

Leadership during Crisis

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Leadership and Crisis

- In an organizational context,
 - ✓ **Leadership** - an art of motivating a group of people to achieve common goal
 - ✓ It plays an important role during crisis events e.g. by maintaining a positive organizational culture.
 - ✓ **Crisis** - A rare, significant, and public situation, which creates highly undesirable consequences for the enterprise and its stakeholders and requires from the business leaders immediate corrective action
- Crises, involve 'negative events, and elicit negative emotions and corresponding behaviours' (Brockner, James, 2008)

Elements of Crisis

Three elements

- ✓ a threat to the organization
 - ✓ the element of surprise
 - ✓ a short decision time (Seeger, Sellnow & Ulmer, 1998)
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- "crisis is a process of transformation where the old system can no longer be maintained" (Venette, 2003)
 - fourth defining quality is the need for change.
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- *Seeger, M. W.; Sellnow, T. L.; Ulmer, R. R. (1998). "Communication, organization and crisis". Communication Yearbook. 21: 231–275.*
 - Venette, S. J. (2003). Risk communication in a High Reliability Organization: APHIS PPQ's inclusion of risk in decision making. Ann Arbor, MI: UMI Proquest Information and Learning

Crises

- Routine crises: anticipated events, known risks. Organizations can plan and develop procedures
- Examples
 - ✓ safety plans for manufacturers
 - ✓ recall plans for food companies
 - ✓ security plans for companies

Crises

- Novel crises: risks that exhibit unusual frequency and impact
- Organizations typically don't have plans for such events
- May be a confluence of two or three events that strike at the same time
- Or they may simply be too big or unusual to be imagined

Types of Crises

Lerbinger (1997) categorized eight types of crises

- Natural disaster
- Technological crisis
- Confrontation
- Malevolence
- Organizational Misdeeds
- Workplace Violence
- Rumours
- Terrorist attacks/man-made disasters

Lerbinger, O. (1997). The crisis manager: Facing risk and responsibility. Mahwah, NJ: Erlbaum

Phases of Crises

- Five phases of crisis that require specific crisis leadership competencies
- Each phase contains an obstacle that a leader must overcome to improve the structure and operations of an organization
- ✓ Signal detection
- ✓ Preparation and prevention
- ✓ Containment and damage control
- ✓ Business recovery
- ✓ Learning

James, E. (Spring 2007). ["Leadership as \(Un\)usual: How to Display Competence In Times of Crisis"](#) (PDF). Leadership Preview. Archived from [the original](#) (PDF) on 5 July 2010. Retrieved 22 June 2010.

Some tasks during crisis

- **To lead decisively**
- **To continuously analyze the situation**
- **To actively communicate**
- **To be ready for the unexpected**
- **To drive toward application oriented plans**

Qualities expected

- Understanding people
- Ability to face criticism
- Delegation of responsibilities
- Enthusiasm
- Judgement
- Vision
- Integrity
- Emotional Intelligence
- Accepting challenges

Crisis leadership

- Emergency phase: task is to stabilize the situation and buy time
- Adaptive phase: tackle the underlying causes of the crisis and build the capacity to thrive in a new reality

Crisis Leadership Competency Model

- This model lays out the nine competencies that were determined to be the most critical for leaders in a public health emergency response situation.



Servant leadership

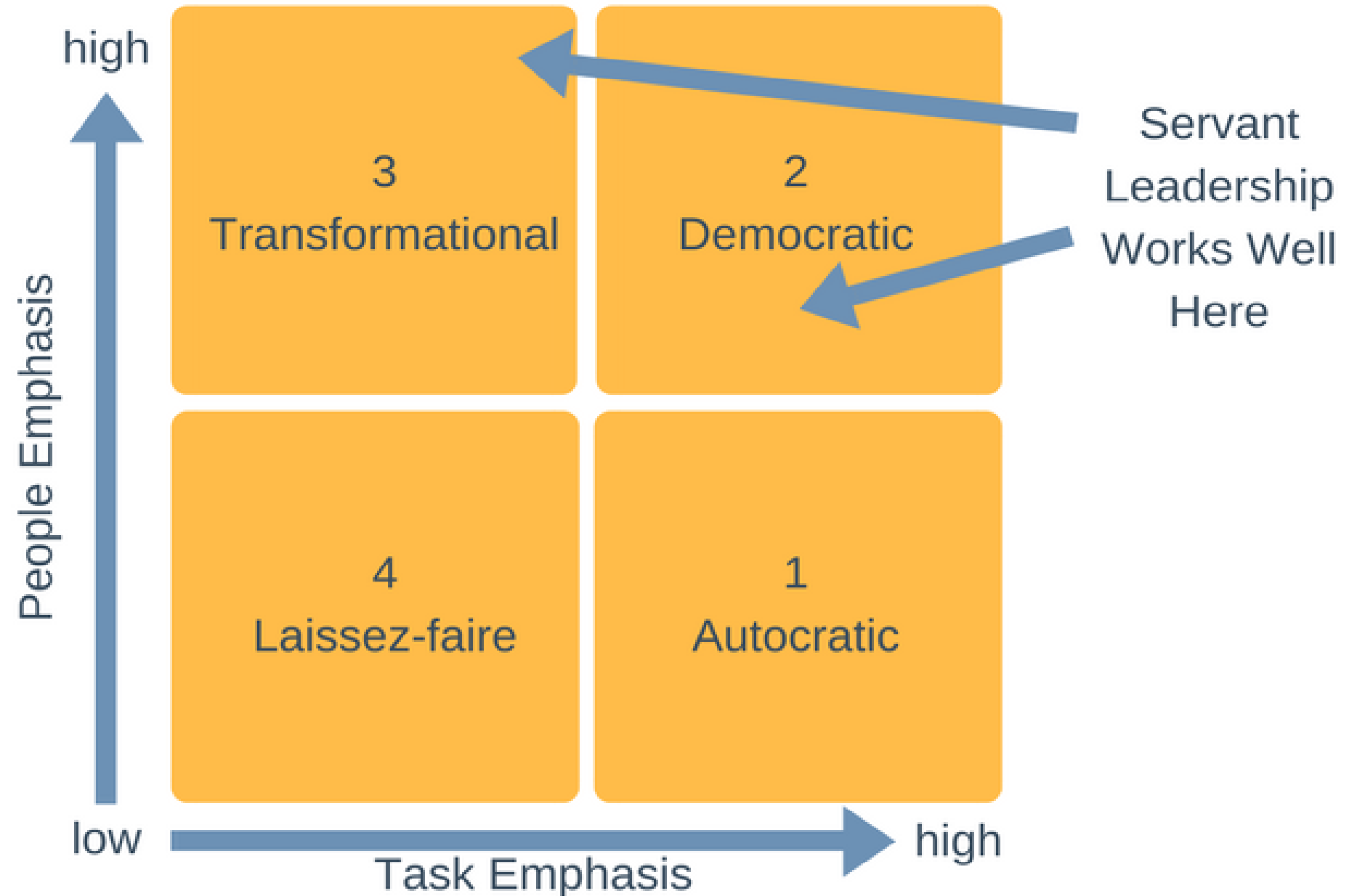
- **Main goal of the leader is to serve**
- Traditional leader: focus on thriving of company or organization
- Power leader: authority is used for personal ends and to manipulate others
- **Servant Leader**
 - ✓ shares power
 - ✓ puts the needs of the employees first
 - ✓ helps people develop and perform as highly as possible

Main Elements

- Service
- Collaborative Authority
- Mentoring
- Foresight

Example - Abraham Lincoln

Servant Leadership in Context



Effects of Servant Leadership

- Effect on the **emotional health** of the employees because of the reliance on "**one-on-one communication** to understand the abilities, needs, desires, goals, and potential of those individuals" aids in the **employees' ability to express themselves** in the work place
- *Liden, Robert C.; Wayne, Sandy J.; Zhao, Hao; Henderson, David (2008). "Servant leadership: Development of a multidimensional measure and multi-level assessment". *The Leadership Quarterly*. **19** (2): 161–177. [doi:10.1016/j.leaqua.2008.01.006](https://doi.org/10.1016/j.leaqua.2008.01.006). ISSN 1048-9843*

- Any examples from current contexts?

Recent advances: Level 5 Leadership

- **Jim Collins**, 2001 **Harvard Business Review article**, and popular **book**, "**Good to Great.**"
- In 1996, Collins began researching what makes a great company
- Started by looking at 1,435 companies, and ended up choosing 11 truly great ones
- These 11 companies were all headed by what Collins called "Level 5 Leaders"

Level 5 Leaders

- Have humility
- Don't seek success for their own glory
- Success is necessary so that the team and organization can thrive
- Share credit for success
- First to accept blame for mistakes
- Often shy, but fearless when it comes to making decisions - especially ones that most other people consider risky

The five levels of leadership

- Level 1: Highly Capable Individual:** high quality contributions, useful levels of knowledge, talent and skills
- Level 2: Contributing Team Member:** use knowledge and skills to help team succeed
- Level 3: Competent Manager:** organize a group effectively to achieve specific goals and objectives
- Level 4: Effective Leader:** galvanize a department or organization to meet performance objectives and achieve a vision
- Level 5: Great Leader:** unique blend of humility and will



Case study

- A level 5 leader is highly ambitious for the success of his company. He wants his company to succeed irrespective of his presence at the helm. For example, Sam Walton, a level 5 leader, had unique and charismatic personality. When he was suffering from cancer in 1992, everybody wondered what would happen to Wal-Mart once Sam Walton is gone. But Sam Walton wanted to prove that his company is bigger than himself. He wanted to show that the company would be equally successful even when a charismatic leader like him does not head it. He chose David Glass, who was non-charismatic, to succeed him. The company continues to be great even after its founder is dead.

Success stories

- The Pepsi Corporation faced a crisis in 1993 which started with claims of syringes being found in cans of diet Pepsi. Pepsi urged stores not to remove the product from shelves while it had the cans and the situation investigated. This led to an arrest, which Pepsi made public and then followed with their first video news release, showing the production process to demonstrate that such tampering was impossible within their factories. A second video news release displayed the man arrested. A third video showed surveillance from a convenience store where a woman was caught inserting a syringe into a can. The company simultaneously publicly worked with the FDA during the crisis. This made public communications effective throughout the crisis. After the crisis had been resolved, the corporation ran a series of special campaigns designed to thank the public for standing by the corporation, along with coupons for further compensation.
- ["The Great Pepsi Panic"](#). *Newsweek*. 27 June 1993.
- ["The Pepsi Product Tampering Scandal of 1993"](#). Retrieved 7 September 2009.

- **Tylenol (Johnson and Johnson)**
- In the fall of 1982, a murderer added 65 milligrams of cyanide to some Tylenol capsules on store shelves, killing seven people, including three in one family. Johnson & Johnson recalled and destroyed 31 million capsules at a cost of \$100 million. The affable CEO, James Burke, appeared in television ads and at news conferences informing consumers of the company's actions. Tamper-resistant packaging was rapidly introduced, and Tylenol sales swiftly bounced back to near pre-crisis levels
- *Dezenhall, E. (17 March 2004). ["Tylenol Can't Cure All Crisis"](#). Retrieved 8 October 2007.*
- *Rudolph, B. (24 February 1986). ["Coping with catastrophe"](#). Time. Retrieved 6 October 2007.*

Unsuccessful

- The Bhopal disaster in which poor communication before, during, and after the crisis cost thousands of lives, illustrates the importance of incorporating [cross-cultural communication](#) in crisis management plans. According to American University's Trade Environmental Database Case Studies (1997), Operating manuals printed only in English is an extreme example of mismanagement but indicative of systemic barriers to information diffusion.
- crisis management strategy can help upper management make more calculated decisions in how they should respond to disaster scenarios.
- *Shrivastava, P. (1987). Bhopal: Anatomy of a Crisis. Ballinger Publishing Company.*

Success stories of leadership

- Elattuvalapil Sreedharan, popularly known as the "Metro Man", is largely credited for changing the face of public transport in India by his leadership in building Konkan Railway and the Delhi Metro, when he served as its managing director between 1995 and 2012.
- In the build-up to the first Gulf War, there was fuel shortage in several countries around the globe, including India. The only project that managed to stand up against all odds at that point of time was the construction of Konkan Railway, headed by Sreedharan