



4th World Conference on Business, Economics and Management, WCBEM

Leadership in Crisis Management: Separation of Leadership and Executive Concepts

Tugba Fener^a, Tugce Cevik^{b*}

^a Lecturer Istanbul Kultur University, Istanbul, 34147, Turkey

^b PhD Student Istanbul University, Istanbul, Turkey

Abstract

Crisis is the truth of today's fast paced business world. Rapid organizational change, changing economic conditions, problems of personnel, unexpected technological changes and political effects cause instability on today's business world. This instability appears out of state control as economic disruptions that result in crisis. Crisis affecting our country and all other countries in the world also influences not only vacated people but also other individuals who concerns about losing their jobs. This economic uncertainty seemingly interests corporations. However environment is also one of the factors that affects crisis. If crisis isn't brought under control or managed properly, it will come about and create chain crisis. Because of the increasing chaos, change from authoritarian leadership through teamwork and participative management mentality has been observed. Commerce has been getting more and more complicated and complex. These changes have transformed traditional crisis leaders to a leader model that makes scenario analysis and work done co-ordinately with a team by gathering lots of different point of view to create optimum solution. Leadership and crisis concepts are discussed together in order that implementation of leadership in crisis can be understood. Crisis leadership is also regarded as optimally and timely assessment process of adverse condition's effects whatever its reason is. In the first section of this article which will be presented with extensive literature, general information about leadership concept from Total Quality Management principles and comparison of leader and executive concepts will be given. In the second section, leadership in crisis management will be mentioned and in the last section the importance of lead executive in crisis and its contribution to literature will be reviewed.

© 2015 The Authors. Published by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of Academic World Research and Education Center

Keywords: Leadership, Crisis Management, Total Quality Management;

* Tugce Cevik. Tel. +902124984926.

E-mail address: t.cedikci@iku.edu.tr, tugcecevik@gmail.com

1. Introduction

Impressive improvements experienced in information, communication and transportation technologies today have almost eliminated distances. Goods and services generated at different locations of the World are immediately served to all consumers in the World. Organizations compete with each other to give more qualified, cheaper and faster service to their customers in order to sustain their existence. Developments observed all over the World as Japanese miracles have been accepted as Japanese realities and though in different names, Total Quality Management has become a Management Style for competition.

It is a business approach that aims to fulfil current and future expectations of customers in a comprehensive and an economic way and to improve and develop all works with the participation of all staff. (Kantarci, 1994).

Total quality that is emphasized with its perfectness today can be defined as the following: Total quality is an approach that focuses on processes rather than organizational functions or results, that bases management decisions on the analysis of information and data that are collected appropriately and that deals with material and human organizational resources as a whole.

Total Quality Management is democracy. Everybody shall Express their views freely and join management and decision-taking process somehow. Suggestions of the staff shall be taken, valued and awarded. Communication is a must in Total Quality Management. You shall ensure a two-way and healthy communication with your staff. When all staff know the vision and mission of your organization there is synergy to attain objectives. Simple organization structure shall be used, hierarchy shall be eliminated and open-door policies shall be adopted to improve this communication.

Total Quality Mngagement is based on “Sustainable Improvement”. You shall revise all your processes and question how they can be better and faster, you shall seek for sustainable improvement. Performing team works and collecting the suggestions of staff are necessary for this. Comparisons and measurements are needed. You shall determine metrics for each process and compare their improvement with “the best of World” and “the best of Market”. (Argun, 1997)

2. Total Quality and Leadership

It has been commonly accepted that leadership has a great role in the success of Total Quality Management. It is necessary to look briefly at the changes and improvements in an organizations, i.e., to study organizational models in order to discuss the functions of leadership in TQM practice. The former model was a mechanical one which regarded the organization as a machine. Workers were regarded as the parts of that machine. There came the biological model after the mechanical model. The biological model regards the organization as an organism. There is a brain. This brain belongs to tap management. Workers are like hands and feet. Social model regards the organization as a society. Everybody in the society must have an idea and objective. The management will try to ensure interrelation among people to attain the general objective. Though the basic concept of social model first appeared in the USA, its first successful application was experienced in Japan through TQM.

Leadership functions TQM practice are the following according to the USA Quality Management Chairman, Thomas H.LEE; (Lee, 1995)

- To create a shared view and vision; in the biological model, to create a view of duty and vision is mostly the responsibility of top managers. On the other hand; participation is significant in the social model, because it is the responsibility of everybody.
- To design and run an interactive organisation
- To authorize people
- To create an ever-learning organization
- Weakness tendency
- A strategy that is defining in a particular stage

(Cafoglu, 1996) Every organization shall necessarily create information from past achievements and experiences and use these information to tend for the better for the future. Managers undertake significant roles in using these information. In modern World, where there is a great deal of competition, not ordinary managers but leaders making organizations distinct and successful are needed. (Cafoglu, 1996).

The most important role of the top manager in transfer to TQM is to remind all the time that quality can be

achieved with the efforts of everybody from bottom level to top level. If quality practices are meant to give significant results in the long-run, they shall be guided and supported by the top manager at every stage.

The top manager shall be a model, shall create training context, organize, support, encourage quality improvement groups and participate in quality improvement studies in general. Statements of managers shall not conflict with their actions in order to have a positive influence on subordinates.

Change of attitude in quality shall be reflected on everybody from top management to the bottom level management or worker units just like a water flush cleaning the former and bad habits. The important point here is to deliver the messages of top management to the very bottom level without skipping any level and to ensure that medium and bottom level managers in particular adopt the message of the concerning people. (Kovancı, 1995)

The following steps shall be hierarchically applied for the sustainable and efficient use of TQM in an organization. (Ardıç, 1997)

- To decide to apply TQM
- To define an objective for TQM
- To create a vision for TQM
- To identify TQM policy

3. Leadership in Crisis Management

3.1. The Concept and Objective of Crisis Management

Crisis management are the actions of managers who came into power in problematic times that come up due to faulty production, lack of raw materials, lack of quality, marketing etc. (Gultekin, 2002)

In other words, crisis management requires systematic decision making and establishment of the team to apply these decisions and the ability to make new decisions to achieve the results of practice as soon as possible. (Tuz, 1996)

Mitroff on the other hand defines crisis management as “a series of internal link or supervision regarding crises that might pose danger for the main processes, workers and managers and external environment of organizations”. (Bozgeyik, 2008)

(Cener, 2007) Crisis management “is a specialty requiring process which attempts to predict the events that might interrupt significant future relations”, “a process where managers try to meet their own objectives with a reasonable cost in states of danger”, “organization managers’ attempt to attain balance with minimum cost”. (Cener, 2007)

With respect to that, it is necessary to detect the problem when crisis is encountered, to identify the problem within the framework of the planned objective, to identify the most practical opportunities, to check the usefulness of resolution to shape the final resolution and to monitor the stages such as the implementation of resolution. (Tutar, 2007)

Crisis management can be defined as the process where the indicators of crisis are obtained and assessed for the risk of a potential crisis and where necessary measures are taken and applied in order to experience minimum loss in a state of crisis. In this sense, crisis management requires fast and efficient decision taking and immediate correction of the deviations. It is significant in crisis management that the organization acts fast and efficiently against any state threatening the existence and harming the activities of organization. (Akdemir, 1997)

Objectives of crisis management can be stated as the following; (Cener, 2007)

- To identify the types of crisis that might affect the decision givers and to inform them about the process of crisis,
- To enable the managers to identify and assess a crisis,
- To provide managers with several techniques in creating crisis escape plans,
- To provide the managers with necessary qualifications for the best possible management of crisis.

3.2. Definition of Crisis Leadership

Groups create leaders. Leadership doesn't reflect personality but the relationship among the group members. In this regard, leadership becomes a function such as the work of a postman or policeman and it undertakes the functions of group organization, problem solving and guiding. A person's characteristics makes him/her a leader. Intelligence, a strong personality and intuition are necessary for leadership. Assignment of power is not sufficient to become a leader. A leader shall not have the power but also shall have the ability to use that power. (Asna, 1994)

A leader doesn't mean a manager and in states of crisis an organization needs a leader more than a manager. Whereas management focuses on imitation and continuity of the present, leadership focuses on creativity, harmony and agility. Whereas a manager looks at the final total line of the end-of-period profit-loss chart, a leader also looks at the horizon line. Whereas a manager focuses on systems, supervisions, processes, policies and the structure, a leader focuses on reliability and human relations. (Shelton, 1997)

"Leadership" comes the first among the achievement criteria in crisis management. In order to call a person as a leader, he/she shall be able to unite people together and activate them, he/she shall leave a trace behind and create a difference. Having well behaviours and a message to deliver are two prerequisites of leadership. Leaders create a picture for the future with their cognitive and intellectual experiences. This is the vision of leaders. Leaders follow their messages and the people around them follow the leaders. (Tutar, 2004)

True leaders show themselves in states of crisis. New conditions and rules are valid in states of crisis. Uncertainty and pessimism are dominant. On the other hand; true leaders have their solutions in mind, that's why they are optimistic. This energy influences the others around them, because states of crisis are periods when people desire for the change of circumstances and creation of a difference. Common solutions become invalid in states of crisis. A true leader changes the status quo and certainly creates a difference. In this sense, leadership is not a "duty" but an inevitable responsibility. Another important point of crisis management is the achievement factor. It is not only necessary to perform the duty but also to reflect all characteristics of leadership in the context. (Kadıbesgil, 2008)

Leaders do not pay regard to the distinction between decision makers and implementers in performing organizational activities. They think that the main threat in an organization is not the intellectual capacities of individuals but the imprisonment of these capacities. Leaders that qualify for "crisis states leadership" value self-improvement, independent thinking and initiative taking; they do not like bureaucracy and they balance between their business lives and private lives. Leaders believe that, only when the operators attain their objectives then the organization will attain its own. Leadership is not a duty but an inevitable responsibility. Another important point of crisis management is the achievement factor. It is not only necessary to perform the duty but also to reflect all characteristics of leadership in the context. Managers become leaders if they are courageous and are able to manage risks in extraordinary situations. Leadership can enable people to come to the forefront against a risk and to come up with an unexpected offer when ordinary people have accepted the lack of alternatives. (Tutar, 2004)

A leader is born when there comes the need for crisis management. Leadership emerges at this moment and lightens the path, creates sources, guides the way, takes decisions, initiates and operates actions. (Gultekin, 2002) During states of crisis people need powerful, self-confident and accessible leaders. (Luecke, 2008) As intra-organizational links become weak in states of crisis and the organizational climax is disrupted, it necessary to struggle with the crisis and also to motivate the staff to struggle with crisis. Leaders shall overcome the state of crisis where there is a chaos environment in the organization, they shall restructure the organization and adopt it to the changing environmental circumstances. So we can conclude that, a leader has a significant role in crisis management. Thus; it is necessary to study the characteristics of a leader in crisis management.

Qualifications of leader managers regarding crisis management can be stated as below; (Cener, 2007)

- The ability to catch the signals of crisis.
- Preparation and protection against crisis.
- Efficient decision taking throughout the crisis management process.
- The ability to use power throughout the crisis management process.
- The ability to plan the crisis management process.
- The ability to organize the crisis management process.
- The ability to ensure communication throughout the crisis management process.

- The ability to ensure coordination throughout the crisis management process.
- The ability to supervise the crisis management process.
- The ability to shift to normal state.
- The ability to learn and assess throughout the crisis management process.

3.3. *Leader Management in Crisis Management*

Crisis management is the whole of activities applied in a planned, systematic and rational way in order to eliminate the state defined as a crisis. Its systematicity enables initiation of the step-by-step decision making process and formation of the team to apply these decisions and taking new decisions according to the results of the practice.

Three types of process management are generally used to overcome crisis in organizations: Pre-crisis, crisis and post crisis management. In pre-crisis process, the management aims to perceive the indicators of crisis and transform crisis conditions into an achievement. Crisis management, which is the type of management during the state of crisis, is the stage where a potential state of crisis is predicted and necessary precautions are taken in order to avoid crisis. When the state of crisis is over, post-crisis process starts. At this point, leader managers shall find appropriate solutions that are adapted to changes and bring new dimensions to their activities and strategies. (Bayazıt *et. al.*, 2003)

The significant point in crisis management is not trying to find a way out of crisis or solving crisis but avoiding it even before it emerges or turning the state of crisis into an achievement for the organization. In most cases of crisis, pre-conditions triggering crisis are already present. One of the main properties of modern management policy is to presume any potential problem and to prevent crisis. Furthermore; it is also important to take rational managerial precautions in times of crisis that came up due to external and unpredictable natural, political, economic and technical and environmental reasons and to apply these precautions successfully. (Peker and Ayturk, 2000)

Balcı (1995) states the elements of crisis management as the following. “Forming crisis management team; working with professional consultants, setting up crisis management plan, knowing about work laws; providing coaching and consultancy, adoption of disciplined actions. The easiest way to overcome a crisis is to try to solve the problem with team work of the managers. Thus; crisis management teams shall be formed in every organization. Crisis management team shall not be crowded and shall consist of specialist persons to apply to in states of crisis. These teams work to discuss the potential risks the organization might face and how to deal with these. (Muat and Mısırlı, 2005)

Team work will create a tendency among staff to work in cooperation against the state of crisis. (Basaran, 1998) Strategies needed for crisis management are identified by the crisis management team; this team consists of people brought up dedicatedly against the risks of crisis. It is necessary to set up an urgent information centre of extraordinary crisis control centre in order to manage the team from a single centre. (Tutar, 2004)

Crisis environments require immediate decision making and implementation. Consequently; crisis management requires leader managers with a vision. In modern world, leader management includes foresight for the future, identification of realistic vision and objectives for the future of organization, and motivating people to for the realisation of these. Foresighted leaders who have vision are able to assess the potential of their staff well and persuade them that they can do better than they did. (Sisman and Turan, 2002) Thus; leader managers who have vision get into motion as soon as they perceive the indicators of crisis and guide the staff and the team accordingly.

The most significant burden regarding crisis management is the fact that some manager can rather stick to regulations. As they wish to see all their actions and operations stated in laws, they cannot take immediate decisions in unexpected events. This affects the management of organization adversely. (Aykaç, 2001) Consequently; leader managers shall be able to take immediate decisions when needed.

According to Can (1992), crisis management is the process where the organization seeks to take and apply necessary precautions to overcome the state of crisis with minimum loss. This process has five stages:

- Perceiving crisis signals; as the signals of crisis indicate the existence and violence of the upcoming crisis, managers shall be sensitive to these signals.
- Preparedness for crisis and protection; the organization shall use the signals of crisis it has received via early warning systems and get prepared and take necessary precautions against crisis.

- Taking crisis under control; though early warning, avoidance and protection mechanisms might work efficiently in some cases, it might not be able to overcome crisis completely. Thus; data collected at the first two stages are used to monitor the process of crisis.
- Shifting to normal state; it is necessary to make the organization stable again once the crisis has been taken under control and overcome.
- Learning and assessment stage; it includes the revision of decisions and precautions taken and practices applied during crisis and taking lessons from the state of crisis.

According to Peker and Ayturk (2000), crisis call plan and crisis immediate action plan shall be prepared firstly for crisis management. Crisis management centre and crisis teams shall be established. Crisis communication system shall be set up and the trust and support of people shall be ensured. An authoritative type of management shall not be used during this process. On the other hand; disciplinary measures shall be taken and applied, successful staff shall be awarded and society shall be motivated. Finally; crisis process and crisis management shall be assessed well.

In summary, in order to overcome the unexpected states of crisis successfully, leader managers shall be knowledgeable and skilled. Because if organizations are not managed well during crisis, new problems will show up inevitably.

4. Conclusion

Crisis is an unpredictable state that disrupts normal operations of the organization and that requires immediate action taking. As states crisis cannot be predicted beforehand and they deactivate normal processes, it is required to plan an efficient crisis management and a sound management skill. Crisis management plan can minimize damages of a potential crisis and ensure preparedness against crisis. Just as it is wrong to see crisis as a destiny of the organization and thus cede it to its fate, it is also wrong to take no precautions and not set up a crisis action plan by assuming that the organization will never encounter a crisis. If organizations are to attain their objectives, they shall identify potential states of crisis and set up necessary sub-structure systems, operation processes and strategies.

States of crisis creates motivation and empowers mutual trust. This is a common conscience desired to be created by leaders in regular times. A crisis also enables the leader to take and apply decisions in an authoritative way as it ensures cooperation for the achievement of objectives. Normally, leaders negotiate with the other around in order to attain the objectives and reach a common point with great difficulties and in a longer time. As leaders would not allow for optimistic decisions with negative data, the data gathered shall be approached carefully, calmness shall be preserved and any attitude that might lead to wrong information or ignorance shall be avoided. Overreacting to a state of crisis can bear results that are worse than giving no reaction.

As in all other types of management TQM cannot be regarded as a common cure to solve all problems on its own. It shall be adapted according to the structure of the organization and implemented rationally to ensure fulfilment of expectations. These activities can eliminate so called policies of quality and a satisfactory and lively system can be achieved.

Activities shall not deviate from the real objective; all in all, TQM is a tool used to give a better quality training, to bring the organization to a better condition, to ensure sustainable development and to serve better to all groups that have expectations from the organization. TQM shall not be transformed into an objective instead of a tool, main objectives and priorities shall always be considered.

TQM is a long-term activity. As TQM will change the activities of organizations significantly, it shall not be assumed that quality will be attained easily. It shall always be kept in mind that, TQM is a team work. If top management has given top priority to this issue and has set up a team that has adopted TQM policy, then success would be inevitable.

In states of crisis, a leader shall be able to find out ways of solution that will include all staff besides the crisis team. During a state of crisis a leader shall be able to let the staff express their opinions freely and appreciate their reactions, shall avoid restrictions, shall enable people to access information directly rather than feeding factors that might cause gossip, encourage them to focus on work, create an environment where they can brain storm and give feedback, revise security plans and be patient.

References

- Akdemir, A. (1997). Changes in Management Policy and The Profile of a Changing Leader, Symposium on Leadership in 21st Century, (5th-6th June) Volume: 2, Naval Military College, İstanbul.p.349
- Ardic K., (1997). "Management Policy in Total Quality Management" (İstanbul) p.550-551
- Argun T. ,(1997). Total Quality Management (Executive Excellence Journal Issue: 8th November) p.10
- Asna A., (1994). Personal Relations Knowledge for Bank Staff, İstanbul: Law on Banking and Trading Research Institute's Issue. s. 107-108
- Aykac, B., (2001). "Crisis and Crisis Management in Public Management", G.U. FEAS Journal, Issue (2).p.127
- Balci, A., (1995). Organizational Development, Ankara: Pegem Special Education Services. p.86
- Basaran, I.E., (1988). Education Management. Ankara: Gul Publishing. Peterr, R. And R.Waterman. (1982). In Search of Excellence. New York: Harper-Row.p.41
- Bayazit, Z.D., Cengel O., Tepe F.F., (2003). "Crisis Management in Organizations and a Case Study". 11th National Management and Organization Congress Leaflet of Notices. Afyon.p.366-377
- Bozgeyik, A., (2008). Rising From Crises. İstanbul: Beta publishing.p.30
- Cafoglu Z., (1996). Total Quality Management in Education (Serce Publishing İstanbul) p. 52-54
- Can, H., (1992). Organization and Management, Ankara: Adım Publishing.p.300
- Cener, P., (2007). Crisis Management. <http://www.danismend.com/02.01.2015.p.4-5>
- Gultekin, M. K., (2002). Management in Crisis, Check-Up in Crisis, Ways out of Crisis. p.10-50
- Kadibesegil, S., (2008). Crisis Announces It Is Coming, 3.b., İstanbul: Mediacat Publishing.p.116
- Kantarci H., (1994). Total Quality Management (TUSIAD View Journal November December) p.48
- Kovanci A., (1995). The Role of Top Management in Setting Up a Successful Total Quality Management Process (Ankara) s.741
- Lee T. H.,(1995). Quality Management and Leadership (Verimlilik Journal Special Edition 1995) p.17-24
- Luecke, R., (2008). The Ability to Prevent Disasters, Crisis Management. Harvard Business Essentials, Trns. by. Onder Sarkaya. İstanbul: Yayıncılık Publishing. p.107
- Murat, G. ve Mısırlı, K., (2005). "Crisis Management in Small and Medium Scaled Organizations: Caycuma Case" ZKU Social Sciences Journal, Issue 1.p.9
- Peker, O. ve Ayturk, N. (2000). Efficient Management Skills, Ankara: Yargı Publishing p.385-386,392-396
- Shelton K., 1997. Beyond So-Called Leadership, İstanbul: Rota Publishing.p.12
- Sisman, M. ve Turan, S., (2002). Total Quality Management in Education: Theory and Practice. Ankara: Pegem Publishing.p.49
- Tutar, H., (2004). Crisis and Stress Management. Ankara: Seckin Publishing.p.105-148
- Tutar, H., (2007). Management in States of Crisis and Stress. Second Edition. İstanbul.p.85
- Tuz, M. V., (1996). Business Management in State of Crisis, Bursa: Ekin Bootstore, 1st Edition p.85