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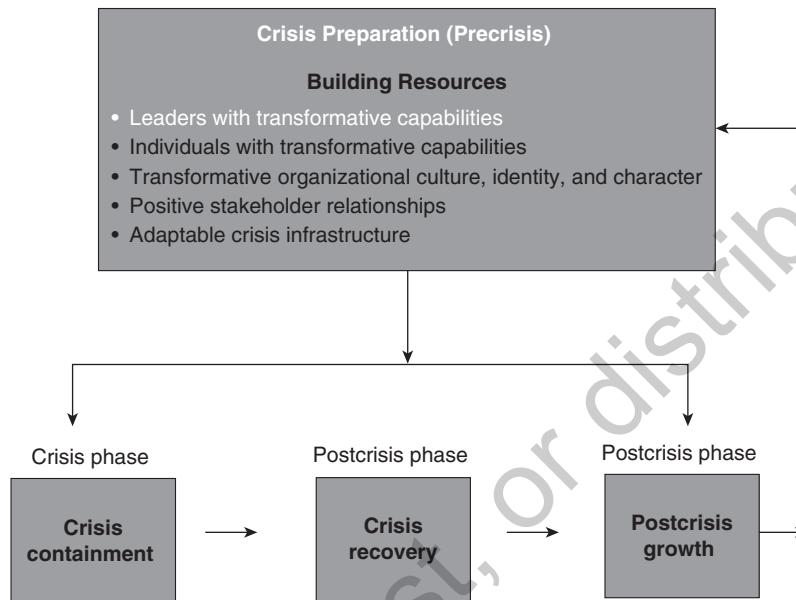
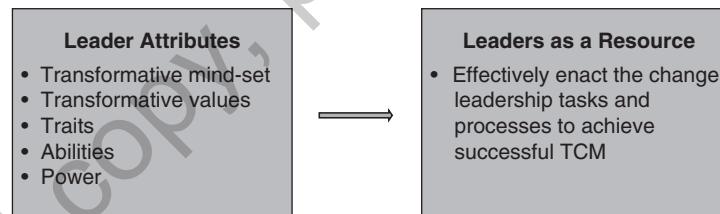
TRANSFORMATIVE LEADERS

Progress occurs when courageous skillful leaders seize the opportunity to change things for the better.

—Harry S. Truman

Leadership is the ability to influence individuals or groups toward a goal, and leaders are a critical resource for transformative crisis management (TCM). They have the power to influence behavior, individuals and groups turn to them for direction and support during uncertainty, and external stakeholders view them as symbolic of the organization. Leaders who are transformative are able to move others toward positive change. For instance, leaders such as Steve Jobs (Apple), Bill Gates (Microsoft), and Elon Musk (Tesla and SpaceX) were able to influence beliefs about the value and role of their organizations' products and shape consumer behaviors. Others, such as Nelson Mandela, Mahatma Gandhi, and Martin Luther King Jr., were transformative in that they changed beliefs about social and political systems and created positive change. Leaders who are transformative during crisis management enable their organizations to successfully navigate through its various phases: crisis preparedness, containment, recovery, and postcrisis growth. This effort is undertaken by leaders at the top of the organization and by other internal and external leaders who are responsible for critical aspects of crisis management, such as teachers and the police chief in the local community during a school shooting. Figure 4.1 depicts the role of leadership as a resource during the phases of TCM.

Leaders are resources during TCM because of behaviors associated with their roles in enacting change. However, leaders' effectiveness as resources depends on the extent to which they have a transformative mind-set and values, leadership traits, the necessary abilities, and the power to perform their tasks. Figure 4.2 depicts the relationship between these factors.

FIGURE 4.1 ■ Leadership During Transformative Crisis Management (TCM) Phases**FIGURE 4.2 ■ Leader Attributes, Leaders as a Resource During TCM**

In this chapter, we delve deeper into these factors and address seven questions:

1. How are leaders a resource during TCM?
2. What is a transformative mind-set?
3. What are some important transformative values?
4. What are some important leadership traits?
5. What are some important leadership abilities?
6. What are some important sources of power during TCM?
7. How can leadership capacity for TCM be built?

We use the case of leaders at Space Exploration Technologies (SpaceX) to illustrate these concepts. The case follows. Next, we will address Question 1: How are leaders a resource during TCM?

LEADERS AS A RESOURCE AT SPACEX

Elon Musk is an American entrepreneur who was born in South Africa. He completed his undergraduate education in physics and economics in the United States at the University of Pennsylvania. He left a graduate degree program at Stanford to become an entrepreneur, seeking to push the limits through his imagination and technical expertise. Musk was a successful entrepreneur early on and sold some of his business ventures, such as Zip2 to Compaq for \$307 million and PayPal to eBay in 2002 for \$1.5 billion. In 2002, he founded SpaceX to revolutionize space travel, and in 2004, he became a major investor in Tesla Motors to build electric cars. He is currently the CEO of both SpaceX and Tesla. His chief operating officer and the president at SpaceX is Gwynne Shotwell. She is an engineer by training and was the seventh employee hired at SpaceX (Anderson, 2018; Gregersen, 2018).

SpaceX is headquartered in Hawthorne, California, but has multiple locations in various states to house its launch sites, rocket development facilities, and offices. This private company employs approximately 5,000 individuals. Its mission is to produce and launch spacecrafts and rockets and enable humans to live on other planets. The reusability of its rockets is key for SpaceX to be able to offer somewhat affordable space travel. SpaceX has accomplished a number of milestones compared with other private companies in the space business, such as returning a rocket back to earth from low-earth orbit; transporting supplies to the International Space Station in its Dragon

spacecraft; having the first orbital class rocket, the Falcon 9, achieve re-flight; and the launch of the Falcon Heavy in 2018 that can carry much heavier payloads. SpaceX has contracts with the National Aeronautics and Space Administration (NASA) and other commercial satellite launch entities worth \$12 billion. SpaceX is now valued at approximately US\$28 billion. Some of SpaceX's private competitors include Jeff Bezos's Blue Origin and Paul Allen's Strato-launch Systems that are also developing reusable rocket engines and spacecrafts. In 2018, SpaceX was ranked number 1 on CNBC's top 50 disruptor list (Anderson, 2018; Brennan, 2018a, 2018b; Mosher, 2018; Spacex.com, 2018).

Elon Musk is the visionary driving SpaceX. He and his team plan to revolutionize space travel and hope that one day it will be possible to meet alien life. Leaders at SpaceX believe that at least 10% of people would be interested in taking a flight to Mars, and they hope to see rocket launches be as frequent as airline flights. Elon Musk was also the chief designer of the Falcon and Dragon rockets. Musk splits his time between Tesla and SpaceX. Shotwell plays an important role in translating Musk's vision into achievable goals and ensuring execution. Shotwell describes Musk as being a great boss, inspirational and someone who can make you want to do your best, very fair, funny, and hardworking. Musk claims that he is more than a micro-manager, he is a "nano-manager." He believes that it is important for him to be on the front lines during a battle (Anderson, 2018; Brennan, 2018a; Gregersen, 2018; Wartzman, 2015).

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Contracts from NASA are an important source of revenue for SpaceX. Shotwell spent time cultivating a multibillion-dollar relationship with NASA officials. She believes that selling rockets is about relationship management (Anderson, 2018). Employees of SpaceX are also an important stakeholder group for the company. SpaceX strives to attract individuals who have achieved academic success and who have interpersonal skills and the ability to work on a team (SpaceX.com, 2018). The median age of employees at SpaceX is 29, and employees report that even though it is a stressful environment, they find working there purposeful and meaningful (Townsend, 2016). In addition, SpaceX values its investors. Fortunately, according to Shotwell, the company is now in a strong enough position with sufficient investor interest that it can be selective and choose investments from those who believe in their vision and are willing to be patient (Brennan, 2018b).

SpaceX's road to success has not always been easy. In 2008, its Falcon 1 rocket had failures on three successive launches, and despite a fourth launch success, SpaceX was running out of money. Fortunately, a \$1.6 billion contract from NASA 2 days before Christmas enabled the company to turn the corner and

survive. Musk describes that year as one of the worst years of his life because he was also going through a divorce (Berger, 2014). SpaceX experienced challenges again in 2015, when its Falcon 9 rocket broke apart after liftoff, and in 2016, when the Falcon 9 exploded and was destroyed during a static fire test. According to Shotwell, these failures were opportunities for the engineering team to continue to innovate and improve the Falcon 9, and it also allowed their production team to catch up with backlogs (Berger, 2014; Brennan, 2018a; Kelly, 2016).

SpaceX is continually innovating its products and improving its manufacturing processes. SpaceX and Tesla cross-pollinate some of their innovations. For example, the battery developed by Tesla for its electric cars has found uses within SpaceX, and it is hoped that Tesla cars can potentially use the broadband satellites launched by SpaceX. SpaceX is also learning how to improve its manufacturing processes from the more experienced Tesla. The question some analysts are asking is, Will Tesla Motors and SpaceX merge? Such a change would enable Elon Musk to not be torn between running two separate companies. However, are there sufficient synergies to make this change worthwhile (Brennan, 2018a; DeBord, 2017)?

HOW ARE LEADERS A RESOURCE DURING TCM?

Leaders are a key resource for TCM because they play a powerful role in enacting change. Since the late 1940s, scholars have sought to identify the key behaviors of leaders. Most early research, such as the Ohio State and the University of Michigan studies (see Northouse, 2013, for a review), suggests generally two categories of leadership behaviors, namely task-oriented and relationship-oriented behaviors. Later, scholars sought to categorize leadership behaviors based on whether they were transformational/charismatic

or transactional (e.g., Bass & Riggio, 2006; Burns, 2003). Transformational leaders serve as role models, and because of their morals and behaviors, they are respected and admired. They provide a compelling vision for their followers and foster creativity and innovation during the problem-solving process. They also provide support and strive to develop their followers by serving as coaches and mentors. In contrast, transactional leaders primarily use exchanges and consequences, such as rewards and punishment, to influence their followers. Effective leaders are able to use both transformational and transactional leadership behaviors (Bass, 2002).

Leaders during TCM need to incorporate both transformational and transactional behaviors. Leaders are a resource because their role enables them to accomplish four important tasks during crisis management. These tasks are enacted during each of the phases of TCM. They include the following and are discussed subsequently:

- Resource 1: Leaders can provide a transformative vision and set direction.
- Resource 2: Leaders can motivate and inspire transformative behaviors.
- Resource 3: Leaders can organize and facilitate the execution of the vision.
- Resource 4: Leaders can build a social network of positive relationships.

Leaders Can Provide a Transformative Vision and Set Direction

Because of their role, leaders can provide a transformative vision and set the tone during each of the phases of TCM: crisis preparedness, containment, recovery, and post-crisis growth. During uncertainty, each of these visions can provide their followers with clarity on *what we will do* and accomplish; *who we are* and what our strengths, values, and traits are; and *how we will act* and the strategies and values that will guide behavior. Strong visions are optimistic and inspire confidence; they emphasize values and intrinsic rewards and encourage follower participation; they address the challenges and opportunities associated with the vision; and provide concrete direction through specific goals, time frames, and extrinsic rewards (Berson, Shamir, Avolio, & Popper, 2001). Therefore, by including these attributes, leaders can provide clarity and create an attractive vision of the future. They can communicate the purpose of each phase of TCM, the importance of positive resilience and being a catalyst for positive change in this process, and the positive outcomes of using such an approach, such as crises being prevented, damage being competently and swiftly contained, the strengthening of stakeholder relationships and the organizational brand, and a more resilient organizational system. The transformative vision needs to be communicated by the most powerful leaders of the organization. However, to bring others in line with the vision, multiple leaders at various levels of the organization's hierarchy and key external leaders also need to buy into this vision and set the direction for their followers (Kotter & Cohen, 2002). Complete Case Analysis 4.1.

CASE ANALYSIS 4.1

- a. To what extent were leaders at SpaceX a resource by providing a transformative vision and setting direction?

Leaders Can Motivate and Inspire Transformative Behaviors

A second reason why leaders are a resource is because their role enables them to motivate and inspire their followers to exert effort toward accomplishing the vision during the various phases of TCM. Leaders can encourage their followers to excel, to maintain positive relationships, and make positive contributions during TCM. For instance, before a crisis, leaders need to motivate their followers to build the necessary capabilities for effective TCM. During a crisis, urgency may be high, but leaders need to motivate their followers to be transformative in being excellent as they strive to limit damage, behaving ethically during this process, and being trustworthy with stakeholders. Finally, postcrisis, leaders will have to encourage their followers to address damage, learn the necessary lessons, and make positive changes.

Leaders can use several strategies to motivate their followers during TCM, including these:

- *Communicating continually* through word and deed the need for positive change during TCM. They can also use communication to foster identification toward the organization, in both internal and external stakeholders, by using inclusive language, such as “we” and by highlighting shared goals.
- *Encouraging their followers* to view stressors as challenges and opportunities that could lead to positive outcomes, and they can redirect their followers’ attention away from hindrances by keeping them focused on goals and the task at hand. In this process, leaders can also build their followers’ self-confidence, so that they can deal with the challenges and be motivated to achieve goals (LePine, Zhang, Crawford, & Rich, 2016).
- *Managing the task execution process*, so that it is perceived as being fair and just, by ensuring that the goals are challenging but attainable because they have the necessary resources and the abilities to accomplish them, and the intrinsic and extrinsic rewards in the situation are motivating.
- *Evoking positive emotions* that can inspire their followers, such as pride, hope, and an ambition to transcend and be better than the status quo, while reducing destructive negative emotions, such as hate and excessive anger. They can channel healthy levels of guilt and fear. For instance, guilt or embarrassment can

create an impulse to mend relationships, and fear of disapproval can regulate excessive pride and motivate individuals to work harder (see Bagozzi, 2003). Complete Case Analysis 4.2.

CASE ANALYSIS 4.2

- a. To what extent were leaders at SpaceX a resource by motivating and inspiring their employees and other key stakeholders to be transformative?

Leaders Can Organize and Facilitate Execution of the Vision

A third reason why leaders are a resource is because they can enable the execution of a vision. During the tasks associated with preparedness, containment, recovery, and post-crisis growth, leaders can (a) *make the vision more concrete by establishing challenging but specific time, quality, and quantity goals*. In addition, they can help their followers by (b) *specifying the processes or steps to accomplish these goals and develop the necessary management systems*, such as crisis teams, scheduling processes, communication systems, and measures to support task execution. Further, leaders control resources, and they can (c) *provide the necessary resources and build capacity* that is necessary for effective execution within the organizational system. They can provide financial, personnel, and other resources and coach and mentor their followers, so that they can develop the necessary skills for task execution. Also, leaders can (d) *remove barriers*, such as lack of information, communication issues, politics, and structural impediments (Kotter & Cohen, 2002), and (e) play an important *boundary-spanning role* as they connect their followers with other important groups. Complete Case Analysis 4.3.

CASE ANALYSIS 4.3

- a. To what extent were leaders at SpaceX a resource by facilitating execution of the vision?

Leaders Can Build a Social Network of Positive Relationships

The fourth reason why leaders are a resource during TCM is because their role provides them with opportunities to build positive relationships with diverse stakeholders, and they can encourage their followers to do the same. These stakeholders can be both internal and external to the organization, such as subordinates, peers, bosses, suppliers, customers, members of governmental agencies, and the media. The nature of these relationships can vary in degrees of trust, dependency, and reciprocity; however, it is important that they are characterized by mutual respect and integrity.

Positive relationships with diverse stakeholders are important for accomplishing goals, receiving support, and obtaining resources. Positive relationships within the organization provide employees with resources for task assistance, career advancement, emotional support, friendships, personal growth, and opportunities to contribute to others (Colbert, Bono, & Purvanova, 2016). During a crisis, if the leader can attract internal and external trust, support, and resources, it can contribute to the organization being able to more quickly limit damage and protect the organizational brand. Further, if failures or mistakes occur, prior positive relationships can provide the organization and its leaders with the benefit of the doubt. Therefore, the ability of leaders to build positive relationships themselves and to create a climate where positive relationships are valued can have a number of beneficial outcomes for effective crisis management. However, leaders also need to be sensitive that a positive organizational reputation carries with it a deep responsibility. This is because others expect more of the organization, and trust violations can be perceived negatively (Rhee & Haunschild, 2006). Complete Case Analysis 4.4. Next, we address Question 2: What is a transformative mind-set?

CASE ANALYSIS 4.4

- a. To what extent did leaders at SpaceX build a social network of positive relationships?
- b. To what extent are effective leadership behaviors in the “eye of the beholder?” Do you think followers in different countries have different expectations of their leaders? See the Global Insight Box.

GLOBAL INSIGHT BOX

PERCEPTIONS OF EFFECTIVE LEADERS ACROSS CULTURES

According to Javidan, Dorfman, De Luque, and House (2006), societies differ in their expectations of desired leadership behaviors. These researchers have identified six clusters of leadership behaviors and examined the extent to which these behaviors are desired in a particular culture, including the following:

1. *Charismatic/values-based*: The leader has firmly held values and is inspirational and has high expectations of his or her followers. Countries such as the United States and the United Kingdom believe this is important for a leader, but the Middle Eastern countries believe this is relatively less important.
2. *Team-oriented*: The leader creates shared goals for the group and expends effort in building a team. These behaviors are valued more in Latin America than in the Middle East.
3. *Participative*: The leader involves others in decision-making. This behavior is valued more in Germanic Europe and less so in the Middle East.

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|--|--|
| <p>4. <i>Humane-oriented</i>: The leader is considerate, compassionate, supportive, and generous. This is valued more in Southern Asia and less so in Nordic Europe.</p> | <p>individual. This behavior is generally viewed as being negative but is more acceptable in Southern Asia compared with Nordic Europe.</p> |
| <p>5. <i>Autonomous</i>: The leader tends to be individualistic and independent. This behavior is more valued in Eastern Europe than in Latin America.</p> | <p>Generally, charismatic/values-based, team-oriented, and participative behaviors are perceived more positively across cultures, while autonomous and self-protective behaviors are viewed less positively. Humane-oriented behaviors tend to be viewed more neutrally.</p> |
| <p>6. <i>Self-protective</i>: This self-centered approach focuses on ensuring the security of the</p> | |

WHAT IS A TRANSFORMATIVE MIND-SET?

To be able to enact a transformative change process, leaders need to have a transformative mind-set. An individual's mind-set is a cognitive lens and comprises beliefs that organize information and guide behaviors. Mind-sets are important because they have physiological, psychological, and behavioral outcomes for individuals (Dweck, 2008). For instance, positive mind-sets reduce stress, foster openness to learning, and enhance resilience (Crum, Salovey, & Achor, 2013). Resilient individuals tend to have a hardiness mind-set (Florian, Mikulincer, & Taubman, 1995). They believe that they have some control when faced with problems and believe that they must persevere. Transformative individuals also hold beliefs that contribute to their resilience, but what makes them transformative is that they hold two additional beliefs:

- a. It is important to transform negative situations by minimizing damage and maximizing positive outcomes.
- b. If they can make a positive difference in a negative situation, they should be agents of change.

Therefore, transformative leaders assume that they have the choice to be constructive or destructive during both regular and difficult times, and the choice they make is to be positive and constructive. Leaders, such as Mahatma Gandhi, Nelson Mandela, and Mother Teresa, all saw a need for social or political change in a negative situation, and they chose to be catalysts for positive change. In addition, business leaders such as Steve Jobs, Bill Gates, and Elon Musk saw a need for products that they believed could make a positive difference, and they led their organizations in this effort. Complete Case Analysis 4.5. Next, we address Question 3: What are some important transformative values?

CASE ANALYSIS 4.5

- a. To what extent did leaders at SpaceX have a transformative (resilient and transformative beliefs) mind-set?

WHAT ARE SOME IMPORTANT TRANSFORMATIVE VALUES?

The values held by leaders play a powerful role in shaping their goals and the manner in which they accomplish their tasks. A number of leadership frameworks address the values and the character of the leader. For instance, research on *authentic leadership* (George, 2003; Luthans & Avolio, 2003) suggests that these leaders have purpose and heart, they have a clear sense of their personal morality that shapes their behavior, they tend to be transparent, they value relationships, and they are a product of their personal life experiences. Other scholars also describe *ethical leaders* (e.g., Brown & Trevino, 2006). These individuals are moral and trustworthy, and they act as moral managers by creating organizational cultures and practices where ethical behaviors are expected.

All these approaches to leadership contribute to our understanding of the character of effective leaders during TCM. For leaders to be transformative, certain *competence, social, and moral values are important*. For instance, leaders need to value excellence, innovation, resilience, courage, hope, and nonstop learning to ensure competence in their groups. In addition, social values of social responsibility and positive relationships are important for them to address issues in the larger organizational system and attend to diverse stakeholders. Finally, moral values such as integrity are important to be able to build trust with others. These values will be discussed further in Chapter 6, as we discuss organizational culture, identity, and character. Complete Case Analysis 4.6. Next, we address Question 4: What are some important leadership traits?

CASE ANALYSIS 4.6

- a. To what extent did leaders at SpaceX have the following values that are necessary to be transformative?
 - Competence (excellence, innovation, nonstop learning, resilience, courage, hope)
 - Social (social responsibility, positive relationships)
 - Moral (integrity)
- b. Do you think if SpaceX were not a U.S. company that it would be important for its leaders to have integrity? What does integrity mean across cultures? See the Global/Ethical Insight box.

GLOBAL/ETHICAL INSIGHT BOX

PERCEPTIONS OF LEADER INTEGRITY ACROSS CULTURES

Research finds that most cultures believe that integrity is an important trait for a leader. However, some variations between cultures exist regarding the attributes that constitute integrity and the importance of a particular attribute. The following attributes have been found to be important in perceptions of integrity in countries, such as the United States, Germany, Austria, and China:

- Guided by a strong personal moral code/values
- Value behavior consistency
- Fair and just
- Honest
- Word-action consistency
- Consideration and respect for others
- Openness and transparency

However, they differ in the relative importance of these attributes, and some cultures include additional traits. For example, in the United States, even though it is important for

leaders to have a strong moral code, it is even more important that their behaviors reflect their values, they are honest, and there is consistency between their words and actions. Since the United States is an individualistic culture, there is a tendency to view leaders as “heroic” and having courage. In Germany, value–behavior consistency, honesty, and a sense of responsibility for others are important. In addition, because of their institutionalized and regulated culture, Germans expect their leaders to abide by rules and regulations. In Austria, followers expected leaders with integrity to demonstrate a sense of responsibility for others and have a strong personal moral code. In addition, they prefer their leaders to abide by rules and regulations and be nonhierarchical and participative. Finally, in China, it was important for leaders with integrity to be fair and just, have a sense of responsibility for others, and abide by rules and regulations. Therefore, some similarities and differences exist in how followers within the United States perceive integrity relative to those in other countries (see Martin et al., 2013, for a review).

WHAT ARE SOME IMPORTANT LEADERSHIP TRAITS?

One of the oldest approaches to understanding leadership has been to identify some important traits of leaders. Despite the early dominance of this approach until the 1940s, the trait approach to understanding leadership lost favor because it was not able to distinguish between leaders and nonleaders and predict leadership effectiveness (Zaccaro, 2007). In an effort to address some of these limitations, scholars have more recently sought to consolidate some personality traits, such as the Big Five personality traits, and examine their association with leadership (e.g., Judge, Bono, Ilies, & Gerhardt, 2002). The following are the Big Five traits:

- Extraversion: the propensity to be assertive, sociable, and energetic
- Openness to experience: the tendency to be imaginative, unconventional, and autonomous

- Conscientiousness: being dependable and achievement-oriented
- Neuroticism: having poor emotional adjustment and the tendency to be insecure, hostile, and anxious
- Agreeableness: being compliant, caring, trusting, and gentle

Research finds that extraversion, openness to experience, and conscientiousness are generally associated with leadership (Judge et al., 2002). More specifically, relative to traits associated with crisis leadership, Hadley, Pittinsky, Sommer, and Zhu's (2011) study suggests that leaders' crisis self-efficacy or self-confidence is associated with their motivation to lead in a crisis. In Chapter 5, as we discuss the traits associated with transformative individuals, we will discuss traits such as optimism, perceived control, integrity, courage, and hope. These traits will also enable leaders to be resilient and transformative during the phases of crisis management. Complete Case Analysis 4.7. Next, we address Question 5: What are some important leadership abilities?

CASE ANALYSIS 4.7

- a. Do you think Elon Musk had the following leadership traits:
- Extraversion
 - Openness to experience
 - Conscientiousness
 - Self-efficacy

WHAT ARE SOME IMPORTANT LEADERSHIP ABILITIES?

To effectively manage the process of change during the phases of TCM and be a resource, leaders need the ability to (a) lead change and (b) use multiple forms of intelligence. These abilities are discussed next.

Ability to Lead Change

Each of the phases of TCM involves a process of change. As a result, four cycles of change occur during TCM, namely building crisis preparedness capacity, containing a crisis, recovering from a crisis, and postcrisis growth. Leaders need the ability to manage each of these phases and complete their leadership tasks, so that they can be a resource

during TCM. Kotter and Cohen (2002) provide an eight-step approach in sequencing leadership tasks to create change: increase urgency, build the guiding team, get the vision right, communicate for buy-in, empower action, create short-term wins, don't let up, and make change stick. Table 4.1 provides an overview of these eight steps, and Table 4.2 categorizes these steps by the leadership tasks that were discussed earlier. This process is not always linear, however, and leaders may need to revert to a previous step, if necessary; these steps can overlap.

TABLE 4.1 ■ Change Leadership Process (Kotter & Cohen, 2002)

Change Step	Change Strategy
1. Increase urgency	Provide experiences for followers that are visual and evoke emotions (see/feel) to understand the need for change.
2. Build the guiding team	Create a core team to lead the change comprising individuals with the necessary expertise, power, and credibility who represent the various parts of the organization. Also, create guiding coalitions at various levels of the organization that can help create momentum for change. Ensure trust exists within the team.
3. Get the vision right	Construct a vision that includes an end-state, strategies, plans, and budgets. Use bold strategies to reinforce the vision.
4. Communicate for buy-in	Communication is not just the transfer of data. It should evoke the emotions of followers. Leaders should prepare for the communication process, address the fears of their followers, keep the message clear and simple, and continually reinforce the vision using technology.
5. Empower action	Empowerment implies removing barriers. These barriers can be the boss, the system, lack of information, or exist in the minds of followers. See/feel experiences, such as competitions, stories from those who have done it before, and videos, can help remove these barriers.
6. Create short-term wins	To sustain momentum, identify some projects that are "low-hanging fruit" that can enable some early successes for followers and win over powerful stakeholders. The choice of projects is important, such as those that are meaningful, visible, and unambiguously a win.
7. Don't let up	Address the difficult problems, such as problems in structure, politics, and reward systems. Continue to focus on strategies for reinforcing the vision. Use see/feel methods such as videos and skits to foster urgency for issues that need to be addressed.
8. Make change stick	Change sticks when the new behaviors and values are a part of the organizational culture. Stories, promotions, and orientation programs are means of embedding the change into the culture. Culture is the last to change.

TABLE 4.2 ■ Leadership Tasks by Kotter and Cohen's (2002) Steps

Leadership Tasks During TCM	Kotter and Cohen's (2002) Steps
Create a transformative vision and set direction	Get the vision right
Execution of the vision	Build the guiding team Empower action Don't let up Make change stick
Motivate and inspire	Increase urgency Communicate for buy-in Create short-term wins
Build relationships	Build the guiding team Create short-term wins

Kotter and Cohen (2002) suggest that it is important to first increase urgency (motivate) before the leader constructs the vision (direction setting). In addition, since culture is the most difficult to change, it comes last, but without culture change, the change will be fragile and will not stick. Further, the authors highlight that sustaining motivation and execution are ongoing tasks. A basic premise of Kotter and Cohen's (2002) approach is that, instead of using a purely data-driven and analytic approach to leading change, it is important that leaders provide visible and emotion-evoking experiences for their followers, so that they can be intrinsically motivated. In this way, momentum can be sustained in the change process. Therefore, to be able to lead change during TCM, leaders will need the ability to create and manage urgency, build teams, create and communicate visions, empower action, motivate by creating and communicating short-term wins, persevere and not let up until difficult problems are solved, and reinforce change in a transformed organizational culture.

The leadership strategies that Kotter and Cohen (2002) suggest enable large-scale changes. However, their approach was not designed to address crisis management or focus on the type of transformative changes that are a part of TCM. Therefore, in later chapters, we will adapt their steps to be relevant for TCM. Further, the time spent on each of these steps will vary based on the phase of crisis management. For instance, before a crisis, it is important to create urgency to motivate individuals to prepare for a crisis, but after a crisis event, urgency is already present and leaders need to move quickly to provide a transformative vision and reduce the ambiguity and chaos that can be present. These variations will be discussed further in subsequent chapters. Complete Case Analysis 4.8.

CASE ANALYSIS 4.8

- a. Do you think Elon Musk had the ability to do the following:
- Create urgency
 - Build a team
 - Get the vision right
 - Communicate for buy in
 - Empower action
 - Create short-term wins
 - Make change stick

Using Multiple Intelligences During TCM

To address the challenge and complexity of TCM, leaders need to use multiple forms of intelligence, namely, cognitive, emotional, social, cultural, ethical, and political. We discuss each of these forms of intelligence next.

Cognitive Intelligence

Leaders need cognitive intelligence and resources to accomplish their tasks (Bass, 2002). Cognitive intelligence pertains to what we popularly refer to as IQ. It includes the ability for abstract thinking, analysis, or the ability to break problems or issues into component parts; synthesis or the ability to integrate various pieces of information; and critical thinking in being able to evaluate situations and creatively identify solutions. In this process, knowing when to take the big picture view and when to become more cognitively structured and detail-oriented is also important. In addition, leaders need to have cognitive resources in their knowledge of the task and their prior experiences (Fiedler, 2002). Cognitive intelligence is particularly important for the leadership tasks of envisioning the future and for planning and executing tasks. In addition, it is important during the task-oriented aspects of crisis management, such as diagnosis and problem solving. Further, cognitive intelligence also plays a role in coping and making sense of trauma, being resilient, understanding relationships, resuming business operations, and assessing lessons learned.

Emotional Intelligence

According to Caruso, Mayer, and Salovey (2002), emotional intelligence involves the following abilities:

- Identify emotions that are being experienced either in oneself or in others
- Understand the motives behind an emotion, the relationship between emotions, and how emotions can change

- Use emotions to motivate others, to foster creativity, and to evoke emotions in others
- Manage emotions by regulating their intensity and being open to emotions that can be negative

Emotional intelligence is particularly important for undertaking the leadership tasks of motivating and inspiring, for building relationships, for healing wounds, and for avoiding defensiveness during learning. In addition, emotional intelligence influences the extent to which the other forms of intelligence can be effective. For example, if one were unable to regulate one's emotions such as fear, it would be difficult to use one's cognitive intelligence effectively during a crisis.

Social Intelligence

This involves the ability to foster and maintain effective interpersonal relationships. Leaders operate in a social context, and their ability to navigate social dynamics is important. Specifically, social intelligence involves social reasoning and the ability to read social cues and the underlying social currents and dynamics. It also includes having a range of social skills, such as communication and conflict resolution skills, and being flexible in using them appropriately in different situations (Zaccaro, 2002). In the context of crisis management, leaders need to be able to use their social intelligence in building relationships in all the phases of crisis management. In addition, since these activities occur in the context of a group, leaders play a role in undertaking the steps of change and the tasks of setting direction, in executing tasks, and in motivating others.

Cultural Intelligence

This meta-intelligence combines multiple forms of intelligence to decipher cultural contexts (Offermann & Phan, 2002). Cultural intelligence requires individuals to understand the impact of cultural influences and biases on their own behaviors and on others and to adapt their behaviors accordingly. As we have already described in the Global Insight Box, national cultures influence what are perceived to be effective leadership behaviors. For instance, across a number of cultures, charismatic and values-based leadership and team-orientated leadership behaviors are generally perceived to be positive, but the extent to which leaders are expected to act independently and demonstrate a humane orientation tends to be more culture-specific (Javidan et al., 2006). Since organizational crises, such as the 2009–2010 Toyota accelerator crisis or the 2015 Volkswagen fraud emission-testing crisis, can cross societal boundaries, cultural intelligence is important for leaders of organizations operating in diverse cultural contexts and can influence their effectiveness during crisis management.

Ethical Intelligence

Recent scandals experienced by Uber, Wells Fargo, and others highlight the importance of ethical intelligence for leaders. According to scholars (e.g., Brown, 2007; Brown & Trevino, 2006; Jones, 1991), ethical intelligence involves these abilities:

- *Have moral awareness* to understand the ethical issues in a situation
- *Morally reason* to be able to assess the consequences of situations, the expectations of others, and the consequences of potential decisions
- *Behave ethically* by being honest, fair, trustworthy, transparent, and consistent with a core set of values that serve as an “inner compass”
- *Communicate and acknowledge the ethical discrepancies* and issues to their followers in situations where there may be a discrepancy between the leaders’ ethically motivated decisions and their followers’ expectations

The ethical behaviors of leaders are important because they are associated with their followers’ trust, satisfaction, perceptions of leader effectiveness, and extra effort (Brown & Trevino, 2006). Ethical intelligence is important for all the TCM phases. For example, leaders need to create an ethical climate and prevent potential ethical lapses in their organizations that could lead to a crisis, and they need to be sensitive to ethical issues during a crisis because stakeholders have expectations about how the organization should cope and manage victims.

Political Intelligence

Organizations are political systems, and individuals can play “games” (Mintzberg, 1985). As a result, leaders need to be politically savvy, be able to navigate the political dynamics, and use their power effectively to influence others. During a crisis, the political dynamics may also include external stakeholders, such as governmental agencies, activist groups, or the media. Political intelligence draws on cognitive, social, and emotional intelligence (Ferris et al., 2007). In addition, political intelligence requires ethical intelligence to be able to act with sincerity and integrity. According to researchers (e.g., Ferris et al., 2007; Raven, 2008), political intelligence involves these abilities:

- Be politically savvy and socially astute and *understand the power dynamics* in a situation and *know how much power one has* relative to others.
- Effectively *identify and use influence strategies* and *be flexible* in this process.

- Be *political while being sincere, trustworthy, and honest.*
- *Build social networks, coalitions, and alliances* with others who have resources and power.

Political intelligence has a number of advantages for leaders during TCM. For instance, individuals who have effective political skills tend to experience less stress, they are influential, they have access to resources and support, and they tend to be perceived more positively than are those with poorer political skills (Ferris et al., 2007). Further, leaders who have effective political intelligence are able to manage and work with individuals who are competent but have strong egos and ambitions. These individuals, because of their competence and their willingness to argue and challenge the assumptions of leaders, are important for making effective decisions. For example, Doris Kearns suggests that President Abraham Lincoln was particularly politically astute. He was able to bring together many of his highly competent rivals and use them to serve the country in his administration (Coutu, 2009). Therefore, political intelligence can be a valuable asset for leaders to be effective during crisis management.

In summary, leaders need to have multiple forms of intelligence to be able to accomplish the various tasks of leadership. However, the true genius of leadership is leaders' ability to combine these forms of intelligence to decipher the complexity of the situation and their tasks and to evaluate the actions to be taken. An overreliance on any one form of intelligence and the lack of use of another can have detrimental effects. For instance, leaders who rely on cognitive intelligence and ignore emotional intelligence can be perceived as cold and lacking in empathy; while an overuse of moral intelligence and an underuse of political intelligence can result in leaders being prone to guilt and vulnerable to those who choose to take advantage of the situation. Having team members with complementary strengths can provide leaders with checks and balances during crisis management. Complete Case Analysis 4.9 and Experiential Exercise 4.1. Next, we address Question 6: What are some important sources of power?

CASE ANALYSIS 4.9

- a. Do you think Elon Musk has the following forms of intelligence?
- Cognitive intelligence
 - Emotional intelligence
 - Social intelligence
 - Cultural intelligence
 - Ethical intelligence
 - Political intelligence

EXPERIENTIAL EXERCISE 4.1

- a. Identify those forms of intelligence listed in Case Analysis 4.9 that are your strengths.
- b. Identify those forms of intelligence that you would like to improve.

WHAT ARE SOME IMPORTANT SOURCES OF POWER?

If leadership is the ability to effectively influence others toward a goal, power provides the means by which a leader can influence. Raven (2008) describes six bases of power:

- *Informational power*: The capacity to use information to influence others and to be able to persuade and reason
- *Reward power*: The capacity to reward others either through tangible assets, such as pay or promotion, or less tangibly, such as through praise and approval
- *Coercive power*: The capacity to punish and force others to comply, such as by firing
- *Referent power*: The capacity to influence because the other identifies with you and admires you
- *Expertise power*: The capacity to influence by having scarce knowledge and skills
- *Legitimate power*: The capacity to influence because of socially or organizationally sanctioned positions or roles, such as being a supervisor, where the target feels obligated to comply

As we have discussed, multiple leaders are involved during crisis management. However, the leaders at the top with the most power need to set the tone. This is because setting direction often involves reshaping perceptions and values, and garnering attention and support in this process requires power. Particularly, during TCM, where leaders appeal to followers to rise to higher ideals, leaders need to be perceived by their followers as being credible and having power. However, for such efforts by senior leaders to be sustained, multiple other leaders are also influential because of their direct contact with their followers. Therefore, leaders at various levels of the organization need access to power to accomplish change during TCM. Complete Case Analysis 4.10. Next, we address our final Question #7: How can leadership capacity for TCM be built?

CASE ANALYSIS 4.10

a. What sources of power do you think Elon Musk has?

- Informational
- Reward
- Coercive
- Referent
- Expertise
- Legitimate

HOW CAN LEADERSHIP CAPACITY FOR TCM BE BUILT?

Leadership capacity for TCM can be built within the organizational system in a number of ways:

- **Hire:** It is important to hire leaders who have a transformative mind-set, have the desired values, have demonstrated capacity to lead change, and have experience with crises. In addition, it is important to recruit those who have high levels of cognitive, emotional, social, cultural, ethical, and political intelligence.
- **Utilize performance appraisals and reward:** The expectation of a transformative mind-set, behaving consistently with desired TCM values, and the importance of using multiple forms of intelligence can be included in the performance appraisals of leaders, and they can receive feedback on their strengths and weaknesses in these areas. In addition, leaders who demonstrate these capabilities need to be rewarded.
- **Training:** Organizations also need to invest resources in training leaders through simulations, so that they can experience what it is like to be in diverse crises situations and learn from these experiences. Further, media training is also important to learn how to communicate with the press when they are under pressure.
- **Experiential and vicarious learning:** Leaders can be encouraged to be mindful and to learn from their experiences in crisis and noncrisis situations. In addition, they can learn vicariously by observing other leaders who have been either successful or unsuccessful in handling crises both within the organization or externally.

- **Address psychological trauma from one's past:** Finally, leaders need to address unresolved psychological trauma and wounds before a crisis. They can go for therapy, discuss issues with trusted others, and educate themselves on their unresolved issues through reading books. This effort can enable them to be less reactive and threatened and experience a greater sense of control when they find themselves under pressure.

CONCLUSION

Leaders are a key resource during the various phases of TCM because, by virtue of their roles, they have the opportunity to create positive change. However, their effectiveness depends on the extent to which they have a transformative mind-set, important values, leadership traits and abilities, and sufficient power. Organizations that invest time and resources in building leadership capacity are more likely to reap the rewards of effective TCM.

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