



# CHANGE MANAGEMENT: A STUDY ON HOW TO LEAD YOUR ORGANIZATION DURING CRISIS

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**Abstract:** Crisis is the truth of today's fast paced business world. Rapid change in organization, changing economic conditions, problems of employees, unexpected technological changes and political effects cause instability on business world. This instability appears out of state control as economic disruptions which result in crisis. Crisis that affect our country as well as 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. An environment is also one of the factors that affects crisis. If crisis are not brought under control or managed properly, they 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 is getting more and more complicated and complex. These changes have transformed traditional crisis leaders to a leader model which makes scenario analysis and work done in co-ordination 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 easy to understand. Also, Crisis leadership is regarded as optimally and timely assessment process of adverse condition's effects whatever its reason is.

**Index Terms** - Change, Change Management, Crisis, Crisis Management, Leadership, Crisis Leadership, Effective Communication.

## I. INTRODUCTION

**Change Management:** Change Management is an application structural approach to transition either on individual or group from current state to future state in order to achieve expected benefits and organizational objectives. Organizational change is an implementation of latest procedures or technologies intended to realign a corporation with the changing demands of business & work environment and to maximize business opportunities. It is the process of recognizing, guiding, and managing all human emotions and reactions in such a way which minimizes the inevitable drop in productivity that accompanies change.

**Crisis:** A business crisis is an event, or a series of events, which causes major disturbance for a business. A crisis typically occurs impromptu and poses intense difficulty or danger for the business, usually in a situation where time is short and decisions making have to be quick. A crisis is a progressive process that may not be restricted to one area within a common border. It may catch rapidly and emerge with other crises, and its consequences are extended (Hart, Heyse & Boin, 2001). The word 'crisis' is being used interchangeably with a number of other terms, including disaster, business interruption, catastrophe and emergency.

**Leadership:** Leadership is a power where one person has the ability to influence or change the values, beliefs, behaviour and attitudes of another person (Ganta, and Manukonda, 2014). A person with strong leadership ability will be a good example or role model to their employees as the leader who is able to effectively achieve some good result or achievement gains the trust and admiration of their employees, and inadvertently changes their values, beliefs, behaviour and attitudes, for mimicry is the sincerest form of flattery (Grint, 2007). This statement is also supported by Northouse (2009), who mentions that leaders who possess strong leadership have the strength to influence others to achieve the goals of the organization. Effective leadership is one of most essential parts of the overall method for an organization to sustain the business in the phase of problems caused by the rapid growth of the economic environment. (CabezaErikson, Edwards, and Van Brabant, 2008) Leaders are the one who control and take charge of the operation of an organization and good leaders are able to set optimistic goals and objectives while steering the operation of the company towards those goals by creating and working with effective strategies. Other than that, good leaders can also influence their employees and motivate them by strengthening a positive organization culture and through generous employee benefits, health care insurance, worker compensation, leave benefit and others.

## II. LITERATURE REVIEW

Each & every organization has forces for the change and stability (Leana and Barry, 2000). Though the type of change and the process of change are both important building blocks in any model for dealing with change, there is also a third important factor which is a readiness to change in the particular organization. The readiness factor acts like a bridge between identifying what needs to happen and the activities of implementing the change. Struckman and Yammarino (2003) combines sorts of change with the readiness to vary, but don't take the method under consideration. The readiness to change is going to be the third component of the change model.

Crisis is the fact of today's fast paced business world. Rapid organizational change, changing economic conditions, problems of the employees, unexpected technological changes and political effects cause instability on today's business world. This instability appears out of state control as economic disruptions which result in crisis. Crisis that affect our country as well as 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. An environment is also one of the factors that affects crisis. If crisis are not brought under control or managed properly, they 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 is getting more and more complicated and complex. These changes have transformed traditional crisis leaders to a leader model which makes scenario analysis and work done in co-ordination 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 easy to understand. Also, Crisis leadership is regarded as optimally and timely assessment process of adverse condition's effects whatever its reason is.

A crisis is a low-probability, high-impact event which threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly. At present, there is a great need for leaders from all walks of life to show that they have the skills and competence to lead during times of crisis. Mismanaging a crisis have ended the careers of many CEOs. The CEO of BP lost his job over his handling of the BP oil spill off the Gulf coast in 2010. It is not always necessary that an effective leader is also effective at crisis management. Crisis leaders sometimes also face challenges which are absolutely different from other normal operations. Crisis leadership requires the application of skills, knowledge, and abilities which goes beyond those required for day-to-day work. That is the reason why the incorporation of crisis planning in every organization's strategic plan is critical. Everyone is aware of the headlines involving corporate scandals, accounting fraud, ethical lapses in judgment, and allegations of workplace discrimination. Warren Bennis says that crises are always crucibles of leadership in that sooner or later some transformative event or experience comes along that is central to finding one's voice, learning how to engage others through shared meaning, and acquiring the other skills of leadership. In present eruptive global marketplace, many experts believe that organizations (whether for-profit or not-for-profit) should recognize the inevitable—that crises are going to emerge. With bad fortune, crisis response plans are not as widespread as one would expect. Many experts and scholars agree that while a precrisis response plan will not prevent a crisis, it can minimize financial loss and long-term damage to a firm's reputation.

Crises can come in many forms such as natural disasters (the 2010 earthquake in Haiti and the 2011 earthquake in Japan and subsequent nuclear accident), terrorist attacks (the July 24, 2011, mass shootings in Oslo, Norway, where quite 70 people were killed), product failures (the Toyota recall crisis of 2010), human error disasters (the BP Deepwater Horizon well exploding in April 2010 which sent oil gushing for three months into the Gulf), unexpected death of a CEO (McDonald's CEO and Chairman, Jim Catalupo), and system failures (the Challenger accident and Chernobyl nuclear plant explosion). Many of the crises don't always make the front pages of newspapers or aren't featured in the TV news, such as sexual harassment, executive misconduct, sabotage, and succession crisis.

Choi, Sung and Kim (2010) mentioned the main elements which crisis manager needed are: perception, empathy and empowerment. Patton (2007) has extended all the three elements to leadership, team building, networking, coordination, and political, bureaucratic and social skills. Handling the operational issues, strategy, human resource and outcomes while crises arise are typical elements of crisis leadership (Wang & Belardo, 2005). Leadership style has a significant impact on the level of success of any effort, particularly events demanding a quick response (Lester & Krejci, 2007). Karim (2016) proposed a research model describing styles, characteristics and skills, with the help of which combination the leader should be able to respond and deal with crises. Fragouli and Ibidapo (2015) stated that crises require leaders who do not follow the norm and are able to take advantage of such a crisis to bring about change and grow the organisation. Arranz focused on the difficult position of a crisis manager. A crisis clarifies where people stand and, in many cases, managers have to stand alone. This also means stepping out of the box, usual or expected, and it can be a chance for people to shine (Civelek, Çemberci & Eralp, 2016).

Top management affects an organisation's ability to minimize the severity of these crisis events. Management at the highest level must not boycott, avoid or patiently tolerate the anti-crisis activities of managers at lower levels (Crandall, Parnell & Spillan, 2014). Heterogeneity in the group exhibits a curvilinear relationship with the severity of crises (Greening & Johnson, 1997).

A leader is not always 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 for 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 make a difference. Having well behaviours and a message to deliver are two important 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 own experiences and the people around them follow the leaders. (Tutar, 2004)

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

1. The ability to catch the signals of crisis.
2. Preparation and protection against crisis.
3. Efficient decision taking throughout the crisis management process.
4. The ability to use power throughout the crisis management process.
5. The ability to plan the crisis management process.
6. The ability to organize the crisis management process.
7. The ability to ensure communication throughout the crisis management process.

## **[1] Major Crisis All Over the World:**

### **1.1 The Stock Market Crash of 1929**

The value of the US stock market almost got doubled in a frenzy of speculative buying in the eighteen months before the crash began on “Black Thursday,” October 24, 1929. On that day, and on “Black Tuesday,” October 29, panic set in as millions of shares of stock traded over ever-falling prices.

Downturn of October 1929 was only the beginning of the market collapse. By mid-November the stock market had lost a third of its September value, and when the market hit bottom by 1932, stocks had lost ninety percent of their value. A share of US Steel that was sold for \$262 before the crash sold in 1932 for \$22.

The stock market crash indicated the beginning of the Great Depression, but it was only one factor among many root causes of the Depression. A weak banking system, collapse in already-low farm prices, and industrial overproduction each contributed to the economic downturn. The 1930 disaster, Hawley-Smoot Tariff (which raised average tariff rates to just about 60 percent) caused America’s international trading partners to retaliate by raising rates on US-made goods. The result was shrinking international trade and a further downturn in global economies.

As the effects of the Depression contracted across the US economy, millions of people lost their jobs. There were 4.3 million unemployed by 1930; by 1931, 8 million; and in 1932 the number had risen to 12 million. By early 1933, almost 13 million were out of work and the unemployment rate stood at 25 percent. Those who managed to retain their jobs often took pay cuts to a third or more.

Out of work Americans filled long breadlines, begged for food, or sold apples on street corners to get some money. A Chicago social worker mentioned that “We saw Want and Despair walking the streets, and our friends, sensible, thrifty families, reduced to poverty.”

More than a third of the country’s banks failed in the three years following 1929. It was very common to watch long lines of desperate and despairing people outside banks hoping to retrieve their savings. When banks failed, many ordinary citizens lost their life savings.

Farmers were hit hard by the crisis. On top of falling prices for crops, a big drought in Oklahoma, Texas, and Kansas brought on a series of dust storms named as the Dust Bowl. In the South, both white and black shopkeepers endured crushing poverty and almost unimaginable degradation. African Americans suffered a definite higher levels of unemployment than whites due to pervasive racism.

The financial crisis was not limited to the United States but, countries in Europe and around the world experienced the depression as well. Hitler’s rise to power in Germany was fuelled in part by the economic slowdown, and throughout the 1930s international tensions increased as the global economy was downfallen.

#### **1.1.1 President Hoover's response to the crisis**

In the beginning, Hoover met the economic downturn from the attitude of his long-held voluntarist principle that's , his belief in minimal government interference within the economy, also as a conviction saying direct public relief to individuals would weak individual character, turn people far away from the work-ethic, and lead them to develop a dependency on government handouts. Hoover, by 1932 reversed his earlier approach and embraced government intervention within the economy. The 1932 Reconstruction Finance Corporation (RFC) authorized the lending of \$2 billion to banks, railroads, and other privately held companies, and in July 1932 the federal appropriated \$300 million for first relief and structure projects of nation. For many, however, these actions were insufficient, too late. Shantytowns of makeshift hovels labelled “Hooverville’s” in disgust with the president’s inaction within the face of crisis which grew up across the country publicly parks and in vacant lots, because the out-of-work, unable to pay mortgages or rent, were evicted from their homes. In November 1932, Franklin D. Roosevelt was elected president during a landslide, winning 57.4% of the vote to Hoover’s 39.7%.

### **1.2 Oil Embargo, 1973–1974**

During 1973 war of Arab-Israel, Arab members of the Organization of Petroleum Exporting Countries (OPEC) imposed an embargo against the us in retaliation for the U.S. decision to re-supply the Israeli military and to realize leverage within the post-war peace negotiations with which Arab OPEC members also extended the embargo to other countries who supported Israel including Netherlands, Portugal, and South Africa. The embargo banned petroleum exports to the targeted nations also as introduced cuts in boring. Within few years of negotiations between oil-producing nations & oil companies had already destabilized a decades-old system, which worsened the embargo’s effects. The full impact of the embargo, including high inflation and stagnation in oil importers, resulted from a posh set of things beyond the proximate actions taken by the Arab members of OPEC. The declining leverage of the U.S. & European oil corporations which had hitherto stabilized the worldwide oil market, the decrease of excess capacity of East Texas oil fields, and therefore the recent decision to permit the



U.S. dollar to float openly within the international exchange all played a task in exacerbating the crisis. Once the broader impact of those factors set in throughout the us, it triggered new measures beyond the April and November 1973 efforts that focused on energy conservation and development of domestic energy sources.

Syria and Egypt attack Israel on October 6, 1973, on the Jewish holy day of Yom Kippur. On October 19, with the war still underway, the Nixon administration announces a \$2.2 billion military aid package to Israel. Arab states respond by suspending oil shipments to nations supportive of Israel. The embargo reduces traded oil supplies by 14 percent internationally. Gasoline prices within the us increase the maximum amount as 40 percent within a couple of months. Consumers in Europe, Japan, and therefore the us begin to panic over oil shortages. Hours-long lines at gas stations form across America as people start to hoard gas supplies following gas rationing and price controls. President Nixon on November 7 announces a swath of latest energy policies and "Project Independence," a goal of U.S. energy independence by 1980.

### 1.3 Indian economic crisis,1991

The 1991 Indian depression had its roots in 1985 when India began having balance of payments problems as imports swelled, leaving the country during a twin deficit: the Indian trade balance was in deficit at a time when the govt was running on an outsized fiscal deficit. By the top of 1990 within the run-up to the Gulf War, things became so serious that the Indian exchange reserves could barely finance three weeks' worth of imports while the govt came on the brink of defaulting on its financial obligations. By July that year, the low reserves had led to a sharp depreciation of the rupee, which in turn exacerbated the twin deficit problem. Chandrasekhar government couldn't pass the budget in February 1991 at an important time when Moody had downgraded India and it further went down after the budget wasn't passed and global credit-rating agencies further downgraded India from investment grade making it impossible to even get short term loans and therefore the government was in no position to offer any commitment to reform the economy. The World Bank and IMF also stopped their assistance, leaving the govt with no option except mortgaging the country's gold to avoid defaulting on payments.

Recovery: With India's exchange reserves at \$1.2 billion in January 1991 and depleted by half by June, only enough to last for roughly 3 weeks of essential imports, India was only weeks faraway from defaulting on its external balance of payment obligations.

Government of India's immediate response was to secure an emergency loan of \$2.2 billion from the International fund by pledging 67 plenty of India's gold reserves as collateral security. The Federal Reserve Bank of India had to airlift 47 plenty of gold to the Bank of England and 20 plenty of gold to the Union Bank of Switzerland to raise \$600 million. The van transporting the gold to the airport broke down enroute due to tyre burst and panic followed. The airlift was through with secrecy because it was wiped out the midst of the 1991 Indian General elections. National sentiments were outraged and there was public outcry when it had been learned that the govt. had pledged the country's entire gold reserves against the loan. A chartered plane ferried the valuable cargo to London between 21 May and 31 May 1991, jolting the country out of an economic slumber. The Chandra Shekhar government had collapsed a couple of months after having authorised the airlift. The move helped bridge over the balance of payment crisis and kick-started P.V. Narasimha Rao's economic reform process.

The program of policy reform which was put in situ in 1991 has yielded amazing results, dramatically improving the standard of life in India. Trade liberalisation in India has also corresponded with a dramatic rise in inequality and associated social issues, but these are normal for a developing economy.

The Indian GDP rose from \$266 billion in 1991 (inflation adjusted) to \$3 trillion in 2019 (1100% increase) while its purchasing power parity rose from \$1 trillion in 1991 to \$12 trillion in 2019 (1100% increase).

### 1.4 Corona Virus Outbreak: COVID 19, 2020

The coronavirus outbreak came to light on New Year's Eve, 2019 when China informed the planet Health Organisation of a cluster of cases of pneumonia of an unknown cause in Wuhan City in Hubei Province. Subsequently the disease spread to more Provinces in China, and to the remainder of the planet. The WHO has now declared it a pandemic. The virus has been named as SARS-CoV-2 and therefore the disease is now called as COVID-19.

As the COVID-19 pandemic spreads around the globe, it is fast becoming a major emergency also for psychiatry and the entire field of mental health. Enormous stress, negative emotions, and a sense of uncertainty are adversely affecting people with pre-existing mental health conditions by causing exacerbations of symptoms, causing relapses, and acting as a potential trigger for onsets of new cases of illness. The mental health consequences might be particularly serious not just for the patients with a severe case of COVID-19, but also for their caretakers and the health professionals who must bear the brunt of the crisis. 1 Immediate and specifically targeted mental health interventions must therefore be part of the overall public health response to the crisis. 2 As the pandemic unfolds, with as yet unforeseeable consequences, it seems increasingly likely that, in addition to medical, economic and social implications, it will exert a long-term impact on mental health globally. Even when the outbreak is ultimately contained, the psychosocial repercussions of enforced social distancing, the disruption of normal behavioural patterns, and major changes to the established norms of individual and collective behaviour, aggravated by economic disruptions and the gradual adjustment to the 'new normal' will likely affect the mental well-being of global communities on a scale unprecedented in recent history.

### 1.4.1 Impact of Outbreak

- Global shares take a hit
  1. Big shifts in stock markets, where shares in companies are bought and sold, can affect the value of pensions or individual savings accounts (ISAs).
  2. The FTSE, Dow Jones Industrial Average and the Nikkei have all seen huge falls since the outbreak began on 31 December.
  3. The Dow and the FTSE saw their biggest quarterly drops in the first three months of the year since 1987.
  4. Investors fear the spread of the coronavirus will destroy economic growth and that government action may not be enough to stop the decline.
  5. In response, central banks in many countries, including the uk, slashed interest rates. That should, in theory, make borrowing cheaper and encourage spending to spice up the economy.
  6. Global markets did also recover some ground in late March after the US Senate passed a \$2 trillion (£1.7tn) coronavirus aid bill to help workers and businesses.
- More people seeking work
  1. In the United States, the number of people filing for unemployment hit a record high, signalling an end to a decade of expansion for one of the world's largest economies.
  2. Close to one million people in the United Kingdom also applied for benefits in just two weeks at the end of March.
  3. The surge in universal credit applications followed government measures to limit the spread of the virus, including closing pubs, restaurants and non-essential shops.
- Oil prices crash
  1. Demand for oil has all but dried up as lockdowns across the world have kept people inside.
  2. The crude oil price had already been affected by a row between Opec, the group of oil producers, and Russia. Coronavirus has driven the price down further.
  3. Brent crude is the benchmark used by Europe and the rest of the world. Its price dipped below \$20, to rock bottom level seen in 18 years.
  4. In the United States, the price of a barrel of West Texas Intermediate (WTI) turned negative for the first time in history.
- Risk of recession
  1. The International Monetary Fund (IMF) says that the global economy will shrink by 3% this year.
  2. The IMF described the decline as the worst since the Great Depression of the 1930s.
  3. Although it said that the coronavirus has plunged the world into a "crisis like no other", it does expect global growth to rise to 5.8% next year if the pandemic fades in the second half of 2020.
- Turn to technology
  1. Governments around the world have urged employees to work from home where possible.
  2. Shares in technology companies such as Zoom have shot up as more people rely on video conference calls and email to hold meetings or get tasks done.
  3. The demand for online shopping and entertainment has also soared as people stay indoors.
  4. Amazon's share price has hit new highs, while streaming platform Netflix was at one point a more valuable company than oil giant ExxonMobil.
- Travel among hardest hit
  1. The travel industry has been badly damaged, with airlines cutting flights and customers cancelling business trips and holidays.
  2. Governments around the world have introduced travel restrictions to try to contain the virus.
  3. The EU banned travellers from outside the bloc for 30 days in an unprecedented move to seal its borders because of the coronavirus crisis in March.
  4. In the US, the Trump administration has banned travellers from European airports from entering the US.
  5. Data from the flight tracking service Flight Radar 24 shows that the number of flights globally has taken a huge hit.
- The effects of lockdowns are visible
  1. As many countries and world capitals have been put under strict lockdown, major industrial production chains have been brought to a halt.
  2. The European Space Agency has registered an impressive fall in pollution across the European skies.
  3. A similar trend has been detected across India's industrial hubs, where strict lockdown measures have been in place since March.
- Factories in China slowed down
  1. In China, where the coronavirus first appeared, industrial production, sales and investment all fell in the first three months of the year, compared with the same period in 2019.
  2. China makes up a third of manufacturing globally, and is the world's largest exporter of goods.
  3. Restrictions have affected the supply chains of large companies such as industrial equipment maker JCB and carmaker Nissan.

#### 4. Shops and car dealerships have all reported a fall in demand.

Angel Gurría, OECD Secretary General, said the economic shock was already bigger than the financial crisis. He told the BBC it had been "wishful thinking" to believe that countries would recover quickly. The OECD has called on governments to tear up spending rules to make sure speedy testing and treatment of the virus. Mr Gurría said a recent warning that a significant outbreak could halve global growth to 1.5% already looked too optimistic. While the amount of job losses and company failures remains uncertain, Mr Gurría said countries would be **handling** the economic fallout "for years to come". He said many of the world's biggest economies would fall under recession within the coming months - defined as two consecutive quarters of economic decline. "Even if you do not get a worldwide recession, you are going to urge either no growth or negative growth in many of the economies of the planet, including a number of the larger ones, and thus you are going to urge not only low growth this year, but also it's getting to take longer to select up within the within the future," he added. Mr Gurría said the economic uncertainty created by the virus outbreak meant economies were already suffering a much bigger shock than during the 9/11 terror attacks or the 2008 financial crisis. He said: "And the rationale is that we do not skills much it's getting to fancy fix the unemployment because we do not skills many of us are going to end up unemployed. We also don't know how much it's going to take to fix the hundreds of thousands of small and medium enterprises who are already suffering. "Governments around the world have taken unprecedented steps to support workers and businesses during the outbreak. Policymakers in the UK have pledged to pay the wages of employees unable to work due to the coronavirus pandemic. Mr Gurría called on governments to tear up borrowing rules and "throw everything we got at it" to affect the crisis. However, he warned that bigger deficits and bigger debt piles would also weigh down heavily indebted countries for years to return.

As India's lockdown to contain Covid-19 brings the economy to a grinding halt and businesses **pack up**, the newest episode of the Centre for Policy Research's podcast looks at its impact on the percentage, labour force participation, and therefore the overall income of people and businesses. The economy was still recovering from the shocks of demonetisation and Goods and Services Tax, and therefore the lockdown has accentuated concerns around labour force participation and income levels, which have dropped staggeringly. While framing its post-lockdown strategy, what must the **govt** do to make sure that households across the country have enough to satisfy basic requirements? In the sixth episode in the series on the coronavirus pandemic, Yamini Aiyar, President and Chief Executive of the Delhi-based think tank, speaks with Mahesh Vyas, Managing Director and Chief Executive Officer of the Centre for Monitoring the Indian Economy.

Sharing findings from the centre's regular household surveys, Vyas points out that unemployment rate shot up to 23%-24% from 7%-8%, labour force participation rate dropped to 35.5% from 43%, and over 45% households reported a discount in income compared to a year ago. He recommends better communication from local governments to create confidence among workers and direct income transfers, like a **minimum** of two months of salary, to beneficiaries despite chances of wastage.

#### ➤ Post Covid Economic Plan

Needless to say that the pre-coronavirus world was a huge challenge, and many in the world were worried about the terrible price we would pay if we do not change our ways. We were literally counting days to when the whole planet would become unfit for human existence, especially because of the effects of climate change. We were under serious threat of massive unemployment created by the new disrupted world, especially with artificial intelligence. Our major wealth concentration was, and still is, within the hands of the few. Income inequality gap was rising to dangerous levels. We were reminding one another that the present decade is that the decade of last chance, and our efforts after this may bring only marginal results, inadequate to save our planet. Should we go back to that world? The choice is ours.

##### • A fresh start

Coronavirus has suddenly changed the context and calculus of the world. It has opened up audacious possibilities that never existed before, and suddenly we have a tabula rasa. We have unbelievable freedom of choice and we can choose to walk in any direction. Before we restart the economy, we must agree on what quite economy we would like. First and foremost, we have to agree that the economy is a means to facilitate us to reach the goals set by us. It should not behave like a death trap designed by some divine power to punish us. We should not forget for a moment that it is a tool made by us. We must keep it up designing and redesigning it until we reach the very best collective happiness. If at any point, we feel that it is not taking us where we want to go, we must immediately know that there is something wrong and fix it. We cannot excuse ourselves by saying, 'Sorry we cannot achieve our goals because our software or hardware won't allow us to do that'. If we would like to make a world of zero net carbon emission, we build the proper hardware and software for it. If we want a world of zero unemployment, we do an equivalent. If we would like a world where there'll be no concentration of wealth, we do the same. It is all about building the proper hardware and therefore the right software. The power is in us. When human beings set their minds on something, they get it done. Nothing is impossible. Coronavirus crisis gives us a fresh start — to design our hardware and software with a clean slate.

##### • Redesigning based on social and environmental consciousness

One simple unanimous global decision will help us tremendously. A clear instruction that we don't want to go back to where we came from. We don't want to jump into the same frying pan in the name of jump-starting the so-called



‘recovery’ process. We should not even call it a ‘recovery’ programme. To make our purpose clear, we may call it a ‘reconstruction’ programme. Businesses will be made to play the key role to make it happen. The point of departure for post-coronavirus reconstruction programme must be to place social and environmental consciousness firmly at the centre stage for all decisions. Governments must guarantee that not a single dollar would be offered to anyone, especially for a bailout, unless they are sure that it will bring maximum social and environmental benefit to society, compared to other options. All the reconstruction-related actions must lead to creation of a socially, economically, and environmentally conscious economy for the country, as well as for the world.

- **Time is NOW**

We start with ‘reconstruction’ packages for socially conscious plans and actions. We must design our plans right now when we are in the thick of the crisis. When the crisis are going to be over, there'll be a stampede of old ideas and old samples of bailout. Strong cases will be made to derail the new initiatives by saying these are untested policies. When we proposed that the Olympic Games are often designed as social businesses, opponents made an equivalent argument. Now Paris Olympic 2024 is being designed that way with increasing excitement. We'll have to get ready before the stampede begins. Time is NOW.

- **Social business**

In this comprehensive reconstruction plan, one among the tectonic shifts, I propose, is to offer the central role to a replacement sort of business called social business. It is a business created solely for solving people's problems, without any personal profit for the investors, except to recoup the original investment. After the original investment comes back, all subsequent profits are ploughed back into the business. Governments will have many opportunities to encourage, prioritise, open up space for social businesses to undertake major redesigning responsibilities. At the same time, governments should not expect social businesses to show up everywhere they are needed. Governments must launch their programmes, like taking care of the destitute and therefore the unemployed through traditional welfare programmes, offering healthcare, reviving all essential services, and supporting all kinds of businesses where social business options won't be immediately feasible. To speed up the entry of social businesses, governments or individuals can create Social Business Venture Capital Funds, centrally and locally, and encourage private sector, foundations, financial institutions, investment funds, to fund them. Governments must encourage traditional companies to become social businesses, or at the very least, be socially responsible businesses by encouraging them to create joint venture social businesses. Under the rebuilding programme, governments can finance social businesses to buy companies, and tie-up with needy companies. Central banks can allow social businesses, like other businesses, to receive financing and invest in stock market. There will be many opportunities arising during the rebuilding process and governments should involve as many social business actors as possible.

- **People are born entrepreneurs, not job-seekers**

Reconstruction programmes must break the traditional division of work between citizens and the government. It is taken for granted that the citizens' role is to take care of their families and pay taxes. It is the responsibility of the government, and to a limited extent of the non-profit sector, to take care of all collective problems, like climate, jobs, healthcare, education, water, and so on. Reconstruction programmes should encourage all citizens to return forward and show their talent as problem-solvers by creating social businesses. Their strength is not in the size of their initiatives, but in their number. Each small initiative multiplied by an enormous number seems to be a big national action. One problem that the social business entrepreneurs can immediately address is the problem of unemployment created by the collapse of the economy. Social businesses can create jobs for the unemployed. They can also open up the option of transforming the unemployed into entrepreneurs, and demonstrating that human beings are born as entrepreneurs, not as job-seekers. Social businesses can engage themselves in creating a robust health system in collaboration with the government system. A social business investor doesn't necessarily have to be an individual. They can be institutions, such as investment funds, foundations, trusts, social business management companies. Many of these institutions know very well how to work in friendly ways with the traditional owners of the companies. Out of the desperation and urgency of the post-Covid-19 situation, a right call from a government can create a surge of activities that were never known before. This will be the test of leadership to show how a world can be inspired to be re-born in completely unknown ways, coming from the youth, middle-aged, and the old, men and women.

- **We will have no place to hide**

If we fail to undertake a socially and environmentally conscious programme post the pandemic, we will be heading for a catastrophe that is many times worse than what the coronavirus brought in. We can hide in our homes from coronavirus, but if we fail to address the deteriorating global issues, we will not have any place to hide from the angry Mother Nature and angry citizens all around the world.

## **[2] Leadership & Change Management**

A leader's role during the change process is to influence & lead team through the change by

- i. Building Trust
- ii. Keeping words

### **2.1 Process of Leading with Change**

1. Become Aware
2. Accept
3. Adjust
4. Comply
5. Commit

### **2.2 Things to be kept in mind while dealing with change**

1. Change is different for everyone
2. Change is a process
3. Change process takes time

## **[3] Crisis Leadership:**

In today's volatile global marketplace, many experts believe that organizations (whether for-profit or not-for-profit) should recognize the inevitable—that crises can and will emerge. Unfortunately, crisis response plans are not as widespread as one would expect. Many experts and scholars agree that while a precrisis response plan will not prevent a crisis, it can minimize financial loss and long-term damage to a firm's reputation. Leadership here is everyone's business irrespective of the title they hold. Here, the leadership is where people are highly self-developed and self-directed which means people do not wait for motivation, orders and not at all wait for the situation to change but they themselves start taking the precautionary measures. Some proactive corporations are now putting in place strategic crisis readiness plans. These organizations are taking appropriate steps to design systems and procedures to respond effectively to a crisis when it happens. Strategic crisis leadership requires three things:

1. Using environmental monitoring techniques to spot events that would trigger crises within the future.
2. Integrating crisis management into the strategic management framework so it remains a regular part of the overall strategy-evaluation process.
3. Establishing a culture that embraces crisis awareness and preparation as how of life.

Many crisis management experts and scholars have been closely watching how the President and Congressional leaders are handling this crisis. With negotiations going nowhere and the deadline approaching, Standard and Poor (one of three credit rating agencies) indicated that it would downgrade the U.S. credit rating if a meaningful deal was not reached before the deadline. In the end, a deal to cut the deficit by 2.8 trillion dollars was reached and the debt ceiling raised with only hours to go before the deadline expired. If the debt ceiling had not been raised by August 2, 2011, the United States would have defaulted, with many economists predicting catastrophic consequences. Despite this action, Standard and Poors did downgrade the U.S. credit rating, citing paralysis in the political process between democrats and republicans to work together in resolving the crisis. S and P also indicated that the \$2.8 trillion was insignificant given the amount of the deficit and projected growth trend. Following this action, the stock market has lost a lot of value as investors sell stocks in anticipation of a slowdown, or worst, a recession in the economy. As in past studies of political crisis, the post crisis analysis will focus on leaders' behaviors (who negotiated in good faith, who was the best at communicating the message, who stroke the right balance or who was more ethical), the presence of the president during the crisis and the role of prudence in his decision-making given the stakes. The repercussions of this crisis will be long-lasting.

Regardless of the character of the crises, what all of them have in common is that the stress and pressure they place on key organizational resources and systems. Any weaknesses that may have been present in the system prior to a crisis are exposed and further compound the negative consequences of the crisis. A crisis has the potential for damaging a firm's reputation, credibility, integrity, and financial position. It is therefore imperative that organizations prepare their leaders on managing a crisis.

### **3.1 Crisis Leadership Training**

Given the potential for major disruptions that a crisis can cause in an organization, there is agreement that leadership training in crises management is critical. In times of crisis, how an organization comes out is highly dependent on the quality of leaders it had going into the crisis. Strong and effective leadership is imperative to organizational survival. However, many organizations make the mistake of assuming that leaders who are good at managing day-to-day issues are just as good when it comes handling a crisis. Nothing could be further from the truth. During a crisis, a leadership style which may be appropriate under normal situations might not add a crisis. Also, during a crisis, a leader becomes the symbol of order and authority, with considerable power to influence employee behaviours. An effective crisis leader should be aware of the types of power he or she possesses and the best way to apply each type in resolving a crisis. The crisis leader must be prepared to adapt quickly to change and deal with higher levels of uncertainty and complexity. How the leader behaves or reacts during a crisis can have a negative or positive effect on followers.



Acceptance and Commitment Therapy (ACT) is an evidence-based modern cognitive-behaviour therapy approach that has been used in crisis training. Through this approach, leaders develop a repertoire of crisis resiliency skills. The objective of any leadership development program should be to equip leaders with well-practiced patterns of effective problem-solving skills that can be replicated during a crisis. Training and development programs should emphasize traits of effective crises leaders like decisiveness, self-confidence, communication, and problem solving. These traits are what some experts describe as crisis management competencies.

### 3.2 Crisis Management Tools

#### 3.2.1 Crisis Management Plan

Crises by nature are not part of the regular work environment; therefore, effectively managing crisis situations requires leaders to be well prepared for the unknown. Though suffering some loss is almost unavoidable, proper preparation and management can reduce the duration of a crisis, enhance or retain a corporation's image and reputation, and secure future profitability. Effective crisis management depends on planning and people.

According to experts in the field, an effective crisis management plan is one that is

- i. comprehensive, with clear leadership, team, and individual assignments in the form of roles and responsibilities
- ii. upgraded frequently and supported by training and periodic drill sessions
- iii. coordinated and controlled across levels and units of the organization.

Collectively, all three requirements seem to be pointing to the important role that effective crisis leadership plays in crisis management. From an organizational perspective, readiness to respond to a crisis is a function of:

- Knowing and accepting one's assigned role in the crisis management plan.
- Sufficient training specific to the assigned role to enable one to perform his or her responsibilities competently.
- Complementary and integrated roles and responsibilities at all levels of the organization, so the crisis management response is controlled and coordinated.

#### 3.2.2 Effective Crisis Communication

It is generally believed that the primary 24 hours of a crisis are crucial due to the media's got to know what happened in order that they can tell their audiences. There is an information vacuum that, if left unfilled, will be filled by others. The longer companies wait; the more likely falsehoods will become accepted as truths. The key is to be open, straightforward, and transparent. Tell the truth and tell it quickly. Telling the truth up front is the simplest and most effective way of defusing public hostility, no matter how bad the incident. Rather than being preoccupied with protecting itself from liability, a company must demonstrate a strong sense of integrity, responsibility, and commitment. Getting out in front of the crisis with honest accounts of the facts and accepting responsibility will build confidence and credibility with all stakeholders.

Telling what your organization is doing to address a crisis is especially important to family or close relatives of victims. These family members must be handled with utmost sensitivity. Leaders must avoid paternalistic attitudes that treat victims or the public as unintelligent or uninformed. The absence of genuine concern and empathy can lead to a perception of arrogance. It is also important to add to the discussion of what is being done, a plan showing how a similar crisis will be avoided in the future. In addition to providing an overview of the progress being made to address the crisis, the spokesperson should involve technical specialists to provide more expert and detailed background information. This is especially critical during a press conference. Also, enlisting the support of objective third parties to speak on the organization's behalf can lessen the damage.

##### ➤ Principles for Effective Crisis Communication

- i. Be present.
- ii. Don't "spin." Tell it like it is.
- iii. Communicate the plan of action for resolving the crisis.
- iv. Be sensitive with affected parties.
- v. Avoid conflicting messages.
- vi. Show a plan for how you will avoid a repeat in the future.
- vii. Don't make excuses for yourself or the leader.
- viii. Go the extra mile. Go beyond the requirements of the situation.
- ix. When things are going good, take credit for it without being self-absorbed.
- x. The media is your friend and link to the public. Be honest and straightforward with them.

#### 3.2.3 Activate

Leaders activate their feelings of success and how they want to move ahead with their feeling, accordingly they take actions. Actions that are taken by leaders influences how they feel about handling and working with the particular crisis situation and how they want to change it.

### 3.2.4 Elevate

A leader has to constantly keep measuring the leadership capacity in order to know how effectively the leadership is affecting the workers in the company.

### 3.2.5 Blueprint

Blueprint is the DNA of the organization that makes people adapt changes. A leader has to constantly study about how people work on themselves to accept the change factor and make the transactional analysis. Transactional analysis, developed by psychiatrist Eric Berne, is a form of modern psychology that examines a person's relationships and interactions.

#### [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.

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