LEARNING FROM CATASTROPHES AND LEADERSHIP THOUGHT

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ABSTRACT

In catastrophic times, it may not always be possible or full-time to adapt to changes of organizations, and the breakdowns, which happen during adaptation to change, can be a reason for a new crisis in businesses. In a period of crises or catastrophes, when obscurity and pessimism prevails, a leader needs to think of a formula to be afloat, show the opportunity beyond the mountain, and find solutions, in order to increase overall motivation. Because catastrophes or crises are the periods in which people want conditions to be change and differences to be made. In catastrophes, known solutions lose their validity and importance of the leader increases. When the periods are obscure and rate of change increases, there is a need for a leader to manage risk and even take advantage of crises or catastrophes.

In this study, the influence of the way of leadership in the battle against crisis, the role of a leader in a chaotic case and the features of leadership are examined. A blended model is suggested to determine the most effective leadership characteristics in catastrophes.

Keywords: Leadership, Catastrophes, Crisis Management, Organization, Leadership Model.
INTRODUCTION:

In the face of rapidly changing world, the success of achieving short and long-term goals of organizations mostly depends on empowering employees with necessary knowledge and skills and building a team that can cope up during possible business troubles (Tekin & Zerenler, 2008). The figure who will undertake this responsibility is called a leader who is usually the manager of the organization. Leaders are categorized under various names and adjectives depending on their successes or failures in times of crises (Canöz & Öndoğan, 2015). It is obvious that managing the catastrophe risk in an organization needs more of leadership skills rather than routine managerial skills. A good leader should be well prepared for a crisis or any kind of catastrophe. A leader may prevent recurrence of a crisis, diminish the effects of an occurring one and shorten the duration of it. The new leader will turn negative effects of a catastrophe into positive ones by evaluating the human factor in business (Klan, 2003). Leadership is sometimes a congenital character feature coming from birth, sometimes a quality of a certain status held in an organization and a sort of natural human behavior. Leadership is a process of interaction between the leader and members of a group (Aydn, 2000) (Erdogan, 2000). Crisis leadership requires qualities like an integration of competences, abilities and manners that enable a leader to design for, respond to, and learn from catastrophic situations (Brockner & James, 2008) (James & Wooten, 2005). There is an increasing understanding in the relationship between the importance of leadership and catastrophe. Leaders with emotional intelligence competencies are effective leaders during hard times. Skills like empathy, self-awareness, persuasion and the ability to manage relationships would be important in catastrophe and risk management (Lockwood & SPHR, 2005). The very first thing a leader should do in time of emergency is to create and sustain the credibility of the organization and reliability among crisis stakeholders such as employees, customers, suppliers, partners, investors, media, governmental bodies and special interest groups. For profit organizations, there are more valuable things than money such as the reputation and brand value of the organization in the marketplace. Therefore, a leader is supposed to manage and protect these values in the time of catastrophes. The new leader manages this with leadership abilities, such as strategic thinking, interaction, empowerment, confidence and integrity (Lockwood & SPHR, 2005). In this sense, communication will emerge as a vital factor. A good leader recognize that media, almost on a daily basis, have the ability to introduce an organization in or out of catastrophe. In cases such as product recalls, corporate fraud, employee discrimination, media and public relations will have extreme importance and communication skills of leaders are critical in managing the situation (Wooten & James, 2008). If the leader is not prepared to manage such events, that will have negative, long-term significances for a firm’s effectiveness, status and human resource management methods (Garcia, 2006). For example, it may be the executive manager’s duty to send the message of honesty and compassion to interest groups. One of the most popular examples quoted in literature are that of Johnson & Johnson crisis management during the Tylenol crisis in the early 1980s (Lockwood & SPHR, 2005). Crisis leadership does entail adopting a complex set of competencies to lead an organization through three periods of crisis which are before, during and after and into a well-off recovery (Bolman & Deal, 1997) (Burnett, 2002). Moreover, under the helms of an effective leader, the probability of firm getting stronger is high after the crisis. As it was mentioned before, competencies that are necessary in crisis management are vital for the recovery of an organization from a catastrophic situation. In literature, there is an understanding that leadership depends on the support of team members rather than a single person. Therefore, collective competence will gain importance (Spreitzer & Quinn, 2001). Hence, it might be expected that leadership during catastrophes requires collective skills to include activities (Bolman & Deal, 1997)(Schein, 1992). Crisis leadership competencies, whether individual or collective, are significant in managing the operational and strategic functions and outcomes when catastrophes happen (Denis, Lamothe, & Langley, 2001) (Wang & Belardo, 2005). Furthermore, we may conclude that one of the most important features of the leaders is to create a culture in which the organizational members are motivated and rewarded for thinking systematically with or without the orchestration of the leader. Creating such a culture may be the main point of collective leadership (Wooten & James, 2008). It is understood that the effectiveness of leaders is best measured during the times of catastrophes, whereas a catastrophe can be defined as vast range of events from disasters to human-induced crises that effect the life of people and businesses (Blackman & Ritchie, 2008) (Faulkner, 2001). Many of the periodic catastrophes can be avoided, or their consequences will likely be minimized if companies integrate crisis management exercises and learning from it (Blackman & Ritchie, 2008). In general, phases of catastrophes are identified in five levels.

(a) Signal detection,
(b) Preparation and prevention,
Leadership needs to be understood across all phases of crisis or catastrophe management in a broad sense. The first phase of catastrophes is signal detection phase. The role of a leader in this phase is to sense a possible catastrophe and its extent. A leader may sense and infer a catastrophe with his/her intuitions or competencies. On the other hand, some information systems are also used to detect a catastrophe. A proper decision system may be helpful. However, this does not add any assets to the leadership traits. Once a leader senses about the upcoming catastrophe, s/he should take necessary prevention or get ready for the crisis instead of creating panic among the members/organization. This is what separates a leader from a manager. Preparation and prevention are the second phase of a catastrophe. In this phase, all plans and precautions are prepared in order to avoid the crisis or minimize the striking effects to the organization. There are many tools to be exercised by leaders and managers in literature such as emergency planning (Wang, Hutchins, & Garavan, 2009), training programs (Danowsky & Poll., 2005), (Lockwood, 2005), disasters recovery plans employee assistant programs (Janka, et. al, 2015). In the third phase, damage controlling is done. In some cases, doing damage checks is a more challenging task. What is meant by damage in most of the cases are firm’s reputation, decreasing brand value and possible financial insecurity (Wooten & James, 2008). The recovery phase is the time to shrug off the effects of the crisis hit. This may be the profit, reputation, brand value of the organization or human capital. A leader uses his / her devoted competencies to recover the effects of the catastrophe by taking risks and improvise his/her own action plans. Learning is taking necessary lessons from the bad experience. This paper is mainly focused on learning from catastrophes, which will be discussed broadly under its own title below. Subsequently, a leader needs to build his/her often abandoned dimensions of leadership traits such as networking abilities, decision making, determination, teambuilding, interaction, accounting and forecasting among others in all phases of a catastrophe (Boin, Kuipers, & Overdijk, 2013).

LITERATURE REVIEW:

Learning from Catastrophes:
The focus of this paper is on catastrophes, which damage or ruin lives, societies and economies. These events take place across countries, organizations, regions and business sectors. Learning from catastrophes improves our ability to manage events, which are unexpected and devastating, and catastrophic effect at both the national and macro levels. Humanistically thinking, we tend to underappreciate the likelihood of these events. Those who are responsible for leading main organizations should have an individual ability to recognize and take measures against these human inadequacies. To avoid and diminish both natural and unnatural catastrophes in the future, managers should learn from catastrophes (Kunreuther & Useem, 2010 ). The first learning phase in the order must be achieved through considering the scenarios. The second learning includes an organization’s understanding of its vulnerabilities and external threats. While the stimulus to learn may appear artificially before crises, it seems that a real learning will arise from direct experience of decision makers during both the learning stages. From a point of view, learning about a crisis can be like a driver learning for and from catastrophes (Smith & Elliott, 2007).

Learning from catastrophes is to understand manner and improve more effective plans for reducing losses from incidents such as large-scale natural disasters, financial crises, manufacturing accidents, corporate bankruptcies and terrorist attacks. Managers of companies in insurance sector, governmental organizations and financial companies are profoundly interested in learning from catastrophes (Kunreuther & Useem, 2010 ). In order to learn from a catastrophe, it is necessary to experience one. It is somewhat like becoming immune to some infectious diseases like flu. Human body needs to undergo an infection once to build its own protection mechanism against the same illness. In many cases, vaccination is required to build such a strong immune system. Since human body is the most developed mechanism or organization on earth, it can be considered as an example. Therefore, in order to learn from a catastrophe, an organization should undergo disasters, chaos and crisis or it needs an artificial one as in vaccination.

This article will be discussing some recent learning stories. Chebbi and Pündrich (2015) investigated a crisis within an oil company in order to find answers to the question: How can the crisis unit reduce the defense mechanism and extend openness and forgetfulness while learning after the crisis? The study underline the importance of crisis units to learn from a catastrophe. Nevertheless, this is done within the principles of organizational learning. Indeed, there is a strong relation between organizational learning and learning from catastrophes. On the other hand, duration of learning process is very important. Their study shows that it
depends not only on the organization context, but also on the crisis unit. It is seen in the case study that unique characteristics of the organization plays and important role at learning degree (Chebbi & Pündrich, 2015). Understanding of the methods and nature of organizational learning is a key challenge. It becomes sharper under harsh, competitive, advanced conditions. There are some learning concepts such as dynamic capabilities and absorptive capacity. These concepts motivate organizations to adjust to environmental changes and exhortation from repeating the errors, which are made in time of a catastrophe. Since organizational learning is to draw lessons from the experiences, the same is true for a catastrophe, because it is a serious experience for the organization (Antonacopoulou & Sheaffer, 2014). Tourism and related companies learn from crises in altered ways. It is important to learn how these organizations learn within the structure of Tourism Crisis Management (TCM). A report indicates the insights of 25 key players in Malaysia's tourism manufacturing in dealing crises. The findings of the study suggest that organizational learning is theme to inattention, forgetfulness and lack of key practitioners’ learning from the catastrophes (Ghader, Som, & Wang, 2014). SARS (Severe Acute Respiratory Syndrome) struck Taiwan in 2003, underwent a nation-wide crisis. Bennett, Chiang & Malani (2015) studied this case study to clarify how public and government learnt from this catastrophic situation. Their study shows that social learning mechanism is an explanation why people react more strongly to risks. The way people learn from one another may affect the time and severity of catastrophe such as an illness (Bennett, Chiang, & Malani, 2015). Since 2008, Ireland has experienced a deep crisis, stemming from the collapse of the financial and property sectors. The crisis lasted 6 years. When Ireland case was examined, it is seen that taking lessons from it is not fully complete. Although the crisis was framed among popular and civil society groups, and associational and collective power was developed as it was in Latin America, it is difficult to say that necessary lessons have been fully understood by the public. The main reason for this is that the crisis did not gain sufficient depth create a more robust popular response. Judgments of leader culpability and learning from a crisis are very important. In a study, 354 people who experienced a bankruptcy were surveyed. The study suggests that followers made judgments of leader culpability and reported crisis learning. However, followers’ judgments have no direct effect on their crisis learning, but have an indirect effect by increasing hopelessness. It also states that stakeholders’ judgments of their leaders during organizational crises are important, because they affect followers’ psychological states and behaviors. Therefore, it is obvious that leaders should pay more attention to the judgments of their followers during a crisis. Negative judgments about leader may reduce learning. On the other hand, improving communication during crisis and providing job satisfaction will create a positive effect on organizational learning from catastrophes (Kovoor, 2015). Lack of trust and communication insufficiency is a barrier in front of learning from catastrophes. There are some other barriers: one of them is core beliefs and assumptions. Disregarding the advice and opinions of outsiders is another factor that reduces learning. Hidden traps and people may be a barrier at learning as well. Lack of corporate responsibility, focus on single-loop learning, maladaptation and environmental shifts are other barriers (Smith & Elliott, 2007). Sometimes learning from crisis may create a sustainable society. Social learning emerges in association with the reduction of consumption levels, which is shared by the majority of a society. This sort of learning may lead to a transition to sustainability. We see this phenomenon in the case of the north of Spain after the economic crisis of 2008. A study suggests that the crisis may have boosted learning responses that could lead to either regrowth or a sustainable transition (Broto & Dewberry, 2016). There are plenty of case studies in literature to explore learning from catastrophic situations. The German Escherichia coli outbreak in 2011 (Müller-Seitz & Macpherson, 2013), Internationalization of Korean banks during crises (Lee, Son, & Kwak, 2014), effects of The European Central Bank and the European Sovereign Debt Crisis in Japan (Gabor, 2014), science, technology, engineering, and mathematics (STEM) job cuts in USA, in 2010 (Lester, 2014) and learning from earthquakes in Chile in 2010 and Japan in 2011 (Kim, et al., 2013) are some of the good examples of recent studies. All of the articles suggest that an organization should be done before a catastrophic situation emerges in order to achieve an efficient learning. Otherwise, forgetfulness that is the main enemy of learning and avoiding repeating errors will destroy the whole process. It is clear that in order to reach a feasible learning, a crisis should reach full depth and the needed link for a strong bounce back will be in the hands and mind of the leader. Leadership Thought: Tekin and Zerenler (2008) who express the struggles of minimizing the risk during the crisis, changing institution's culture in a positive direction and reducing the damage from the priorities of the leader, defends that leaders need to form their crisis teams and ensure they can accomplish their mission to build and able to anticipate crises. In order to be able to create strategies and procedures to overcome the crisis, and argued that a
proper guidance and counselling should be able to be done in a crisis (Arslan, 2009). Researchers are trying to find a solution in what kind of situations, what kind of leader style can be active (King, 2007). In fact, it is hard to answer this exactly. Depending on the case and actual mission, leaders need to figure out the most proper leadership style like a craftsman who takes his necessary tools out of his kitbag (Asuncion, Giurintano, Hansen, Hopper, & Vobora, 2006). Leadership, which is necessary before the crisis or planning phase, can make time useless. Moreover, in crisis times, an autocratic and imperative way of leadership can be chosen to react urgently. At the time of post-crisis reconstruction, it is easy to switch to democratic style. Cooperation and teamwork are regarded as the most productive actions after crisis (Arslan, 2009).

In crisis cases, it is suggested that visionary leaders can have successful results as well. A developing vision is not dreaming, creating the future (Sashkin & Rosenbach, 2005). Vision is dreaming and designing. Visionary leaders are the people who vision and plan the future of their society and organization (Erçetin, 2000). Leadership includes seeing the future, determining believable vision and purposes about future of organization and gather people to fulfil them (Şisman & Turan, 2002). Past, present and the future are three important time zones, which affect the actions of future leaders. In the visionary leadership action, future directed actions are highly important. Visionary leaders, those who want it with their vision, are trying to move towards the future (Çeli̇k, 2000) (Aksu, 2009). However, as an exception, conducted researches show that mostly two kinds of leaders come into prominence; one is the status quo leader who is bound to regime and aims regime to be saved, other is revolutionary leader who wants to change the system radically and bring a new system instead of it (Cuzan, 2003). Also, one of the common grounds of charismatic leadership approaches is, even if there is no necessity, the issue that organization is under stress, innovation, crisis or chaos simplifies showing up a new charismatic leader (King, 2007) (Davis & Gardner, 2012). Even more importantly, it is stated that the most active leaders come to light from charismatic leaders in a crisis period. Charismatic leadership forms the first dimension of transformational leadership. It is mentioned that charismatic and transformational leadership are generally more effective in crisis atmospheres. However, according to conducted researches, it can be suggested that charismatic leadership is also an effective approach apart from the conditions of crisis atmospheres. Charismatic leaders have an emotional effect on his audience. They have the ability to gather his audience particularly in crisis periods (Erdal, 2007).

Fischbein (2005) described two types of charismatic profiles instead of only one, visionary and instant-reactional leaders. While visionary leaders prefer an energetic management with an optimistic viewpoint, it is seen that instant-reactional leaders are calm that is more realistic, their juniors down, and apply the chain of command. Their juniors take over their authority of decision to this type of leaders obediently (Driskell & Salas, 1991). Leader types who are stated in mine accidents in advance are good examples of instant-reactional leaders. However, this type of leaders may be forgotten after a crisis (Fischbein, 2005).

On the other hand, some researchers defend that leadership is easy in crisis and thus many evil leaders create non-existed crises deliberately (Lewis, 2002). Maybe, that is why some politicians create a number of catastrophes or chaos to conceal their oppressive strategies and bad management. However, true leadership is needed when crisis is over; major problems await the leader after crisis (Lewis, 2002). Another opposite opinion suggests that rainy days cannot create a new leader, but it can help you figure out what kind of leaders you have (Asuncion, Giurintano, Hansen, Hopper, & Vobora, 2006). Leaders need to have a number of micro level specialties to manage unexpected extra-ordinary conditions like crisis (Klan, 2003). Those abilities are regarded to be acquired by education alongside they can be innate.

Transformational leaders’ charisma, idealized effect and actions, suggestion abilities, personal support elements which care individual and intellectual simulative powers are so effective in preparing necessary organizational conditions in crisis and reconstruction periods and prevent resistance. Transformational leaders have other effective leaders’ personal qualifications. In addition, qualities of forming a common vision, making this vision to be shared, having individualized interest on staff, carrying mental stimulation out and being creative, having charisma are regarded as tools used by a leaders so as to make transformation real (Doğanalp, 2009).

Strategic leadership is described as seeing future to start changes, which can create a realizable future for the organization, forming vision, providing flexibility, thinking strategically and abilities to work with others (Ireland & Hitt, 2005). Accordingly, firms take a competitive advantage when strategic leadership processes are hard to be imitated and understood by rivals. When a firm faces difficulties of global economy, possibility of obtaining a high level and even satisfying performance highly decreases without effective strategical leadership. When crisis and leadership literature is examined, it is seen that charismatic leadership comes into prominence as the most obvious leadership style (Arslan, 2009). In addition, in the frame of contingency principle, when immediate decisions are needed to be made and applied, autocratic leadership; for the reconstruction after crisis,
democratic leadership qualities are suggested in all three stages of the crisis. However, the need of team building and management of built teams is defended in all stages. The most argued action is that leaders are always in the foreground. Moreover, topics such as communication channels being always on, alert and making them functional; being avoided from news flow based on hearings unless it is certain while being done information exchange on time, are also have an importance. In a time of crisis, a good leader should definitely give importance to an obvious communication, a certain vision and sequence of values and human relationships based on sincerity (Klan, 2003) (Schoenberg, 2004).

Leader’s responsibilities encapsulate learning from experiences and adopting the changes, and armoring the organization to face future challenges imposed upon us during / after the catastrophe (Boin, 2005). Effective formation and collaboration of both internal and external thoughts will benefit leaders to make real decisions, which will benefit the organization, employees, their families and society in general. Needless the say, learning from catastrophe is important even though the next chaos will be dissimilar from the earlier. The effective new leader will have the experiential skills to implement needed planning, awareness, and response qualities well in advance of an event and foster an environment to create the new leader ready to tackle the next catastrophe (Trainor & Velotti, 2013). It is obvious that leadership skills during crises, catastrophe and conflict as opposed to routine day-to-day times are distinctively different. During times of crises or catastrophes, divergency and chaos the new leader’s decision making to a larger extent is built on experience, vision, charisma, physiological capacity, emotional intelligence, empathy, strategic qualities and ability to cope with stress (Larsson, 2010) (Wallin, 2014).

Figure 1: A Mixed Model for Catastrophe Leader

That leader’s remaining in forefront of crisis, that is, being with public opinion with his individual existence is considered as one of the most important things for crisis management (Braden, Cooper, Klingele, Powell, & Robbins, 2005). Some researches suggest that leadership in crisis does not proceed in a linear manner. Even the opinion, which suggests it, is an unstable, ever growing and continuity demanding process is more common. Being steady in this type of chaotic atmospheres is an integral part of crisis leadership (ASPH, 2005).

On the basis of all these leadership actions, we can name an active leader as a catastrophe leader in a crisis or chaos atmosphere actualized in accordance with a planned and purposeful structure. Catastrophe leader can benefit from disaster or crisis cases with minimum loss and maximum gain by acting both for his organization and shareholders’ self-interest. Catastrophe leader is a leader model, which is not chosen by manager, in contrast, aroused by the group or active by himself. Although he does not have an official authority, his effectiveness on the group is higher than other leaders. As he takes an active role in managing crisis or risks and directs the group positively, he decreases the effect of other leaders. This is an active leader type, which can analyze well differentiating claims, and requirements of people who form the intended population in catastrophe, make the right decisions about which message to persuade them with, deliver by which ways and in
what kind of process, evaluate whether he can achieve his goal by using feedbacks. He took and observing changes in accordance with the message he deliver.

CONCLUSION:

Leadership concept is still one of the matters, which keep up-to-date in terms of being multi-dimensional and including approaches from other disciplines. Much as leaders have so many difficulties in economic catastrophe, it is possible for leaders to create great opportunities from crises, too. We cannot say this type of leader is good for this type of crisis specifically. Because there are too many factors like deepness of the crisis, existing organization system and culture, state of followers, personal qualities of the leader, environmental factors and more, because of this, the plot thickens.

Catastrophe leader who is acting intentionally about taking the secret opportunities with acquisitions and using human resources reasonably by managing disaster or crisis process successfully, aims to increase success rate by preparing a crisis plan, forming a crisis team, assigning a crisis spokesman, introducing crisis team to shareholders and establishing an environment of trust, providing information exchange between all shareholders and providing effective use of media institutions and social media vibes in this period. A catastrophe leader, who is intensive about communication channels’ openness with shareholders, forms an irreplaceable leader portrait for not only crisis periods, but also strategical organization management by using traditional and modern communication channels, which are determined with regard to intended population’s preferences, actively and being attentive to feedbacks and evaluations during period.

Based on all these, it helps organizations resolve the crisis a lot with more profit and less loss in anticipating crisis, managing and resolving crisis. A Catastrophe leader who admits the problem reasoning crisis instead of ignoring it, adopting problem and interacting in a solution oriented way, struggling to maintain an intentional and purposeful communication from the beginning; with reference to the fact that positive or negative, any kind of first judgements effects direction of the perception, use proper messages and channels since the very beginning of communication process by competent people sufficiently.

Extra-ordinary conditions create extra-ordinary leaders. A Catastrophe leader is a leader model, which shows up in a state of chaos. A Catastrophe leader manages chaos by using all leadership qualities he has wisely. He gets over possible obstacles by carrying internal and external factors in a trust, respect, and proper communication strategy to a sound basis. The most important quality of those leaders is always seeing the big picture anywhere and finding the most proper answer to the conditions. The statement “The best captain becomes clear in stormy weather” describes leadership in chaos atmosphere very well. The leaders who get the wind back in good weathers and lead their firm to success; stay standing when tide turned and wind become violent and take their ships to the port.

Finally, chaos or catastrophes may always to be faced. It is seen that crises have accompanied great opportunities. It is seen that organizations, which can adapt to chaos and apply alteration securely take advantage after chaos and stand out among their rivals from time to time. A Catastrophe leader is players who turn the chaos or disaster into an opportunity.

REFERENCES:


