

Leadership in Crisis: Strategies for Turning Challenges into Opportunities

Runping Du¹, Qingxiao Du^{2,*}

¹Zaozhuang Bank, Zaozhuang, China

²Qingdao Industrial Energy Storage Research Institute, Qingdao Institute of Bioenergy Bioprocess Technology, Chinese Academy of Sciences, Qingdao, China

*Corresponding Author: duqx@qibebt.ac.cn

ABSTRACT

Crisis events, characterized by unpredictability, urgency, and critical turning points, test the competence and resilience of leaders. This paper explores the multifaceted role of leaders in navigating crises, highlighting key strategies such as cultivating the right mindset, forming crisis management teams, and maintaining a keen perspective. Effective crisis leadership entails managing internal and external organizational challenges, fostering clear communication, and leveraging crises to strengthen team cohesion and public trust. Additionally, leaders must anticipate crises through institutionalized and technical prevention systems, enabling proactive responses to potential disruptions. The discussion emphasizes the importance of charismatic leadership, decisive action, and continuous learning to transform crises into opportunities for organizational growth. By integrating these principles, leaders can mitigate negative impacts and build robust, adaptable organizations capable of thriving in uncertainty.

KEYWORDS

Crisis Management; Leadership Strategies; Organizational Resilience; Crisis Prevention Systems; Adaptive Decision-Making.

1. INTRODUCTION

In the last few years there has been a succession of crises caused by natural disasters and human factors. During this particular period a variety of social and economic development issues have arisen, which have had a significant impact on countries, regions, companies and organizations. A variety of conflicts have occurred and new problems of mass incidents have emerged time and again. In dealing with the various complex issues in a crisis, people have seen that different leaders take different measures when facing a crisis. People realized that in a crisis the competence, mindset, mindset and means of dealing with the problem of the leader are vital. This article will discuss about how leaders could participate and influence this challenge in a crisis.

2. DEFINING CRISIS EVENTS: CHARACTERISTICS AND MISCONCEPTIONS

People always associate crisis events with something urgent, a threatening problem and something that requires the necessary action [13]. Nevertheless, it is not always the urgent events that are crisis events; events and problems that can be prevented do not have a crisis character. Firstly, the crisis is sudden and unpredictable; secondly, it concerns a part of the subject and must be dealt with

immediately; and thirdly, the problem brings a critical turning point, which means that the crisis is the first to occur and there are no previous patterns in dealing with the problem [9]. Therefore, when an issue has all three of these conditions, it could be called a “crisis event”.

3. LEADERSHIP RESPONSIBILITY: TURNING CRISES INTO OPPORTUNITIES

It is essential that leaders handle crisis events responsibly. The purpose of this is to reduce and eliminate the threat and damage to the company or organisation through a series of measures [1]. And in the Internet age, non-action by a leader in the face of a crisis will have an even greater negative impact on the organisation [16].

Leaders can also get some benefits for themselves by handling critical incidents. A crisis can be transformed into an opportunity if the leader is able to handle it properly [1]. For example, dealing with a crisis event while promoting the positive organisational culture of the organisation, therefore attracting many followers to the organisation. Furthermore, leaders could take advantage of such unstructured and unexpected events to provide an opportunity for leaders to build up their authority base [5].

4. EXERCISING LEADERSHIP IN TIMES OF CRISIS

4.1. Developing the Right Mindset for Crisis Leadership

Crisis events signal danger and uncertainty and a leader should have the right mindset to deal with crisis issues. Firstly, leaders should never choose to run away from problems when faced with a crisis event; they need to develop their self-confidence. If a leader avoids a crisis event, this will decrease the charisma of the leader himself. Research has shown that charismatic leaders tend to deal with problems more effectively than those who are not charismatic when faced with a crisis [5]. Furthermore, during a crisis leaders should have a clear understanding of the state of their own work and their motivations [6]. As crises bring feelings of insecurity into the work and lives of people, and some leaders may respond to these anxieties by taking on more work, some argue that leaders need to maintain a precise sense of judgement in crises, and to check others while also monitoring themselves [6].

4.2. Leveraging Collective Wisdom: Forming a Crisis Management Team

Leaders need to recognize that the wisdom of the group is powerful, which means that they should form a “crisis management team” to guide the team in collective leadership when facing a crisis event. Collective leadership is always involved when dealing with complex and changing issues, and it is reflected in the fact that the people in the team will passively draw on different experiences and expertise in the process [9]. It allows the team to work collectively to eventually reach a consensus around an idea, even though members of the team may have different perceptions of the issue in the process [9]. In addition, a crisis represents an issue that may become blurred over time and a leadership leader will use his “crisis management team” to gather different perspectives and a wealth of interpretations, which is known as a cross-understanding between team members, which facilitates a more accurate interpretation of crisis-related issues [9].

4.3. Empathy and Sensitivity: Key Traits in Crisis Leadership

The sensitivity that leaders show in a crisis is a reflection of their strong leadership. This leadership enables them to find regular responses to the volatility of a crisis by analysing how it affects the organisation and how it affects things outside the organisation [6]. Some studies have shown that

since women are more likely to sense the needs of others and the external environment, female leaders are more likely to have this trait [17].

4.4. Comprehensive Crisis Response: Managing External and Internal Challenges

Leaders should take a number of emergency measures when a crisis occurs. Firstly, leaders will need to control the impact of the crisis on the external environment and on external people. Throughout the crisis management process, companies or organisations strive to minimise the damage to their image of integrity and to gain the trust and understanding of the public [14]. This is to help correct the public image of the organisation in which the leader works, which is the basic idea of crisis management in business [20]. Secondly, for the organisation internally, this period is also an opportunity to work on building a stronger and more cohesive team [18]. Thus, the leader not only has to address the outside of the organisation, but also the inside of the organization as a matter of urgency.

Leaders require greater disclosure of information and thus enhance communication with the public [7]. This approach is effective, and when individuals in crisis feel unable to control or predict their environment, they may be more inclined to seek out useful information from organization or institutions [4]. Leaders use this reliable information to quickly dispel the concerns of their followers and to reassure people [19]. This is useful for companies or organisations to use to mitigate the negative effects of a crisis.

Leaders need to spread some positive messages out through the media and react quickly. Firstly, the outbreak of a crisis event stimulates curiosity and it often becomes a hot topic of conversation and something to be followed by the media [16]. When companies fail to solve their problems, crisis events become more mysterious and attract more attention. Therefore, in such situations, leaders should actively demonstrate to outsiders that a particular crisis is surmountable for the organization or present an image that the organization is actively dealing with that crisis. These help to allay the fears of outsiders and further reduce the negative impact of a sudden crisis on the company or organisation [2]. Furthermore, the sudden nature of a crisis means that the time to react and deal with it is very short, and any delay will cause more damage and bring chaos and panic to the company. As an example, take the Italian media during the epidemic, which reported in a dramatic way information about the increasing number of infected, hospitalised and dead people, showing pictures of dozens of coffins piled up in Bergamo Cathedral, which then spread rapidly on the internet, which traumatised people in social networks [4]. Hence, leaders must quickly take responsibility for making amends after a crisis has occurred and maintain close contact with the media, using the power of the media to quickly and effectively address the crisis in their organization.

Leaders need to communicate well with employees within the organisation to prevent external crises from turning into internal crises. A leadership leader has to agree on goals with his followers; they not only have to be aware of the changes in the external environment, but they must not lose sight of the state of the members within the organisation [3]. For instance, some employees may be concerned about the instability of their jobs and the instability of their income. Hence, when a company or organisation is going through a crisis, leaders should have a long-term vision rather than imposing the negative pressures the company or organisation is experiencing on their followers [15]. As a result of these factors, some people believe that leaders need to provide a place for their teams to vent their anxieties, for example by structuring video conferencing within the team [6]. Moreover, due to the urgent nature of crises, people are always apprehensive when it comes to dealing with them. An excellent leader should encourage participants who take positive action, rather than highlighting their shortcomings while ignoring their strengths [12].

4.5. Proactive Crisis Prevention: Building Systems and Learning from Challenges

Crisis forecasting is a smart management tool for leaders. In spite that crisis is highly unpredictable, the establishment of institutionalised and technical systems for crisis prevention could minimise the probability of a crisis breaking out [8]. This requires leaders to have a spirit of learning whilst solving problems and learning new knowledge and experience, so that they can respond calmly to changes in the crisis and change their response [6]. Firstly, leaders need to establish an institutionalised crisis prevention system so that when a crisis occurs, they can quickly activate the appropriate mechanisms and work in a comprehensive and orderly manner. This means that leaders should discuss in detail within the organisation the conditional definitions of "normal risk" and "abnormal risk", and establish a system of risk prevention and risk taking [8]. In addition, leaders need to establish a technical crisis prevention system. This helps the organisation to gather information from various sources and to analyse and process this information in a timely manner in order to respond effectively to crises. When dealing with crises, information systems help to effectively diagnose the causes of crises, summarise and communicate relevant information in a timely manner, and help to unify the views of all parts of the company, coordinate operations and take timely remedial measures [7]. Additionally, it is difficult for a leader to accurately sift through the vast amount of information available in a limited amount of time [15]. During the epidemic, for example, some people have suggested that there were flaws in data collection in the US, that leadership in countries such as the US did not initially realise that the impact of health inequalities on people of colour in response and prevention was significant, and that this overlooked information led leaders to make errors in their judgements about certain aspects of the epidemic [10]. Consequently, it is necessary to establish a technical system for crisis prevention. In the end, leaders should learn to evaluate and summarise when faced with a crisis event. Leaders systematically investigate the causes of crises and related preventive measures by distilling data; evaluate the measures taken in dealing with crises from multiple perspectives; and then categorise and propose new corrective measures [11].

5. CONCLUSION

In conclusion, a crisis event is a time to check whether a leader has strong leadership skills. A leader with strong leadership skills is able to intervene and influence positively both the internal environment of the organization, the external environment and the leader himself. They are able to learn new lessons from the crisis and have the potential to turn some of the negative effects into positive ones.

REFERENCES

- [1] Antonakis, J., Day, D. The nature of leadership, (3rd edition). Sage Publications, 2018.
- [2] Wayt, T. A rapid, decisive response to COVID-19 doesn't just save lives. It helps the economy recover faster. The Academic Times, 2021.
- [3] Adler, p-s. Corporate scandals: It's time for reflection in business schools. Academy of Management Executive, 2002.
- [4] Roccato, M., Cavazza, N., Colloca, P., & Russo, S. A Democratic Emergency After a Health Emergency? Exposure to COVID-19, Perceived Economic Threat and Support for Anti-Democratic Political Systems. Southwestern Social Science Association, 2020.
- [5] Padilla, A., Hogan, R., Kaiser, R-B. The toxic triangle: Destructive leaders, susceptible followers, and conducive environments. The Leadership Quarterly, 2007.
- [6] Noyes, R. How True Leaders Communicate in a Crisis. INSEAD Knowledge, 2020.
- [7] Michelon, G., Trojanowski, G., Sealy, R. Narrative reporting: State of the art and future challenges, 2020.
- [8] McConnell, P. Reckless endangerment: The failure of HBOS. Journal of Risk Management in Financial Institutions Vol. 7, 2013, 2 202–215.

- [9] Combe, I. A., & Carrington, D. J. Leaders' sensemaking under crises: Emerging cognitive consensus over time within management teams. *The Leadership Quarterly*, 2015, 26(3), 307–322.
- [10] Mau, T-A., Callahan, R-F., Ohemeng, F. The public leadership research challenges of exploring the dimensions of COVID-19 responses. Guest editorial, 2021.
- [11] Schütte, H. What COVID-19 Data Can – and Can't – Tell Us About Leadership. INSEAD Knowledge, 2020.
- [12] Blanding, M. *How to Make the World Better, Not Perfect*. HarperCollins Publishers, 2021.
- [13] Heffernan, M. How the Best Leaders Answer "What Are We Here for?". *ECONOMICS & SOCIETY*, 2020.
- [14] Brooks, D. America Is Having a Moral Convulsion. *The Atlantic*, 2020.
- [15] Cohan, J-A. "I Didn't Know" and "I Was Only Doing My Job' Has Corporate Governance Careened Out of Control? A Case Study of Enron's Information Myopia. Kluwer Academic Publishers, 2002.
- [16] Chatterji, A-K., Toffel, M-W. *THE NEW CEO ACTIVISTS*. HARVARD BUSINESS REVIEW, 2018.
- [17] Blake-Beard, S., Shapiro, M., Ingols, C. Feminine? Masculine? Androgynous leadership as a necessity in COVID-19. *International Journal*, 2020.