organization; using the vision it has on its future and then develops and implements the strategy. Essential to underline is the importance of leadership especially during crisis situations. In an attempt to provide strategic insights and practical thinking regarding crisis situations in organizations, Emerald Group Publishing Limited (2006) posted an independent article highlighting that successful companies rapidly admit responsibility, apologize to those harmed and take bold steps to limit and repair damage.

Crisis management might be understood as "a process of strategic planning for a crisis or negative turning point" that is linked to crisis communication as "the dialog between the organization and its public prior to, during, and after the negative occurrence". Furthermore, crises are usually thought to focus on communication issues and accent is placed on the communication between the organization and its stakeholders. Moreover, it was suggested that the media has a crucial role in a crisis situation. Summing up the previous theories, it should be highlighted the fact that the media has the power to potentially damage the reputation of an organization and to cause a variety of employees relations, consumer relations, and community relations problems.

Regarding crisis management, within the journal article on 'Crisis communication- Managing the Media', Toft [10] argued that there is a need to develop a crisis communication program, as part of the crisis management plan, well in advance of any problem that might occur. More than that, it was suggested that an organization must have planned procedures to be followed in case of a crisis. In the research undertaken, Zerman (1995) showed that within organizations, there is a need to react immediately against the media and that managers should learn how to handle public relations in a crisis situation.

Lerbinger [11] reinforced this theory by adding that because every crisis created an information gap, an organization had a better chance to be affected if managers do not step up and activate the leadership role as spokesperson. Silence by an affected organization is thought to work against it because the media and the public might believe it has something to hide. Moreover, in "quick moving crisis", the first moments after the event has been released are of critical, in order that managers are able to take control of the situation and report the event in a diplomatic way, and save the reputation of the organization.

Seeing an organization as part of a dynamic system, it was assumed that the changes that happen over time might affect the smooth development of the organization. More than that, it was also assumed that when all these changes happen, experts want to detect if these patterns display properties that are stable or unstable, predictable or unpredictable. Going in more depth, research highlighted that when systems move from their equilibrium state are prone to small changes in their environment which might cause major changes in the behavior of the system itself. As a result, under conditions of major change, the long-term future of an organization might be threatened, due to the fact that its development is assumed to be unknowable.

This approach was the point of interest of other researchers, stating that all the major and sudden changes are the roots of a crisis situation within an organization. However, in the academic papers, crisis was sometimes replaced with the concept of 'chaos'. Looking at the concept of 'chaos', which is similar in many respects and depending on the context, with the concept of 'crisis', Vroom [12] defined the chaos as being an irregular pattern of behavior generated by well defined non linear feedback rules commonly found in nature and human society. In an attempt to apply this approach to a business organization, a chaos might be understood as the result of any sudden event that affected the smooth development of the organization.

Looking at Cole's [13] theory concerning post – crises best practices, three main steps should be followed, such as: delivering the information to stakeholders as soon as the information is known, keeping them up to dated, integrating the lessons learnt within the new crisis management systems

Regarding crisis situations, it might be said that no matter the size of an organization, effective leadership and crisis management are essential for the smooth development of the organization. Leaders who are expected to perform as crisis managers need to be trained and experienced in crisis management, and should not be placed into such positions without applicable training and assessment.

3. CONCLUSIONS

Regarding leadership and leader's roles within organizations, it was concluded that leadership skills might be acquired through study, practice and perseverance, therefore communication was essential within the process. Furthermore, it was suggested that the most important activities of the leaders were activities related to the achievement of objectives that interested subordinates, and in the same time, improved the organizations' development. Thus, an effective leader correlates subordinate's objectives to the objectives of the organization.

Considering the two approaches, it might be said that only through an appropriate organizational culture, able to provide strong networking and extended interpersonal relations, conflicts can be avoided and problems within an organization overcome. Through organizational culture, a communion of values and

interests, mutual trust and communication can be reached.

To conclude this section, it might be stated that the leadership development process within the organization is extremely important arguing that if leadership is strong, but there is inadequate management, the situation is more dangerous than the reverse. Moreover, leadership is seen as essential when such situations happen, being seen as an attribute of a hierarchical position in the organization, a characteristic of a person, a process of mobilization and training of staff in a particular direction, a capacity of mobilization or a category of behavior. Leader's contribution to the process of leadership is given by his personality, motivation, skills and legitimacy.

It might be added that two facts stand out about organizational leaders. Leaders are appointed and they direct a group with an assigned task. Leadership often goes beyond the organization, involving communicating with stakeholders, so as stated by Elliott [14], both the qualities of the individual and environmental factors are important elements in the leadership equation. Finally, leaders who are expected to perform as crisis managers need to be trained and experienced in crisis management, and should not be placed into such positions without applicable training and assessment.

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