Leadership in Crises : The Ultimate Challenge

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Abstract:-- The modern companies normally face the issue how they can manage successfully a disaster as a consequence of faulty product, environmental & financial problem or due to personal scandals. It should be noted that the consequences of any disaster afflicting the businesses are significantly expensive and it takes lot of time to re-establish the reputation of the company. It is prime role of the leadership of the organization to judiciously deal with the situation and to act in the positive manner. Leaders’ tasks are to take up the stock of the existing situation and to take the necessary steps for the restoration of the position, image and reputation of the company. Moreover, leadership in managing crises in the organizations can reduce the harm caused by the catastrophic event. On the other hand, the lack of successful leadership deteriorates the impact. The Leaders in the companies should have necessary skills and competencies with the aim of successfully managing the crises. This paper deals with the essential leadership skills and competencies during the crises besetting the companies and how a good leader should act and take necessary steps to restore the companies' images and standing.

Keywords:-- Crisis, Leadership, Competence, Management, Learning and Reflection

I. INTRODUCTION

LEADERSHIP IN CRISIS MANAGEMENT: AN OVERVIEW

Both the management of common emergencies and key calamities necessitates a wide variety of leadership management skills. Moreover, the objective of contingency management is: “…to devise policy and to implement programs that will reduce vulnerability, limit the loss of life and property, protect the environment, and improve multi-organizational coordination in disasters” [24]. In certain complex and tense state of affairs of emergencies, the people believe the managers deal with critical incidents effectively and assist the workforce in several ways, natural calamities man-made and social troubles [15], whilst contingences have context-focused and rather narrow implications.

Crisis and leadership in the companies are interlinked in that both notions have a character to supplement each other. Accordingly, it is the manager’s task to react to the risks and ambiguities arising from the crises. Moreover, it is the task of the manager to work for the normalcy in the organizations. In spite of the harmful impacts that are existed in critical times, it is significant to recognize the fact that the crises create a vista of prospects wherein a manager has the occasion to modify organizational framework and long-lasting policies. In accordance with this “crisis -reform thesis,” a manager should prevent being infected by the critical emergencies [4]. In the modern business world, the companies owe the existence of critical emergencies due to globalization, deregulation, and information technology. Whilst these developments generate a strong business environment, the companies, however, cannot avoid the fact that this only makes them all more vulnerable to the catastrophic effects of even one crisis. As well, when the crises take place in the companies, the workforce relies on the managers for security and guidance. It is significant to see that crises are not incidents that are clearly outlined, however, are rather of high insecurity. The emergencies and critical incidents do not essentially imply the same significance. A crisis incident denotes a comprehensive perception of incidents that vary from

II. HR’S STRATEGIC LEADERSHIP ROLE

As a result of crisis management planning, the contemporary businesses can be better equipped to manage unanticipated incidents that may create critical or irreversible damage. Conventionally, the human resources has not been sponsored or aimed to systematize or supervise safety and security programs. Nevertheless, irrespective of the company size, the human resources managers in the modern times have a business strategic part and duty to guarantee their companies are cognizant of the human aspect of a crisis and plan for future to help reduce its impacts [3]. For a company to become most efficient, the human resource
managers perform their tasks jointly with the dedication to create business-focused solutions. As stressed by human resources analysts gurus Ulrich and Brockbank[6] “as change agents, HR strategic partners diagnose organization problems…help set an agenda for the future and create plans for making things happen” [36].

The future of the companies’ labor force is an understandable approach for human resource managers to help in both crisis management and long-lasting strategic planning in the companies. For instance, scenario planning is a business strategy that the modern organizations are using to help planning for unforeseen incidents. Whilst human resources managers are unable to envisage the future events, they can assist their companies prepare for it recognizing the most critical matters that could impact the employees in the future events [19].

To be incorporated as a strategic business partner in the crisis management of the companies, it is significant for the HR managers to understand the “lingo” of crisis management. For instance, the phrase “business continuity” points out both the short- and long-range sustainability of the modern companies. As a result of crisis management, the human resource managers have the prospects to show intangible ideals in the companies with concrete “deliverables”. Moreover, in collaboration with other organizational managers, the human resources can create an infrastructure for crisis management of the companies’ human capital—rooted on the organizational philosophy, capabilities and requirement—and consequently offer caring leadership before, during and following a crisis [11].

III. LEADERSHIP IN ORGANIZATION CRISIS: AN INTRODUCTION

The majority of the companies’ executives are cognizant of the harmful impacts linked to the organizational crisis and concentrate on communications and public relations as a responsive strategy. Nevertheless, many companies ignore the other leadership tasks related to organizational crises. This may cause the need of proper training and on-the-job competencies that help the managers dealing with the crises.

The leaders in the organizations facilitate their organizations to revive from a crisis and show a versatile set of competencies in each of the 5 stages of a crisis in the organizations, namely, signal identification, preparation and prevention, damage control and containment, business recovery, and reflection and learning. This paper examines the leadership skills throughout each stage of a crisis. Besides, this paper discusses the significant aspect of HR development to create organizational capabilities by means of crisis management operations. Leadership competencies & Crisis Management Newspaper critiques, radio, and TV nearly daily highlight many companies in crisis. These organizational crises consist of incidents like natural calamities, product recall, business scam, pervasive sexual nuisance, or workforce prejudice against workers. In the majority of cases, the leaders are not able to deal with the crisis, and mistreating an organizational crisis can have harmful, long-term impacts for the company’s success, standing, market position, and HR management systems [18]. Knight and Pretty [21] noted in their study, that the organizations that mismanaged crises had a 10% reduction in stock price following the first week of the crisis and a 15% reduction under pre-crisis prices subsequent to the first year following the crisis. In contrast, the companies that successfully dealt with the crisis had only a 5% stock price reduction following a crisis, and in the following year, it saw a quick stock revival.

Despite the fact, the majority of companies’ leaders are responsive to the harmful effects related to an organizational crisis, their prescribed training and on-job learning skills do not help them in crisis management. Approaches, for instance, sense making, running the change process, taking risks, and promoting organizational alertness throughout a crisis may take a back seat to deal with the apparently more critical matters related to communication and public relationship [20]. Nevertheless, crisis leadership does necessitate leaders to espouse a complex set of skills to strictly direct an organization by means of the different crisis stages and into a successful revival [5], [7]. Moreover, when these proficiencies are performed, the prospects that the company will be resilient after the crisis are significantly improved. In brief, crisis leadership requires an incorporation of skills, capabilities, and characteristics that help a leader to plan for, react to, and learn from crisis events whilst under public analysis.
its most determined form, the crisis leadership is also about managing a crisis in such a way that the company is comfortable following a crisis than it was earlier [6]; [38].

There have been few studies to methodically establish crisis leadership skills that are important in crisis management. Past study has concentrated mostly on framing crisis management steps. In accordance with some researchers [27], [34], a core feature of the framing process is to acquire better transparency or identification the situation, especially the need to know the 4Cs of crisis management: (a) Cause, (b) consequences, (c) cautionary measures for prevention, and (d) coping methods for responding [29]. Clearly, missing from this list is a group of leadership competencies that can assist the companies successfully and competently resolve the crisis and accomplish a resiliency in its strategy and human resources. It is thought that this disparity is due to some extent to crisis studies being housed in the communication field [34]. Consequently, the scholarly growth of the crisis management field is focused mostly on communication strategies and plans (See [9], [10]. Though the strategy research work discusses crisis management in the creation of strategic matter (See [14]), not all strategic matters relate to crises. Thus, the appearance of crisis management as a strategic issue has not firmly occurred as it might have otherwise. In view of the fact that competency development is vital to the work of HR professionals, it is reasonable to explore the role of HRD activities in promoting crisis leadership skills.

In an unstable milieu like a crisis situation, HRD operations can cause the success by exploiting and creating workforce [23]. This is realized by means of a strategic collaboration, where the HRD operations are aligned with the objectives of the company’s overall strategy generally, and crisis management planning especially [38]. These HRD alignment operations can consist of ecological scanning for potentials and risks, creating crisis management policies and processes, collaborating with line management on operational matters, and promoting an education culture [32].

**Leadership Competencies Vis-À-Vis Crisis Management**

A major challenge facing the contemporary businesses is the shortage of empirical study into the crisis leadership. Indeed, Schoenberg [33] explained crisis leadership as one of the most critical however, least analyzed aspects in crisis management. Similarly, Wooten and James [40] stated that, though past crisis management studies have explained how crises showed all over different stages, “there is virtually no research that identifies the knowledge, skills or abilities necessary to lead an organization through these phases’ (p. 372).

Thus, according to Pauchant and Mitroff [28] was that “the involvement of top managers is absolutely essential for developing a systemic strategy in crisis management and convincing others in the organization to co-operate” (p. 130). However, their influential research of top managers in key companies noted that 50% of the managers noted crisis management as a normally technical concern and “considered crisis management efforts to be reactive in nature, to be applied strictly for the purpose of returning to ‘business and usual’ as soon as possible” (p. 198). As well, Wooten and James believed that theoretical progress of the crisis management domain is focused on communication strategies and outlines. “Viewing crisis management only through a communication lens,” they said, “undermines other important leadership responsibilities” [40]. James and Wooten pointed out: “The best organizational crisis leadership is generally not evident, because these firms are less likely to experience a crisis, and when a crisis does occur they are managed in such a way that the sensationalism of the crisis is weakened” [20].

Knowledge realization and the creation of strategies to solve the crisis [39]. With the change of business settings and due to its increasingly complex growth, it is especially significant that leaders create a set of competencies that will assist them, preventing and successfully responding to crisis and other strategic matters of the company [18], [25].

Learning as well as development is at the core of what is thought to be in the crisis leadership. Crisis leadership skills are especially pertinent in coping with the operational, strategic, and HR functions and consequences when crises take place [12], [37]. Hence, it is argued that leaders must undertake direct responsibility for organizing a work environment that instills a competency-based method for crisis management. This requires the recognition of the important tasks and activities required in a crisis situation, the skills required to successfully finish these tasks, and a perception of the framework for
implementing of the crisis management strategy [42]. When a competency-focused method to analyze crisis management exceeds past the outcomes and concentrates on the real behavior throughout each stage of a crisis, it can create valuable data for various training programs, the choice of business simulations, and administrative coaching session [37], [42].

VI. LEADERSHIP AND CRISIS MANAGEMENT STAGES

The examination of leadership skills showed throughout each stage of the crisis management process gives a composition for creating the process through the filtering of knowledge and by offering a guideline for decision making [5]; [38]. Generally, the crisis management analysts have noted five phases that show a typical business crisis: (a) signal identification, (b) preparation and deterrence, (c) damage control, (d) recovery, and (e) learning [8], [27], and [31]. The first stage needs leaders to sense early warning signals that declare the change of a crisis. In the second stage, leaders are expected to avoid crises and prepare, should the crisis takes place. The third phase entails controlling the damage by keeping the crisis from developing in other parts of an organization or its surroundings. Throughout the recovery stage, the leaders are responsible for executing short- and long-term plans aimed to assist resume business operations. Lastly, in the fifth stage of crisis management, the leadership support learning and analyzes the critical lessons from the crisis.

Leadership, Development and Crisis Management

Organizational crises are termed as low-probability and high-consequence incidents and are normally typified by uncertainty. The successful management of an organizational crisis is conditional on the leadership behavior that supports members to dynamically involve in safety and health incidents. Accidents take place unpredictably and are distinct one-time incidents. Moreover, the accidents generally have certain victims that help the leaders to concentrate on their crisis containment strategy on fulfilling the requirements of that group. Compared with other types of crises, the organizations can more easily reject responsibility for a mishap. Scandals, nevertheless, are outrageous or unconfirmed incidents or communications that disrepute the company’s standing. The crises arising from a scandal are hard for an organization to contradict since the incidents are normally the consequence of faults or wrongs. Contrary to accidents, the sufferers of scandals are generally more complex to recognize, hence making the damage control a more complex task. Lastly, in contrast to accidents, a distinct or one-time product safety or health event does not cause mass suffering. In fact, it is the repetition of the issue over an extended time that harms a company’s standing, brand, and possibly financial safety.

As stated by James and Wooten[20], the employee-centered crises generally create over time and are caused by flawed or poorly supervised HR management practices that give rise to perceptions of injustice or unjust treatment. Coombs’s study explained an interrelated form of crisis as an avoidable harmful incident that is sustained by the organizational members and puts stakeholders in danger or breaks the law. Similarly, Pearson and Clair termed employee-centered crises as ones that develop from a failure of sociopolitical systems or a breach of formal management practices, rules, and traditions. Examples of employee-centered crises comprise of discrimination lawsuits and workers’ strikes [20], [26].

It is important to see that not all competencies were shown in a positive or beneficial way. In fact, there were many instances in which leadership behavior has been the just opposite of what might be thought as a display of competence in crisis management. The harmful examples, though, were just as critical as the affirmative ones for outlining relevant leadership competencies all over the crisis management life cycle.

VIII. LEADERSHIP: LEARNING AND REFLECTION
In spite of the growing recognition of the impacts of crisis incidents, the majority of businesses are ill-prepared for their occurrence [16], [30]. As regards the companies that do have crisis management plans, they generally find themselves at a loss when experienced with a concrete crisis. This may, to some extent, explicate the reasons the companies have a tendency to cope with crisis incidents inefficiently. The need of sufficient readiness reveals the contemporary businesses to environmental risks that may harm them of sustainability and individual wellbeing [2].

Moreover, the common incidents of organizational crises show the need for HR Development in preparing the companies and leaders for crisis events. Nevertheless, little efforts have been made in studying this issue within the HR community in spite of the amount of studies available on organizational emergencies and crisis management. Consequently, the HR managers may not have a strong perception of the characteristics of crises, and its effects on workforce and companies. More notably, the deficiency of knowledge regarding this subject may affect HR managers’ ability to identify and design efficient HR programs, and therefore, decrease the prospective contribution that HR managers may make to organizations’ crisis management endeavors.

Furthermore, whilst the significance of organizational learning is well recorded, its role for efficient crisis management has been studied only to a limited extent and mainly by analysts in the domains outside of HR.

IX. DISCUSSION AND CONCLUSION

The paper initially stressed upon an objective of promoting HRD theory and practice by identifying and relating leadership competencies to successful crisis management strategies. This paper develops earlier theoretical work by James and Wooten [20] in which the authors stated various crisis leadership skills. Though, there is some overlap in the skills recognized in the articles, the present study contrast in that it identifies crisis leadership skills that have been espoused by decision makers in a crisis. Consequently, it presents a more detailed set of competencies than the past work. Moreover, the present study concentrates on mainly on the competencies that can be linked particularly with the HRD operation, rather than crisis leadership skills in general. It is found that there are various skills, abilities, or characteristics that describe crisis leadership and that these competencies are linked to core stages of the crisis management procedure.

Throughout the damage control and containment phase of a crisis, the leaders find themselves requiring moving past the emotional stage to danger in such a way that helps them to involve in successful decision making, risk taking, and communication. In later phases of a crisis, successful crisis leaders must show resiliency and support a resilient approach within their workforce.

Of late, the practice and scholarship linked to customary HR has been split off the strategic operation of the company. Indeed, the role of HR has developed over time. At first, the motivation of HR was on workforce issues and functions. In due course, training and development became a more vital feature of the HR professional. Furthermore, the HRD field surfaced [41] with a big motivation for incorporating workforce training, education, and advancement [35]. Even more important is the development toward incorporation of the activities linked with HRD into the strategic aims of the company [13]. In other words, human resources are now assisting to create competencies for the organizations to perform their strategies [36].

The paper concentrates on identifying a set of major competencies that are essential to a company’s crisis management strategy. Though the prior crisis management study has explained how crises spread across different stages, there is practically no research that finds the knowledge, skills, or capabilities vital to guide an organization through these stages. This research paper fills an evident gap in the study by expressing some of the vital competencies for successful crisis management, and consequently associates the practice and scholarship of human resource department to an important strategic process. Thus, it helps both the body of literature that stresses a competency-based outlook of HRD and as a strategic partner [17]. In the framework of crisis leadership, the research supports the claim for a strong relationship between HRD operations that advance the use of an organization’s human capital and help unambiguous business strategies [23].
Besides, this research highlights human resources activities as a contributor to the learning organization’s outlook [1]. Future studies can examine how HRD helps organizational learning during each stage of a crisis. This necessitates research that examines organizational learning as a repetitive, constant process entailing the creation and importing of knowledge to evade and revive from crises [37].

As well, the research paper presents several prospects for creating human resource and training programs. First, it can be inferred from the data that HRD professionals should work with the leaders in the deterrence of a crisis. This may necessitate the HRD operation to keep an eye on environmental developments and evaluate internal fields of weakness. There is, however, a need to develop training programs for the managers to realize skills needed during the damage control stage of a crisis. The leadership competencies required of executives during relative calm are quite different from the skill set required to successfully deal with a crisis. Therefore, human resource department plays a critical part role in finding out those managers who can be competent under the critical conditions, time pressure, and strain, in addition to help others to develop these capabilities, and be a dynamic force of the crisis management team. In fact, this is vital throughout the crisis as the leaders are likely not to have enough time to generate new knowledge, particularly for the crisis issues or events for which there is no model for the company. Besides, throughout the damage control and containment stage of a crisis, the companies must be alert so they can promptly take advantage of the expertise of the leaders from various operational departments of the organization. Furthermore, human resource department should be engaged as a strategic partner in the revitalization, reflection, and learning stages of a crisis. In these stages, the human resource department can support training and development programs with the company’s revival strategy. As well, human resource issues should be an essential part of the decision-making process if leadership resolves that reorganization is needed. Thus, throughout a crisis, the leaders must employ a particular set of competencies that will not only force the crisis towards the resolution, however, also do so in a manner that maintains or improves the company’s operational capabilities, economic and other resources, workforce esteem and dedication. To be skilled at crisis leadership eventually necessitates leaders to realize or improve their human and social capital by means of education, training, practice, skill, or natural talents.

In sum, in a crisis management team, the human resource leaders incorporate major value to the management of an organization. The crisis management deals with the protection of human capital protect company stakeholders and ensure critical business procedures in the short and long term basis.

**REFERENCES**


Crisis Challenge is a 24-hour crisis simulation program held at the University of Michigan-Ann Arbor that prepares students to lead in high-pressure, high-stakes situations. The program is held annually for graduate and undergraduate students; three finalist teams win a scholarship prize. Crisis Challenge prepares you to lead in high-pressure, high-stakes environments. You will be immersed in a simulated business and media crisis where you will test your ability to strategize through extreme turbulence, think on your feet, and demonstrate poise under pressure. You and your team will play the part of senior executives tasked with responding to the crisis as it unfolds: you’ll receive emails, social media updates, phone calls and more throughout Thursday night. Simplicity ultimately wins. The more complex a leader makes a solution in a crisis the less likely success will be the end result. Understanding the impact a crisis has on the leader is critical to stepping up to the podium as an instructor or facilitator. In teaching crisis leadership in over 100 seminars and workshops, the following lessons can help you prepare. Applying the lessons of The Leadership Challenge to a crisis becomes a matter of common sense. As a brief demonstration of the application of the Five Practices of Exemplary Leadership® to crisis leadership, I offer the following: Model the Way: In my experience as a leader in business and the military, the quickest way to lose your leadership credentials is to not demonstrate balance in a crisis. That reality presents two discrete leadership challenges: keeping a company on track while the global economy is falling apart and keeping it functional until the economy recovers. Right now, most executives are focusing on the former. “Around the world, there's a giant ball of fear,” says Tom Rath, Gallup global practice leader and coauthor of Strengths Based Leadership. “Almost all leaders are focusing on just keeping their companies together.” That's an essential short-term strategy.