Leadership during Economic Crisis Following the Employees’ Needs

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ABSTRACT

The financial crisis has discredited the leadership and management practices of firms, triggering a wave of thinking and experimentation that caused changes in aspirations and practice in organizational leadership and management in every sector. Crisis highlights the rapid changes in board practices and articulates some clear direction for change in the structure for management. This situation crisis seems to be a powerful catalyst for change in both the theory and practice of HR management.

The current research initially explores the latest literature review about the crisis, crisis leadership and the motivation and highlights its connection with the leadership. Then using a qualitative approach investigates and analyzes the working conditions during the crisis, highlights the employee’s needs, the potential motivation factors and draws the profile of the new effective leader based on employee’s approach. The current paper intends to establish the role and the profile of the leader during the economic crisis conducting a research through the architect Engineers in Greece.

Keywords: leadership style, motivation, Greece, HR management

1. Introduction

Leadership is a "social influence process that is necessary for the attainment of societal and organizational goals; it is both conspicuous in its absence and mysterious in its presence (Faeth
Leaders influence their followers’ behaviour through communication, group dynamics, training, rewards and discipline. The leader of an organization has an important role on the performance of its followers and his or her organization by motivating them. (Gopal & Chowdhury, 2014). The overall factor of the success or failure is based on the leaders. (Greenleaf, 1977). Moreover, the styles of the leader have effect on the employees’ behaviour and the adoption of the strategies of the company (Hanifah et al. 2014).

The employee motivation is always incorporate in the leadership and leadership styles. Most of the scholars have defined the leader as someone who motivates the followers to achieve a common goal. Besides, there many theories and styles of leadership however, different sector or different organization may require a specific style of leadership.

The last years experience has shown that the motivation and leadership are strongly related. The more the followers are motivated the more the leader is motivated and vice versa. Hence, to understand the relations between the leadership styles and the employee’s motivation is very important key for employees’ performance and the organization performance.

Meaning that, delivering excellent performances in an organization is directly related with the relationship leadership style and employees’ motivational needs. Developing highly motivated and satisfied employees depend how you understand them. This interesting relationship between the followers’ motivation and leadership style has motivated many researchers to scrutinize which leadership style is more relevant with the employees’ motivation. The relation between motivation and job satisfaction are most connected, in a matter of fact many motivation theories are also job satisfaction’s theories. Leaders must find out which methods work better to motivate employees (Hanifah et al. 2014).

1.1 Crisis

Many authors have attempted to define the concept of crisis to better understand the phenomenon. A crisis involves a threat to the organization's resources and people, and a possible loss of control. Typically, Paniyirakis (2001) describes the crisis as "a diversion from the state of regularity, which can take on a grading of irregularity, from a state of simple disorder to a state of uncontrolled explosive events, chaos and panic."

Loosemore (1998) described crisis as a condition that is treated by an individual or an organization, which cannot be dealt with using the usual procedures and which is characterized by anxiety due to the sudden and urgent need for change. It leads to the limits of the body's strength and highlights weaknesses in structure, organizational relationships and behavior, which would have remained obscure if there was no crisis. Organizational behavior issues are of major importance for the study and management of their crisis agencies. Hermann (1977, Loosemore, 1998) characterizes the crisis as a state where anxiety or panic is expected reactions. The same writer describes the crisis as a situation where:

i. threats to high-priority management goals
ii. the available reaction time is significantly limited and
iii. the whole situation surprises everyone.
A crisis (Booth, 1993, pp. Faulkner, 2001) is an unexpected event in the life of an organization for which there are no contingency plans that threaten the vital goals of the business and require immediate action. Pauchant and Mincoff, 1992 (as cited by Ritchie B., 2004) defined the crisis as a disruption that affects the whole of an organization, threatening its fundamental principles and its existence. Selbst (1978), (as cited by Faulkner, 2001) defines as a crisis any action or failure of an organization to act with the organization's current operations, achievement of its objectives, sustainability or survival, and has a negative impact on the majority of employees, customers and generally those who come into contact with the organization.

A crisis is defined as a condition that is treated by an organism, which can not be dealt with using the usual procedures and which is characterized by anxiety due to sudden and urgent change. It leads to the limitations of an organization's strength and points to weaknesses in structure, organizational relations and behavior, which would, if there was no crisis, remain obscure.

An analysis of crises demonstrates that there is a correlation of the crisis with the biological model, according to which an organization progresses gradually from the stage of birth, development, maturity and decay or death. The stage of birth gives a warning signal to the body. The second stage is its event. The malfunction has occurred and the situation is out of control. During the third stage, the stage of maturation, the symptoms are obvious. The organization is forced to do something to save it. At this stage, the agency is trying to "cure" the various symptoms that arise from the crisis. The crisis has become a part of the organization that works and co-exists with it. Finally, the stage of recession can keep much longer for the body than its duration. At this stage, the agency is trying to eliminate all the symptoms of the crisis that preceded it and to regain the trust of the concerned public groups.

Although individuals react in different ways in a crisis, a significant number of standardized behavioral patterns in crisis situations have developed which have several similarities and significant overlap. The above models present a series of behaviors that evolve in a predictable way, identifying benchmarks in the course of the stages of the crisis.

By adopting the four-phase model the evolution of a crisis consists of the following stages:

- a shock phase during which the threat is first perceived. There is panic, complete disorganization, inability to understand and address the new situation.
- a defensive treat phase in which the first attempt is made to tackle the threat. There is indifference, alternating euphoria and anger while there is resistance to change.
- the acknowledgment phase indicates a period of reassessment of situations where the threat and its consequences are fully accounted for. Depression and bitterness prevail, while defenses in change are collapsing and reorganization and adaptation efforts are taking place.
- an adaptation and change phase that includes a more realistic and effective way of dealing with the new conditions. At this stage the self-esteem returns while creating a new structure of things.

The crises initially decongest and cause a sense of panic, disorganization and chaos. However, at the moment it goes away, people's reaction is to protect their own interests as they can and try to maintain their achievements. During this time, interpersonal relationships tend to become
protectionist relationships, and people tend to turn to clustering around groups of common interests, making the dividing lines stronger.

Under the threat and fear of losing control, executives react by gathering and hiding the flow of information, reducing communication to the extent that information is exchanged meaningless. As time passes, it becomes increasingly apparent that the crisis cannot be resolved in this way, a situation of internal investigation and interpersonal confrontation is created, while psychological pressure and tension are high.

The above situation leads to the phase of defensive retreat. The need to solve the problem pushes people to move in a more constructive direction. The search for better communication leads to a real understanding, interaction and useful exchange of thoughts. Usually leadership becomes more relaxed and there is more emphasis on participatory decision-making, people work more coordinated with each other. Finally, the relationships between the groups become better, the reactions are coordinated, and the body starts again to acquire a stable structure. From the above, the importance of communication in organizations, interpersonal relationships and participatory decision-making in dealing with crises becomes apparent.

1.2 Leadership - Theoretical framework

Leadership can be defined as the process of a leader communicating ideas, gaining acceptance of the vision and motivating followers to support and implement the ideas through others (Lussier 2013). There are three types of Managerial Leadership skills (Faeth 2010).

- Technical skills (ability to use methods and techniques to perform a task)
- Interpersonal Skills (focus solely on the ability to understand, communicate and work well with individuals and groups through developing effective relationships)
- Decision-making skills (skills involve the ability to conceptualize situations and select alternatives to solve problems and take advantage of opportunities)

Also, there are three levels of analysis of leadership theory are: individual, group and organizational and they are interrelated as they depend on one another.

Before we discuss the role of leadership concept during the crisis, it is will be suitable to mention the theoretical background. Several theories have described the leader’s behaviour. The most known are the followings:

- Authoritative leadership style: involves one-way communication from the leader to the follower, attention is on work processes, progress and achievement of objectives focused (Tseng, Duan, 2010).
- Paternalistic leadership style, (or democratic). According to McLaughlin (1993) described by saying, “Work hard and company will take care of you.”
- Participative leadership, the attention is on the followers.
- Transactional leadership helps motivate subordinates to the desired performance by assigning responsibility for the tasks, identifying the objectives, providing confidence in the fulfillment of the required tasks (McLaughlin, 1993).
- Transformational leadership. This type of leading have helps to manage all kinds of
organizational changes. To be successful, leader has to develop good plan of change, but also overcome resistance, or distraction of the consequences of proposed changes. The basic characteristic of a transformational leader is to trust the potential of co-workers. (Pieterse et al., 2010).

- **Ethical leadership.** Brown and Trewino (2006) described ethical leadership as an approach based on mutual communication between leader and co-workers (Two-Way communication). Key point is the support of colleagues and the ability to make good decisions.

- **Authentic leadership.** It is considering the leader as a personality who acquires authenticity (credibility), by using self-confidence, self-acceptance and trusted relationships and actions (Gardner et al., 2005).

- **Spiritual leadership.** This approach introduces values and behaviours that intrinsically motivate employees, who feel that they are part of a greater whole (Fry, 2003).

### 1.3 Crisis Leadership

Crisis leadership refers to actions taken by a leader to bring immediate change in the behavior, beliefs, and outcomes of individuals (Keller, 2000). Further, crisis leadership often is practiced in response to an organizational crisis defined by Lincoln (2005) as a low-probability, high-impact event that causes a significant disruption or threat to the organization. Crisis leaders, particularly in the modern era, have many difficult decisions to make, as numerous factors exacerbate difficult situations, organizational chaos, and inaccurate information.

During the crisis as threats become overwhelming, individuals in a group expect leaders to centralize authority and take action (Gladstein, Reilly, 1985; Isenberg, 1981; Hannah et al., 2009). Research by (Mulder et al., 1971, 1986) suggests that decision making during times of crisis should not be shared and that a powerful type of leadership is preferred by direct reports and is evaluated more favorably by leaders’ superiors. By contrast King (2002) evaluated the benefits of team effectiveness during the crisis.

Usually efforts of leaders to build a healthy corporate culture of trust or make rapid and appropriate decisions are in times of crisis essential to survive (James et al., 2011).

### 1.4 Motivation

Motivation is the driving force in pursuing and satisfying one's needs (Kontodimopoulos, Paleologou & Niakas 2009).

Motivation is also defined as the process that accounts for an individual's passion, direction, and persistence of effort toward attaining a goal, meaning the result of the interaction between an individual and a situation (Robbins, Judge, Odendaal & Roodt 2009). Motivation is a fundamental instrument for regulating the work behaviour of employees (Olusola 2011). The systematic review of existing literature highlights the different approaches to motivation in the workplace, based on:

- **A. Their orientation**

In content - nature of motivation (content theories): Assumption: All people have a similar set of needs and behave in order to satisfy them. The most known theories of this period are: Maslow,
Herzberg, Alderfer, McGregor and McClelland.

In the process of motivation (process theories). Assumption: All people have a similar set of needs, but their importance and placement are different for everyone. The most known theories of this period are: Adams, Vroom, Porter, Hackman & Oldman and Bandura.

B. Classification of origin motivation factors stems.
- Intrinsic - interest in the work itself - product of the work itself and its nature (non-monetary factors, small cost to the company).
- Extrinsic - a result of exogenous factors. Divided in: A Monetary (any material reward offered by the organization) and B. Non-monetary (any other non-monetary reward).

C. Dynamic character of motivation at the workplace.
Existing research (Htka and Balazova, 2015 - D. Elizur, 1994 - Nujjio and Meyer, 2012 - Muslim, Dean, Cohen, 2015 - Kovach, 1995 - Kinnear and Sutherland, 2000 - Hossain and Hossain, 2012 - Jelacic 2011) shows that the capacity of stimulants and their dependence on changing factors such as:
- human needs
- social conditions and lifestyle
- place (country) of the investigation
- economic situation - social status of a worker
- standard of living
- gender and age
- position in business and income
- particular characteristics of the population to be studied and the local labor market
- economic environment (e.g. economic crisis)
- internal and external organization environment

1.5 Leadership and motivation

The success of every organisation depends on its employees' drive to thrive through their efforts, commitment, engagement, practice and persistence. Thus, motivation is an important topic because leadership competencies include the ability to motivate employees (Lussier 2013) as one of the crucial duties or jobs. Leadership begins with the initial effort made to recruit a new employee; proceeds through the entire induction process; and continues every day until the employee departs the organisation. This process is cultivated by a manager/leader, motivating new employees and it highlights, once again, the importance of leadership to an organisation.

The quality of a manager's relationship with an employee is the most powerful element of employee motivation. It creates a professional, positive and respectful attitude and employees are more likely to adopt a similar approach with their peers and enjoy work. It is clear that the management and leadership styles that are adopted by a business and its management will have a determining effect on the motivation level, the morale and the job satisfaction of the employees. Nevertheless, the relationship between the management style that is used within the business and
the level of motivation within the workforce is a subject of much debate within industry. In many circles, there is continuous debate about whether leaders are born or developed. Reflecting on the discussions about motivation, it is evident that humans are very complicated and are made up of a number of traits. With motivation, these influences are both inherited and acquired from our environment and influences (Gary 1996). It is in this regard that the study seeks to establish the role of leadership on employee motivation.

2. Objectives

2.1 Objectives of the research

The subject we are examining and focusing on the wider field of HR management, leadership-employee’s motivation and especially in conditions of economic crisis. The research focused on a specific professional team: the Architect engineers and in those who work with a dependent employment relationship within a firm. The current research attempted to investigate the impact of economic crisis on Leadership investing the motivation factors and the working conditions during the crisis.

2.2 General Objectives

The individual objectives of the current survey are set at two levels. On a first level, an overview of the leadership, leadership styles crisis, crisis management, motivation and motivation factors. At a second level, it’s tried to investigate the impact of the different personal characteristics of the target population on the way they perceive their working conditions.

- link these strategies with different ways of understanding relationships with management and with the company (commitment),
- investigate the burden of outsiders in formulating specific strategies, such as financial (e.g. loans), family obligations,
- associate these different strategies with different degrees of effectiveness of known motivation factors and the profile of leader,
- explore the potential changes in the content and importance of motivational factors related to the economic circumstances and the particular characteristics of the target population,
- explore the role of the employee's representations about the Leader.

2.3 Specific Objectives

The specific objective of the current research was to find out the profile of the Crisis Leader examining the employee’s motivation factors.

3. Methodology

By the term methodology we mean the set of procedures and methods that can be applied by a scholar to carry out a research process. In this research process techniques and procedures are used and combined to widen the problem (Zafiropoulos, 2005).
Understanding the role and the required profile of the leaders during the crisis there is a need of deep immersion into the phenomenon. Qualitative research was most appropriate to provide depth of scholarship through immersion it (Merriam, 2009). As suggested by Moustakas (1994), interviews provided a holistic approach to the phenomena being studied in the sense that multiple subjective experiences were uncovered through the interview process. Qualitative research is used to collect information that the researcher cannot instantly measure, such as thoughts, behaviors, ideas, perceptions (Siomkos & Black 2008). The qualitative method is appropriate for the researcher to have an in-depth understanding of the problem (Cassell and Symon, 1995), capturing answers to queries that are then grouped in the form of expressions (McNeill, 1985) and analyzed.

to adequately answer the research question, a qualitative study, using semi-structured interviews, was employed to understand the employee’s expectations lived experiences about the crisis management and leadership. In-person semi-structured interviews were held. Each interview was 60-90 minutes in length, audio recorded, and transcribed.

Data validity was strengthened by the identification of themes across multiple interviews, the number of instances in which the themes appeared, and, finally, the continuous comparison of the content of the identified themes (Moustakas, 1994). Reliability in research is developed through the consistent application of research techniques (Creswell, 2007). Analysis of the interviews (Moustakas, 1994) was conducted using the following process (Tsiolis, 2017):

- Transcribe the recorded interviews.
- Careful reading of the texts in order to identify and collect the quotes that correspond to each research question and sub query.
- The coding, i.e. the interpretation of the data, its comprehension and its conceptual identification.
- The transition from the codes to the themes, which are more general and abstract concepts than the codes.

The Greek Architects Engineers who work in large companies providing dependent work as consultants is the target population for the specific empirical research. The interviews were done with 14 employees (sample). The interviews took place during 2013 in Athens, Greece. As a sample the employees of two consultancies (Firm A, B) were selected. The companies have all the typical features of Architectural consultancies. Company A mainly deals with private sector business/buildings (hotel units, warehouse, residences commercial developments) while company B mainly deals with public sector project. Company A has a wider range of projects, smaller budget projects, shorter-term studies, and it is dependent on private initiative. Company B, on the other hand, is fully specialized in its sector, has a small number of projects, that last a long time and their budget and is fully dependent on the public sector. Through personal interviews:

- the social and working image of each employee is outlined
- employee needs are recorded
- behaviors and factors that affect and shape the above behaviors are detected
- exploring thoughts (alternatives) for the future and next steps are recorded
- the motivation factors are identified before and during the crisis,
- investigated how employees perceive the actions of management and how they comment on
4. Discussion

4.1 Motivating factors during the economic crisis

The analysis of interviews shows that during the period of the economic crisis in Greece, the motivation factors were transformed and adapted to the new needs of the workers. Specifically:

- The motivation of stability and security has been replaced by the satisfaction of the need to belong to a social/workplace.
- The characteristics of the job (e.g., interesting job, personal responsibility for the result, which requires knowledge and skills and can be fulfilled from start to finish) continued to incite the employees, but their strength decreased.
- The characteristics of the good boss (as a motivating factor) have been greatly modified by a "person responsible and man with knowledge and skills to solve any technical problem at work" turned into "the one who will discuss with their employees their daily problems, support and will be their link with the Administration."
- The need for communication/information from management on the current situation, future actions and plans to exit the crisis has emerged as a key driver of motivation.
- Perhaps as a most important factor we can consider the image of an a leader with will and ability to cope with and overcome the crisis. Essential feature of reliability and stability.
- A form of social equality/sharing of economic losses acts as a factor of motivation. The financial difficulties combined with the parallel reduction of income they face make them feel socially degraded while their employers still hold their position. Employees are looking to see the consequences of economic losses on their employers as well.

4.2 Proposals to Management

As proposed management measures that will strengthen the above motivation factors suggested the followings:

- Verbal praises, that emphasize the appreciation of the employee work offered. Cultivating a climate of collaboration between management and employees and mutual support and appreciation.
- Working environment, where calm and good relations between colleagues predominate.
- Manager supportive and understanding of the employee personal/family problems of employees.
- A sense of security in the workplace (as far as feasible).
- Opportunities for progress and development/education. Organizing internal seminars where the existing knowledge in the organization will spread between older and younger employees and the team's working relationships will become stronger.
- Open communication and interaction with the organization's management. Organizing meetings and discussing the latest developments.
- Organization of social events within the firm will stimulate links between management and
5. Conclusion

The aim of the current research was to draw the profile of the Leader during the economic crisis based on the evidence of a group of employees. The current research initially explores the latest literature review about the crisis, crisis leadership and the motivation and highlighting its connection with the leadership. Then using a qualitative approach (twelve personal semi-structured interviews) investigates and analyzes the followings:

- the social and working image of each employee
- employee needs
- behaviors and factors that affect and shape the workplace behaviors
- exploring thoughts (alternatives) for the future and next steps
- the motivation factors before and during the crisis,
- How employees perceive the actions of management team and how they comment on the capabilities and skills of the Management.

Based on the Results of this research we couldn’t describe the perfect Leader during the economic crisis as a Transactional or Transformational or Spiritual Leader but we conclude that he needs a personality who will:

- Inspire and motivate them
- Make them feel secure and safe at the workplace (satisfying the need of belonging)
- Communicate with them and discuss future plans and actions.
- Support them and try to understand the day by day problems and difficulties
- Appreciate their work
- Give them opportunities to develop their skill (during the crisis).

This is the profile (based on the current research) and the small contribution of this study to the description of the Crisis Leader.

References


influence tactics used by lay and ordained in the Episcopal Church. Doctoral Philosophy. Virginia.


