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Leveraging Positive Psychological Capital (PsyCap) in Crisis: A Multiphase Framework

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ABSTRACT

Despite recent advancements in understanding of leadership in context, there is surprisingly little insight into leadership in crisis. To provide insight into how leaders navigate crisis, we utilize historical sources of Sir Winston Churchill's leadership during World War II to analyze which resources are used by leaders during a crisis and how they leverage these resources to lead through and out of the crisis. We discover that psychological capital (PsyCap) is a core individual resource that leaders leverage in crisis. Our findings suggest that leaders leverage PsyCap in varying ways based on the phase of the crisis. That is, different dimensions of PsyCap are used to lead ahead of, into, through, and out of the crisis. This study contributes to the strategic leadership and positive organizational behavior literatures by empirically illustrating the dynamic nature of PsyCap and how leaders leverage it to navigate crisis.

Highly volatile environments have created a context in which organizational leaders must navigate growing uncertainty and frequent crises (Eisenhardt & Martin, 2000). The Global Risks Report suggests that crises are becoming a near daily concern: Over the last 30 years, economic losses increased from US$50 billion to approximately US$250 billion (World Economic Forum, 2015). In addition, multi-billion-dollar corporate scandals including Enron (approximately $74 billion), WorldCom (approximately $107 billion), and Volkswagen (approximately $87 billion) have left a significant mark on people and economies across the globe. But financial crises are not the only challenge that organizations in the global environment face. Indeed, in the same time span, the world has witnessed major environmental disasters (BP Macondo oil spill, with approximately 4 million barrels of oil spilled into the Gulf of Mexico), terrorist attacks, and civil wars.

Crisis is one of the key organizational contexts leaders must navigate today (Dixon, Weeks, Boland, & Perelli, 2016; Osborn, Uhl-Bien, & Milosevic, 2014; Pearson & Clair, 1998). Osborn, Hunt, and Jauch (2002, p. 800) defined crisis as an organizational context that entails "dramatic departure from prior practice and sudden threats to high priority goals with little or no response time." Furthermore, this dramatic departure is often sudden and coupled with limited use of existing resources and at best vague opportunities for turnaround (Osborn et al., 2002). Given its complexity, strategic leaders must develop and leverage underutilized resources in order to enable the organization to overcome crisis despite difficulties. That is, strategic leaders in crisis have "substantive responsibility for making strategic decisions to investigate the creation of an overall purpose and direction for the organization" (Hernandez, Eberly, Avolio, & Johnson, 2011, p. 1179).

Given the importance of strategic leaders in times of crisis (Dixon et al., 2016), a body of research has emerged that focuses on how leaders leverage their psychological, cognitive, and behavioral attributes to enhance their effectiveness (Carpenter, 2002; Finkelstein & Hambrick, 1996) and engage in bricolage (Higson & Sturgess, 2014) to overcome mounting obstacles and lead the organization out of the crisis. Despite these insights, there is still a fragmented understanding of strategic leadership in crisis, particularly for how leaders leverage a constrained resource base to navigate the crisis and help their organizations bounce back and create a path for the future (Hannah, Uhl-Bien, Avolio, & Cavarretta, 2009; Osborn et al., 2014).

Building on the insights from positive organizational behavior literature, we suggest that positive psychological capital (PsyCap)—a higher order, intangible resource consisting of hope, optimism, resilience, and

confidence—may be particularly useful for leaders in crisis (Avey, Reichard, Luthans, & Mhatre, 2011; Hannah et al., 2009). Higher levels of PsyCap enable leaders to tackle challenging obstacles created from crises with the belief that success can be achieved despite setbacks (Luthans, Youssef, & Avolio, 2007a). That is, PsyCap enables leaders to make a "positive appraisal of circumstances and probability for success based on motivated effort and perseverance," which may be critical for an organization's ability to withstand a crisis and successfully adapt so as to persevere toward the future (Luthans, Youssef, Avolio, Nelson, & Cooper, 2007b, p. 550).

To explore how strategic leaders leverage PsyCap to lead an organization through a crisis, we utilize stylized historical organization theory as suggested by Rowlinson, Hassard, and Decker (2014) that interweaves historical data sources and contemporary qualitative data analysis (Cascio & Luthans, 2014; Hayek, Novicevic, Buckley, Clayton, & Roberts, 2012). We utilize speeches of Sir Winston Churchill's leadership during World War II (WWII), as well as several highly regarded books on the role of Churchill during the war. WWII provides a unique, extreme context to explore leadership in crisis because (a) it embodied devastating consequences for all involved; (b) the consequences were believed to be unbearable; and (c) the consequences exceeded the capability of those involved to prevent them from taking place (Hannah et al., 2009). In addition, in contrast to brief extreme events discussed in previous literature (Hannah et al., 2009; Klein, Ziegert, Knight, & Xiao, 2006), WWII provides insight into a crisis that spanned nearly 6 years, thus allowing for a richer understanding of leadership in crisis.

It is important to note that the purpose of this article is not to evaluate the effectiveness of Churchill's leadership or to argue that all the decisions made were appropriate or superior to those made by other leaders at the time. Rather, we adopt an illustrative approach to understand how a leader leveraged PsyCap to navigate a crisis, without taking an advocacy stand or implying that leaders always and universally leverage PsyCap for positive outcomes. Just like any other resource (i.e., financial resources, knowledge, etc.), despite its positive characteristics, PsyCap is neutral in the sense that leaders may leverage it for various means (Fast, Sivanathan, Mayer, & Galinsky, 2012; Paterson, Luthans, & Milosevic, 2014). Indeed, Paterson et al. (2014) argue that PsyCap is a very potent resource and as such may be leveraged in multiple ways, some of which may not be positive or effective. Consequently, the purpose of this article is to explicate how leaders leverage PsyCap as a potent core, intangible resource to navigate a crisis.

Our findings offer contributions to both strategic leadership and positive organizational behavior research. We contribute to strategic leadership research by illustrating how a strategic leader navigates a crisis via bridging of different activities that change vis-à-vis the situation. More specially, we show that strategic leaders not only envision a better future and influence others but also work to anticipate difficult events before others, focus on building intangible resources, relationships, and values, and energize followers to persevere. We emphasize that the strategic leader's ability to link these activities through PsyCap provides unique insights into strategic leadership during crisis. In doing so, we provide a phased, process model that explicates how leaders lead ahead of, into, through, and out of the crisis to build a path for the future.

In addition, our findings extend research in positive organizational behavior by (a) showing that PsyCap is a useful and dynamic psychological resource in times of crisis and (b) illustrating how leaders may leverage PsyCap as a core, intangible resource that fuels development of other resources and capabilities in the crisis. First, our exploratory analysis illustrates that Churchill leveraged PsyCap in his speeches to the public and to the Allies as a core, intangible resource that fuels all the other activities in the war. However, we show that although in some instances he leveraged all dimensions of PsyCap (particularly leading into the crisis), at other times he more prominently used some dimensions of PsyCap and not others (hope and confidence leading ahead of the crisis and resilience and confidence leading out of the crisis). Furthermore, even when leaders leverage all dimensions of PsyCap, the strength of one of the dimensions may be more intensive than the others. As such, our findings show that PsyCap enables leaders to flexibly engage in a wide range of activities, which is critical during crisis when many resources are largely constrained.

Our findings also illustrate how leaders leverage PsyCap to build and actualize other resources and capabilities needed for organizational survival during the crisis. We show that leaders leverage PsyCap as a core, intangible resource to build awareness of the crisis and thus increase preparedness through building of tangible resources, commitment, and positive appraisal that enables others to actualize those resources and build belief in transformation and success following the crisis. In doing so, we turn the attention to PsyCap as core, intangible resources that leaders may leverage to facilitate development of other key resources and capabilities during difficult times.

Leading with PsyCap

The promise of a positive approach to organization studies has been recognized by several streams of research, most notably the positive organizational scholarship literature at the macro level (Cameron & Dutton, 2003) and positive organizational behavior literature at the micro level (Luthans, 2002; Luthans & Youssef, 2007). The main premise of both streams of literature is that additional attention should be placed on the positive side of organizing in order to uncover how individuals and organizations can excel in complex environments. In particular, positive organizational behavior focuses on how individuals build and leverage positive psychological resources to excel (Luthans, 2002; Luthans, Youssef, Sweetman, & Harms, 2012). Building on this, Luthans et al. (2007a) introduced PsyCap as

an individual's positive psychological state of development and is characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success. (p. 3)

To this end, previous research found that PsyCap is related to outcomes such as performance and organizational citizenship behaviors (Avey et al., 2011), lower experiences of job-related stress (Avey, Luthans, & Jensen, 2009), and employee well-being (Luthans et al., 2012).

An interesting attribute of PsyCap is its dynamic nature (Luthans et al., 2007a). Luthans et al., (2007b, p. 544) suggest that PsyCap "constructs fit in the continuum as being 'state-like,' that is, they are not as stable and are more open to change and development compared with 'trait-like' constructs such as Big Five personality dimensions or core self-evaluations." As a state-like construct, PsyCap is more stable than momentary states but less stable than traits—making it a uniquely dynamic resource. Although previous research did suggest that the dynamism of PsyCap is most evident during intervention training (Luthans, Avey, Avolio, Norman, & Combs, 2006; Luthans, Avey, & Patera, 2008) and that increased levels of PsyCap have a positive impact on individual performance (Luthans, Avey, Avolio, & Peterson, 2010), insufficient attention has been placed on natural variations of PsyCap as individuals enact it in practice. Given the usefulness and established dynamism of PsyCap as a core individual resource, it is important to understand how individuals enact PsyCap and how that enactment fuels better performance.

The dynamism of PsyCap may provide important insights into its utility in crises. Previous research has discovered that leaders may leverage their own PsyCap to enhance PsyCap of the collective, thus enabling them to appraise the situation more positively and overcome obstacles (Avolio & Luthans, 2005; Gooty, Gavin, Johnson, Frazier, & Snow, 2009; Woolley, Caza, & Levy, 2011). For example, Gooty et al. (2009) theorized that transformational leaders use PsyCap to fuel powerful visions that enable followers to set and achieve positive goals (hope); develop positive expectations of the future (optimism); facilitate followers' beliefs in their capabilities via vicarious modeling (confidence); and, via communication of a better future, enable followers to persevere through crisis (resilience). Similarly, Paterson et al. (2014) argue that ethical leadership acts as a critical mechanism that channels PsyCap toward beneficial outcomes, implying that PsyCap is both a potent and dynamic resource.

Leadership in crisis: The role of PsyCap

Explicit treatment of context in organizational behavior research in general and leadership research in particular has been sparse (Johns, 2006; Osborne et al., 2014; Porter & McLaughlin, 2006). Traditionally, organizational behaviorists have been, in the words of Katz and Kahn (1978, p. 12), "unable or unwilling to deal with the facts of social organization and social structure." Indeed, Porter and McLaughlin (2006) demonstrated, in their examination of 21 organizational behavior and management journals, that only 16% of reviewed articles had a moderate to strong emphasis on context. More recently, Osborne et al. (2014) argue that additional attention should be placed on contextual factors such as organizational structure, size, and environment. These contextual factors are viewed as a key aspect of the complexity that leaders face and may thus directly shape leaders' behaviors.

Although there has been growing recognition of the importance of context for leadership research (Hannah et al., 2009; Osborn et al., 2014), the effort to explicitly problematize context has been lacking. Osborn et al. (2002) suggest that leaders may face four different contexts: relative stability, crisis, dynamic equilibrium, and edge of chaos. Crisis, the focus of this study, is a context in which leaders face drastic changes in practice and an inability to fulfill strategic goals due to emergent threats and constrained resources (Osborn et al., 2002). Previous research on leadership in crisis has

predominately focused on a "4Cs" framework (Pearson & Clair, 1998). This framework places focus on causes, consequences, caution (i.e., efforts to minimize the effects), and coping with or responding to the crisis.

Only limited insight, however, exists with regard to how leaders navigate through the crisis faced with limited opportunities and constrained resources. In their theoretical account of leadership in context, Osborn et al. (2002, p. 809) argue that in crisis "the aura of impending doom and the immediate pressure to improve or perish is palpable." Under these circumstances, they argue, leaders must convince others that extraordinary change is needed and that everyone has to take responsibility for dealing with the crisis. To this end, Dixon et al. (2016) found that leaders engage in a dynamic interplay of sensegiving and sensemaking to lead through the crisis. How they do so, and which resources they leverage when faced with the immediate pressure to improve, are less well understood.

We suggest that, due to its potent and dynamic nature, PsyCap may be an important, intangible resource for leaders in times of crisis. Indeed, Avey, Wernsing, and Luthans (2008) found that individuals with higher levels of PsyCap are better equipped to handle obstacles in the context of change, and Avey et al. (2009) argued that PsyCap may help individuals build the resources needed in today's stress-filled workplaces. Perhaps most illustratively, Cascio and Luthans (2014), in their study of PsyCap among prisoners on Robben Island, discovered that PsyCap was one of the critical factors in a prisoner's ability to transform the extremely difficult context and improve the conditions of the abusive incarceration. The prisoners seemed to develop—via coping strategies and leverage—via positive sensemaking, their PsyCap to maintain a transformative mind set and persevere through difficult times. With time, they were able to use PsyCap to disrupt the established institutional arrangements and drive positive change with seemingly no tangible resources and no opportunities for positive impact.

Given these findings, we suggest that a more explicit treatment of context may provide richer insight into how leaders leverage PsyCap to navigate to overcome the challenges created by the crisis context. We analyze historical data sources and explore in retrospect how Sir Winston Churchill leveraged (what we now term to be) PsyCap during WWII—a crisis that permeated much of the globe, in order to work through and rise above a difficult circumstance fraught with loss, lack of necessary tangible resources, uncertainty, and violence. In doing so, we provide insight into both the process and the importance of context in a leader's ability to mobilize positive capital in times of crisis. In the subsequent section, we provide an overview of the historical case and details of the procedures we utilized to analyze data. We then draw conclusions and contribute to a better understanding of leadership in a crisis.

Methods

Case overview

World War II was one of the most dramatic events in human history. More than 50 nations took part in the war that claimed between 50 and 60 million lives during 1939–1945 (Kershaw, 2007). The war began on September 1, 1939, when German forces attacked Poland. In less than 48 hours, leaders of France and Great Britain announced that their countries were at war with Germany. The vast British Empire, however, was gravely threatened by both the unexpectedly powerful Nazi Germany and by Japan in the British colonies in Asia. The defeat of the previously instituted appeasement policy and the outbreak of war marked the return of Winston Churchill to British government as the First Lord of the Admiralty in the Cabinet of Prime Minister Neville Chamberlain. Churchill previously held this position in the British government during World War I. However, Churchill's first term as the First Lord of the Admiralty was viewed by many as a failure because of his role in the organization of the unsuccessful Dardanelles Campaign, which led to his resignation from the position in May 1915 (Best, 2003).

Twenty-five years later, the view of Churchill changed from a failure to a potential savior for Great Britain (Grattan, 2004), enjoying the support of the people, who called him "the people's Winston" (Best, 2003, p. 160). One of the key reasons for this change in view was his early appreciation of the threat Hitler posed to the world (as discussed in the following) and the inability of others to form a coherent plan forward (Best, 2003). Consequently, Neville Chamberlain invited Churchill to join his War Cabinet as a Head of Admiralty at the onset of the war. On the same day Churchill became Prime Minister, Hitler ordered an attack on the Netherlands and Belgium, two neutral countries, in order to facilitate a German victory over France. Indeed, in a matter of weeks, France signed an armistice with Germany, and Churchill's Britain was on its own (Ahlstrom & Wang, 2009). In the following 12 months, a German invasion was seen as an imminent threat to Britain (Gilbert, 2012; Thomson, 1990). However, the first German aerial attack was defeated by the Royal Air Force in the Battle of Britain under Churchill's leadership. In the first months of 1941, Hitler slowly shifted his focus from the shaken, but still unconquered, Britain toward the vast area of Eastern Europe—the Soviet territory.

Germany's sudden attack on the Soviet Union and raging battle between the Soviets and the Germans on the Eastern front was the most important event for Churchill in 1941. Together with Japan's attack on Pearl Harbor and the unexpected German declaration of war against the United States, this event represented a relief for Churchill. Namely, these circumstances diminished the potential for an invasion of Great Britain by Nazi Germany, given that the United States entered the war as Britain's closest ally. From June 1941 onward, Hitler's main focus was on the Eastern front, which enabled Churchill and the Allies to refocus and formulate a joint strategy.

Data sources

To understand how Churchill leveraged PsyCap during the crisis of WWII, we relied on two data sources. Our primary data source was transcripts of Churchill's speeches from 1939–1945, inclusively, obtained from the National Churchill Museum (NCH). All available speeches made during the war (27) were included in this study, and are outlined in Table 1.

In order to build a more detailed historical case narrative, we supplemented our analysis with insights from the following books: *Churchill: A Study in Greatness* by Geoffrey Best; *Churchill: The Power of Words* by Martin Gilbert; *Fateful Choices: Ten Decisions That Changed the World* by Ian Kershaw; *The Library of Congress World War II Companion* by David Kennedy; and *Europe Since Napoleon* by David Thomson. Although writings on Churchill's role in WWII number more than 100 books and articles, we focused on these books to supplement our analysis of his speeches for several reasons. We selected the book by Best because it is one of the few books that concisely, yet in grand detail, describes the period and the role Churchill played at the time. Gilbert's *The Power of Words* was chosen because Gilbert was widely recognized as one of the key biographers of Churchill. We chose the book by Kershaw because it received notable reviews (Beevor, 2007; Boot, 2007) as a key and insightful resource into the leadership decisions that shaped WWII. In the words of Boot (2007), "Kershaw expertly explicates the inexplicable—for instance, Hitler's mad gamble to invade the Soviet Union and Stalin's equally demented refusal to prepare for the onslaught." The last two books were chosen because they have been recognized as historical classics and provided us with historical insight into the key events of the time (Fischer, 2007).

Table 1. Sir Winston Churchill's speeches used for this study.

Speech name	Date	Audience
1939, *A Hush Over Europe*	August 8, 1939	Broadcast to the United States from London
1939, *War Speech*	September 3, 1939	House of Commons
1940, *A House of Many Mansions*	January 20, 1940	Broadcast to London
1940, *Blood*	May 13, 1940	First speech as Prime Minister to the House of Commons
1940, *Be Ye Men of Valour*	May 19, 1940	BBC Radio Broadcast
1940, *We Shall Fight on the Beaches*	June 4, 1940	House of Commons
1940, *Their Finest Hour*	June 18, 1940	Parliament at Westminster
1940, *War of the Unknown Warriors*	July 14, 1940	BBC Broadcast to London
1940, *The Few*	August 20, 1940	House of Commons
1940, *Every Man to His Post*	September 11, 1940	Broadcast to London
1940, *Neville Chamberlain*	November 12, 1940	House of Commons
1941, *Give Us the Tools*	February 9, 1941	Broadcast to London
1941, *The Old Lion*	June 16, 1941	Broadcast from London to the United States on receiving an honorary degree from the University of Rochester, Churchill's first honorary degree from an American university
1941, *The Fourth Climacteric*	June 22, 1941	Broadcast to London on Germany's invasion of Russia
1941, *Winston Churchill's Broadcast on the Soviet–German War*	June 22, 1941	London
1941, *Do Your Worst; We'll Do Our Best*	July 14, 1941	London Parliament
1941, *Never Give In*	October 29, 1941	Harrow School
1941, *Christmas Message*	December 24, 1941	Washington, DC
1941, *Address to Joint Session of US Congress*	December 26, 1941	Joint session of U.S. Congress
1941, *Some Chicken; Some Neck*	December 30, 1941	Canadian Parliament
1942, *Singapore Has Fallen*	February 15, 1942	Broadcast to London
1942, *The Bright Gleam of Victory*	November, 10, 1942	Mansion House, London
1943, *The Gift of a Common Tongue*	September 6, 1943	Harvard University
1943, *A Sense of Crowd and Urgency*	October 28, 1943	House of Commons
1944, *The Invasion of France*	June 6, 1944	House of Commons
1945, *Victory in Europe*	May 8, 1945	House of Commons and broadcast to London
1945, *Winston Churchill Announces the Surrender of Germany*	May 8, 1945	House of Commons

Data analysis procedures

Data analysis proceeded in two stages. In the first stage, our objective was to determine whether PsyCap was actually present and a resource that Churchill leveraged during the war. To do so, we utilized a computer-aided text analysis guide created by McKenny, Short, and Payne (2013) to analyze all available transcripts. Computer-aided text analysis is a type of content analysis that is particularly useful for the analysis of texts such as annual reports, website content, and historical narratives, among others, with high-reliability results (Allison, McKenny, & Short, 2013; Zachary, McKenny, Short, Davis, & Wu, 2011). In addition, several studies used computer-aided text analysis to measure positive constructs such as optimism (Hart, 2000), charisma (Bligh, Kohles, & Meindl, 2004), and, most recently, PsyCap (McKenny et al., 2013). Following computer-aided text analysis guidelines (Short, Broberg, Cogliser, & Brigham, 2010), our data sources provided an appropriate selection of narrative texts and sampling frame (i.e., assessing a leader's PsyCap using the leader's speeches over a period of time), increasing our confidence in the external validity of the research.

McKenny et al. (2013) provide a detailed and reliable guide for measuring PsyCap using the same computer-aided text analysis guide that we utilized in this study. They identified a total of 402 words as representative of PsyCap: 73 words represented hope; 118 words represented confidence; 179 words represented resilience; and 85 words represented optimism. As recommended by McKenny et al. (2013) we retained the overlap in words across the dimensions (e.g., "certain" was included in both the "hope" and "confidence" word lists) to enhance content validity (McKenny et al., 2013; Short et al., 2010).

Guided by McKenny et al. (2013), the first stage of data analysis consisted of several steps. First, we coded all of the transcripts for the complete dictionary for each dimension of PsyCap (i.e., hope, optimism, resilience, and confidence). Second, we coded each of these words with the appropriate PsyCap dimension. For example, for optimism, we searched all transcripts for all of the 85 words included in the optimism word list. Then we coded each use of these 85 words as "optimism." We repeated this process for all dimensions of PsyCap. Third, we reviewed each speech and identified homonyms in which the coded word had a meaning other than the dimension that it represented (e.g., where "powers" in the phrase "belligerent powers" has a meaning other than the dictionary meaning of "confidence"). This coding sequence resulted in 1086 codes

(2.04% of all words) for the four dimensions of PsyCap (273 codes for hope, 0.5% of all words; 516 codes for confidence, 1.0% of all words; 115 codes for resilience, 0.2% of all words; and 182 codes for optimism, 0.3% of all words). Although there is no specified threshold to be met to suggest the presence of a construct using computer-aided text analysis (Short et al., 2010), the representation of PsyCap words across the data sources is consistent with previous studies of PsyCap using computer-aided text analysis (PsyCap = 2.5% of all words; hope = 0.8%; confidence = 0.9%; resilience = 0.4%; optimism = 0.3%; McKenny et al., 2013). Thus, the presence of multiple words for each dimension of PsyCap paired with the occurrence of codes in each speech enhanced our confidence in the presence of PsyCap across Churchill's leadership in crisis, as depicted by the speeches he made during WWII.

In the second stage, we used abductive coding in order to identify how Churchill leveraged PsyCap during WWII (Creswell, 2012; Strauss & Corbin, 1994). The first author coded the transcripts, identifying instances and searching for relationships between these instances in order to build an overarching narrative (Creswell, 2012). Subsequently, the first author and the second author discussed the codes and how they fit or challenged existing literature. This endeavor resulted in 35 individual, second-level codes with the first-level PsyCap codes embedded within. Following recommendations from Creswell (2012), data analyses proceeded iteratively between theory and data. That is, prior research was beneficial in helping us to refine the narrative, identify relationships between codes, and build aggregate themes (Creswell, 2012). Table 2 provides a thematic depiction of the eight emergent themes that represent how Churchill leveraged PsyCap during WWII. To illustrate PsyCap within each of the themes, we italicize the first-level PsyCap codes within the evidence provided.

Leveraging PsyCap to lead in a crisis

With upward of 60 million casualties between 1939 and 1945, WWII remains the deadliest conflict in human history (Kershaw, 2007). Although conceptualized as a single event, three key moments were instrumental in shaping the progress of the war: (a) the Battle of Britain, (b) the Attack on Pearl Harbor, and (c) the Battle of Stalingrad. The Battle of Britain started on August 13, 1940, triggered by Hitler's objective to invade the British Isles via Operation Sealion (Wilt, 1990). However, the British Royal Air Force's air defense system prevailed after a month of vigorous

Table 2. Description of the aggregate themes and supporting data.

Representative quote from the data	First level codes	Second level codes	Aggregate themes
But in Germany, on a mountain peak, there sits one man who in a single day can release the world from the fear which now oppresses it; or in a single day can plunge all that we have and are into a volcano of smoke and flame (1939, *A Hush Over Europe*)	• Statements illustrating obstacles and difficulties Europe will face • Statements warning peoples of the danger Hitler represents • Calling upon others to join in the fight against Germany as a grave evil	Recognizing difficulty of and preparing for the task awaiting Europe	Leveraging hope and confidence in anticipation of the difficult battle
Here we are, after nearly five months of all they can do against us on the sea, with the first U-boat campaign for the first time being utterly broken, with the mining menace in good control, with our shipping virtually undiminished, and with all the oceans of the world free from surface raiders (1940, *A House of Many Mansions*	• Statements illustrating activities aimed at building or preparing ammunition • Statements illustrating the need for preparedness for difficult times • Calls to all people to do what they can	Building tangible resources in anticipation of difficult times	
Meanwhile, we have not only fortified our hearts but our Island. We have rearmed and rebuilt our armies in a degree which would have been deemed impossible a few months ago .... The output of our own factories, working as they have never worked before, has poured forth to the troops (1940, *The Few*)	• Descriptions of resources critical to the victory. • Description of the activities fueled by the resources • Resources people utilized to replenish mental and physical energy	Mobilizing tangible resources to magnify resistance	Leveraging PsyCap to endure through devastating harms
All these tremendous facts have led the subjugated peoples of Europe to lift up their heads again in hope.... Hope has returned to the hearts of scores of millions of men and women, and with that hope there burns the flame of anger against the brutal, corrupt invader. And still more fiercely burn the fires of hatred and contempt for the filthy Quislings whom he has suborned. (1941, *Address to Joint Session of US Congress*)	• Statements illustrating the suffering of others • Statements describing the unfair fight Germans were engaging in • Statements inspiring action	Engaging others through emotional appeal	
Whether it be the ties of blood on my mother's side, or the friendships I have developed here over many years of active life, or the commanding sentiment of comradeship in the common cause of great peoples who speak the same language ... pursue the same ideals, I cannot feel myself a stranger here in the centre and at the summit of the United States. I feel a sense of unity and fraternal association which, added to the kindliness of your welcome, convinces me that I have a right to sit at your fireside and share your Christmas joys. (1941, *Christmas Message*)	• Descriptions of values that govern the actions of the allies • Statements indicating higher purpose and belief in good • Statements illustrating the importance of common values to overcome differences	Constructing a value platform	Leveraging PsyCap to build relationships for victory
General Wavell—nay, all our leaders, and all their lithe, active, ardent men, British, Australian, Indian, in the Imperial Army—saw their opportunity. At that time I ventured to draw General Wavell's attention to the seventh chapter of the Gospel of St. Matthew, at the seventh verse, where, as you all know—or ought to know—it is written: 'Ask, and it shall be given; seek, and ye shall find; knock, and it shall be opened unto you.' The Army of the Nile has asked, and it was given; they sought, and they have found; they knocked, and it has been opened unto them. In barely eight weeks. (1941, *Give Us the Tools*)	• Statements glorifying the strength of the allies, particularly France and the United States • Statements illustrating the importance of joint effort to defeat Germany	Constructing the ties among allies	
But instead our country stood in the gap. There was no flinching and no thought of giving in; and by what seemed almost a miracle to those outside these Islands, though we ourselves never doubted it, we now find ourselves in a position where I say that we can be sure that we have only to persevere to conquer. (1941, *Never Give In*)	• Statements recognizing the commitment and support of all peoples • Statements recognizing the sacrifice of people • Statements recognizing the contribution of all	Materializing the power of followers	Leveraging PsyCap for a new beginning
So far the Commanders who are engaged report that everything is proceeding according to plan. And what a plan! This vast operation is undoubtedly the most complicated and difficult that has ever taken place. It involves tides, wind, waves, visibility, both from the air and the sea standpoint, and the combined employment of land, air and sea forces in the highest degree of intimacy and in contact with conditions which could not and cannot be fully foreseen. (1944, *The Invasion of France*)	• Description of the commitment and resolve of the army amid grave challenges • Statements recognizing the superior efforts and resilience of the army	Devotion of the armies	

battle. The defeat led the Nazi leadership to refocus on the East and plan the campaign against the Soviet Union. The second moment of WWII occurred in December 1941. The surprise attack on Pearl Harbor marked the entrance of the United States into the war and the beginning of its relationship with Great Britain. The third moment was the Battle of Stalingrad, which began in July 1942. After more than 5 months of fighting, the Soviet forces, led by General Georgy Zhukov, achieved a major victory as Germany surrendered to the Soviets at Stalingrad (Beevor, 1999).

Sir Winston Churchill was a key individual during this global crisis. Our findings illustrate that Churchill leveraged a positive psychological resource (what we today term PsyCap) to fuel acquisition of other tangible and intangible resources and capabilities needed to overcome obstacles within the three key moments of the crisis (see Table 1 for illustrative evidence of the emergent themes and Figure 1 for visual illustration). In the early years of WWII, Churchill leveraged hope, by illustrating pathways to success, and confidence, by illustrating belief in success despite obstacles, to build intangible resources in order to prepare the country for the difficult task to come. Following the first critical moment of WWII—the Battle of Britain—Churchill leveraged all dimensions of PsyCap to mobilize these intangible resources and engage in emotional appeals to replenish the depleted armies.

Following the second key event—the Attack on Pearl Harbor—when the United States entered the war, Churchill began constructing the values platform needed to build positive relationships among the Allies with conflicting political ideologies, giving rise to hope as a critical dimension of PsyCap during this time of the crisis. Finally, as Europe was courageously rising from destruction following the third moment of the war—the Battle of Stalingrad—the energy embedded in the power of followers and devoted armies paired with the emergence of resilience enabled the continent to take advantage of the German losses in the East and march toward victory (Figure 1). In the following paragraphs, we provide a narrative of how a strategic leader leveraged PsyCap to navigate a crisis.

Leading ahead of the crisis: Leveraging hope and confidence in anticipation of the difficult battle

Recognizing The Difficulty Of And Preparing For The Task Awaiting Europe

Germany was an aggressor to be reckoned with and one that Europe was not prepared to battle. Indeed, many of Britain's allies failed to recognize the threat Germany posed and thus quickly succumbed to German aggression. Churchill, however, recognized early the threat of Nazi Germany. He understood that Hitler's rhetoric was more than an opposing opinion—it was a call to action strong enough to mobilize mass commitment and create irreversible and hazardous change for Europe. According to Kershaw (2007), Churchill's attacks on government defense and foreign policy had become increasingly more forceful in the 1930s, advocating for creation of a "grand alliance" with France and the Soviet Union to deter Hitler. In his effort to "make one final effort to arouse the Great Republic
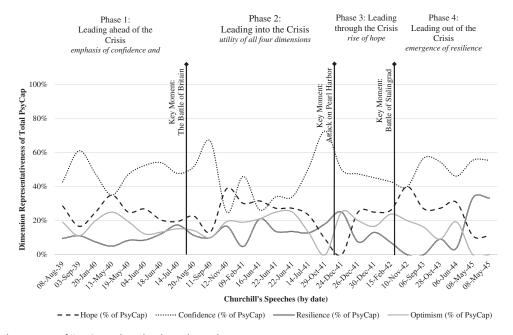

Figure 1. The dynamism of PsyCap when leading through a crisis.

from its reveries, barely four weeks before the outbreak of war in Europe" (1939, speech name *A Hush over Europe*), Churchill remarked:

> But to come back to the hush I said was hanging over Europe. What kind of a hush is it? Alas! it is the hush of suspense, and in many lands it is the hush of fear. Listen! No, listen carefully; I think I hear something—yes, there it was quite clear. Don't you hear it? It is the tramp of armies crunching the gravel of the parade-grounds, splashing through rain-soaked fields, the tramp of two million German soldiers and more than a million Italians—"going on maneuvers"—yes, only on maneuvers! Of course it's only maneuvers just like last year. After all, the Dictators must train their soldiers. (1939, *A Hush over Europe*)

The ability to recognize threats early and "act to anticipate environmental change" (Ireland & Hitt, 1999, p. 74) is a defining ability of strategic leaders. Anticipation enables leaders to maintain acute awareness of their environments and make timely and relevant decisions (Crossan, Vera, & Nanjad, 2008; Day, 2000). Indeed, Churchill displayed the strategic ability to anticipate when he warned others that the time facing not just Britain but the whole world was a difficult one: "an ordeal of the most grievous kind … with many, many long months of struggle and of suffering" (1940, *Blood*). In being true to his role as a leader of the West, he did not spare his followers difficult information. Indeed, he was one of the first to speak of the impending crisis brought about by the powerful resources of Hitler. However, he also displayed belief in the ability to persevere through obstacles (confidence) and illustrated how victory was possible (hope) through the generation of Britons ready to prove itself:

> We must expect many disappointments, and many unpleasant surprises, but we may be *sure* that the task which we have freely accepted is one not beyond the compass and the *strength* of the British Empire and the French Republic. The Prime Minister said it was a sad day, and that is indeed true, but at the present time there is another note which may be present, and that is a feeling of thankfulness that, if these great trials were to come upon our Island, there is a generation of Britons here now ready to prove itself not unworthy of the days of yore and not unworthy of those great men, the fathers of our land, who laid the foundations of our laws and shaped the greatness of our country. (1939, *War Speech*)

To this end, despite his early speeches being permeated with discussion of the gravity of the task that awaits all and reluctance of others to comprehend the severity of German rhetoric, Churchill continuously emphasized his belief in the Allies' ability to emerge victorious, creating an opportunity for followers to show agency

in their actions (confidence) and believe that they can create paths to succeed despite obstacles (hope). Indeed, no matter how dark the hour or how victorious Germany appeared, Churchill searched for ways to illustrate his belief in Britain to stand against the terror (confidence) and discuss specific ways or "stratagem" (hope) to succeed:

> The Admiralty had *confidence* at that time in their *ability* to prevent a mass invasion even though at that time the Germans had a magnificent battle fleet in the proportion of 10 to 16, even though they were *capable* of fighting a general engagement every day and any day, whereas now they have only a couple of heavy ships worth speaking of—the Scharnhorst and the Gneisenau. (1940, *Their Finest Hour*)

To this end, Churchill primarily leveraged hope and confidence (Figure 1) during the first phase of the crisis. Hope enables goal-directed behaviors and fosters plans to achieve those goals (Snyder, 2002). This was particularly important in recognizing and acting on difficulties. That is, individual agency in hope "takes on special significance when people encounter impediments" because it motivates the search for alternatives (Snyder, 2002, p. 258). Confidence augmented hope in this context as it captured individual conviction in the ability to generate alternative paths and take action to facilitate success despite the threat of Hitler's growing power (Luthans et al., 2007a). Consequently, confidence and hope were critical for Churchill in the beginning of the war as they helped him clearly (a) identify the impending danger but also (b) prepare the people to embrace difficult times in front of them with belief in success:

> *Certainly* it is true that we are facing numerical odds; but that is no new thing in our history. Very few wars have been won by mere numbers alone. Quality, *will power*, geographical advantages, natural and financial resources, the command of the sea, and, above all, a cause which rouses the spontaneous surgings of the human spirit in millions of hearts—these have proved to be the decisive factors in the human story. (1940, *A House of Many Mansions*)

Building tangible resources in anticipation of difficult times

In addition to preparing for the threat, Churchill also understood that the only way Britain might persevere was by building necessary tangible resources ahead of difficult times. During crisis, leaders face depleted resources (Osborn et al., 2002) and must continuously develop resources that will help them navigate difficult times (Barreto, 2010; Ireland & Hitt, 1999). Churchill leveraged confidence to orient followers toward

activities they—the armies and the civilians—could engage in to help Britain prepare for difficult times, understanding that in the midst of the crisis the resources will become scarce. These activities were geared toward creation of tangible resources—such as weapons, ammunition, and healing materials—utilized to withstand the early losses as well as to fuel the armies in the later stages of the war.

Indeed, Kennedy (2007, p. 341) argued that at the time, Churchill was determined to continue the resistance, "mobilizing large numbers of men and stocks of munitions – outbuilding Germany both in aircraft and tank production in 1940." As depicted in Figure 1, Churchill leveraged confidence primarily (although here we see the emergence of other dimensions as well) to build these tangible resources in anticipation of difficult battle (Bandura, 1997). The activities involved ranged from assuring weapons and ammunition were available, to the timely reparation of equipment, to the steady performance of the daily work:

> If the battle is to be won, we must provide our men with ever-increasing quantities of the weapons and ammunition they need … There is imperious need for these vital munitions. They increase our *strength* against the *powerfully* armed enemy. They replace the wastage of the obstinate struggle—and the knowledge that wastage will speedily be replaced enables us to draw more readily upon our reserves and throw them in now that everything counts so much. (1940, *Be Ye Men of Valour*)

Leading into the crisis: Leveraging PsyCap to endure through devastating harms

Mobilizing tangible resources to magnify resistance

World War II was largely determined by a number of difficult decisions made by major world powers (Kershaw, 2007). Emphasis in decision making was on unification of the tangible resources developed in the first phase of the crisis and mobilizing them to support Britain's resistance despite Hitler's successes. These tangible resources played a key role at this time because they both provided the actual fuel to endure the losses and symbolized the support that individuals utilized to cope with the difficult circumstances. Indeed, previous research suggests that individuals rely on key resources to bounce back when facing adverse contexts or maintain prosperity in response to future difficulties (Hobfoll, 2001; Shin, Taylor, & Seo, 2012). Aligned with this, our findings show that these tangible resources enabled Britain to not just recuperate from the early defeats at Hitler's hands, but also successfully regroup and rebound above and beyond in terms of their preparedness for the

subsequent events. As demonstrated in Figure 1, Churchill leveraged all four dimensions of PsyCap in Phase 2 of the crisis to mobilize tangible resources in two ways: (a) via heartfelt descriptions of the danger and potential losses Britain could face:

> But it *certainly* seemed that the whole of the French First Army and the whole of the British Expeditionary Force … would be broken up in the open field or else would have to capitulate for lack of food and ammunition. These were the hard and heavy tidings for which I called upon the House and the nation to prepare themselves. (1940, *We Shall Fight on the Beaches*)

And (b) via a detailed description of how armies can leverage those tangible resources so as to enable Britain and the Allies to endure:

> We have, therefore, in this Island today a very large and *powerful* military force. This force comprises all our best-trained and our finest troops, including scores of thousands of those who have already measured their quality against the Germans and found themselves at no disadvantage. We have under arms at the present time in this Island over a million and a quarter men. (1940, *Their Finest Hour*)

Given their importance as sources of strength, Churchill leveraged all four dimensions of PsyCap in this phase in order to not just mobilize the tangible resources during the Battle of Britain, but also accelerate the successes that followed. As mentioned earlier, resilience was a key element of the development of tangible resources and confidence and hope were evident in the way Churchill actualized them to create the path for victory. However, Churchill also leveraged optimism through the positive assessment of future (Luthans et al., 2007a). Carver and Scheier (2002, p. 231) state, "Optimists are people who expect good things to happen to them." To this end, Churchill often leveraged all dimensions of PsyCap to increase the faith of the people that mobilizing tangible resources would enable them to create a more desirable future:

> Provided that every effort is made, that nothing is kept back, that the whole *manpower*, brain *power*, virility, valor and civic virtue of the English-speaking world, with all its galaxy of loyal, friendly or associated communities and states-provided that is bent unremittingly to the simple but supreme task, I think it would be reasonable to *hope* that the end of 1942 will see us quite definitely in a better position than we are now. And that the year 1943 will enable us to assume the initiative upon an ample scale. (1941, *Address to Joint Session of US Congress*)

Engaging others through emotional appeal

In addition, Churchill also relied on emotional appeal to engage the people of Britain and help them believe

that their work was not hopeless. Recent research highlights the interrelated nature of emotions and PsyCap. For example, Avey et al. (2008) found that individuals with higher levels of PsyCap tend to experience more positive emotions and thus to be more likely to embrace change processes. Others have suggested that positive emotions are important for the individual's ability to replenish their PsyCap (Gooty et al., 2009; Seal & Andrews-Brown, 2010). The underlying assumption is that those who experience positive emotions are more likely to evaluate a situation positively and thus are more likely to experience higher levels of belief in their abilities (confidence), expect a more positive future (optimism), and generate multiple paths for goal attainment (hope). Our findings complement these arguments by illustrating how Churchill interwove PsyCap and emotional appeal to help others mobilize tangible resources.

In an effort to emotionally engage all followers (Cascio & Luthans, 2014), Churchill not only leveraged all dimensions of PsyCap (see Figure 1), but also began to materialize the impact of PsyCap through emotional appeals. Indeed, the emotional appeal enabled others to evaluate the devastating situation more positively (Avey et al., 2008). This, in turn, facilitated their belief in their capabilities to fight back and help their weaker neighbors (confidence); helped them identify different opportunities for moving forward, particularly through building relationships with allies (hope); created a context based on trusting relationships in which followers could bounce back when facing difficult times (resilience) (Shin et al., 2012); and triggered positive evaluations of the future in which Britain could emerge victorious (optimism). Emotional appeal acted as an integrative platform that via establishing connections among actors. To this end, emotional appeal became key to Churchill's leading into the crisis:

> It would have seemed incredible that at the end of a period of horror and disaster, or at this point in a period of horror and disaster, we should stand erect, sure of ourselves, masters of our fate and with the *conviction* of final victory burning unquenchable in our hearts. Few would have *believed* we could *survive*; none would have *believed* that we should today not only feel stronger but should actually be stronger than we have ever been before. (1940, *The Few*)

Leading through the crisis: Leveraging PsyCap to build relationships for victory

Constructing a value platform

Churchill knew that, despite the victory of the Battle of Britain, the only way Europe could defeat Germany was through strong cooperation of the Allies. Indeed, his forceful belief that strength is to be found in the alliance stems from early 1939 as he saw the potential for joint action to deter Germany. Consequently, Churchill frequently talked about allies in terms of both strength they bring to Britain and through emotional appeal by illustrating the suffering of allies. Surprisingly, however, most of the recent research tends to focus solely on strategic leaders (Boal & Hooijberg, 2001), thus neglecting, to an extent, the role of collectives. The important exception is work on distributed or collective leadership (Gronn, 2002) that recognizes the need to expand the focus, particularly in times of change (Denis, Lamothe, & Langley, 2001). Nonetheless, how these strategic collectives emerge, reconcile differences, and work in concert to advance strategic objectives is less well understood.

To this end, Churchill understood that only together with powerful allies was victory possible. However, the rift between political ideologies of the Allies, particularly those of the Soviet Union and the United States, which became more prominent when the United States decided to join the war effort, threatened the potential for mutual support and was something Hitler counted on. Churchill understood this reality, and knew that the only way to lead through the crisis was to construct a value platform—one that transcended the barriers imposed by conflicting political ideologies. As part of his effort, during his visit to the United States in 1941, he often remarked on values that bind Britain and the United States: "I have been in full harmony all my life with the tides which have flowed on both sides of the Atlantic against privilege and monopoly and I have steered *confidently* towards the Gettysburg *ideal* of government of the people, by the people, for the people" (1941, *Address to Joint Session of US Congress*).

In doing so, Churchill emphasized across his speeches following the first and second key moments that this war was not just a war against Hitler—it was a battle for the preservation of humanitarian values. This battle for the values embodies all that is positive and agentic in PsyCap. The urgency of actions, the idealism of values, and the belief in human achievement propelled Britain and the Allies—the old and the new world—to move forward together as they created one stronger world:

> He has lighted a fire which will burn with a *steady* and consuming flame until the last vestiges of Nazi tyranny have been burnt out of Europe, and until the Old World—and the New—can join hands to rebuild the temples of man's freedom and man's honour, upon foundations which will not soon or easily be overthrown. (1940, *Every Man to His Post*)

Constructing the ties among allies

Britain could not defeat Germany alone—ties among the "whole world" were needed. At the end of the war, Churchill recognized as much: "Almost the whole world was combined against the evil-doers, who are now prostrate before us. Our gratitude to our splendid Allies goes forth from all our hearts in this Island and throughout the British Empire" (1945, *Winston Churchill Announces the Surrender of Germany*). The strength of the relationship between peoples across the world, despite stark differences in political ideologies, was essential to Europe's ability to recover from the early defeats and continue the resistance against Nazi Germany. This was not surprising, as previous research offers several arguments why positive relationships may be particularly useful in a crisis. For example, Cascio and Luthans (2014) suggested that prisoners drew on their PsyCap to form positive relationships with the guards to transform Robben Island. Similarly, Churchill recognized that only by marching together could they withstand the crisis:

> It is not given to us to peer into the mysteries of the future. Still, I avow my *hope* and *faith, sure* and inviolate, that in the days to come the British and American peoples will, for their own safety and for the good of all, walk together in majesty, in justice and in peace. (1941, *Address to Joint Session of US Congress*)

Given the importance of relationships for Churchill's leadership, he leveraged PsyCap to strengthen established relationships and build new ones (see Figure 1). Churchill leveraged confidence by emphasizing the strength of the Britain that was only reinforced by "righteous comrade-ship of arms" between the Britain and the United States (1941, *Address to Joint Session of US Congress*). As the strength of the relationships increased, particularly between France, the United States, and Britain, Churchill leveraged hope to help people see new opportunities and navigate the path to victory. Hope became increasingly important during this third phase of the crisis as Churchill leveraged the interrelatedness of the Allies' actions, contrasting them with those of Nazi Germany, and illustrating how these differences strengthened the Allied Powers, thus creating opportunities for success through collective action, and development of a unified, and stronger, world:

> If Hitler imagines that his attack on Soviet Russia will cause the slightest division of aims or slackening of effort in the great democracies, who are *resolved* upon his doom, he is woefully mistaken. On the contrary, we shall be fortified and *encouraged* in our efforts to rescue mankind from his tyranny. We shall be *strengthened* and not weakened in our *determination* and in our resources. (1941, *The Fourth Climacteric*)

Leading out of the crisis: Leveraging PsyCap for a new beginning

Although the events between 1939 and 1942 played a key role in the Allies' ability to emerge victorious, Churchill understood that there could be no peace in Europe until all states regained their independence from Germany, and that could come to be only with complete defeat of German armies and a new beginning for the whole world (Weinberg, 2005). Though exhausted and devastated, people's hope that victory was possible was essential to creating a new beginning post war. Churchill, known as "the people's Winston" (Best, 2003, p. 160), Churchill was one of the few leaders at the time who enjoyed such admiration and unusual ability to imbue his followers with such belief. According to Berlin (1949), "The Prime Minister was able to impose his imagination and his will upon his countrymen, and enjoy a Periclean reign, precisely because he appeared to them larger and nobler than life and lifted them to an abnormal height in a moment of crisis (Berlin, 1949, p. 6)." To this end, although Churchill emphasized the role of people—both civilian and armies—throughout the war, recognizing that the ability to persevere depended heavily on the commitment and preparedness of the people. Thus, the role of the people became most critical in thee last phase of the crisis.

Materializing the power of followers

The question of followers in the construction of leadership has received significant attention in the recent literature (Baker, Anthony, Stites-Doe, 2015; Hollander, 1992; Uhl-Bien, Riggio, Lowe, & Carsten, 2014). As the leadership literature broadened to explore leadership through interactions (Fairhurst & Uhl-Bien, 2012), it became evident that leadership can only exist if some are willing to follow. These "following" behaviors are conceptualized as a form of deference in which followers allow themselves to be led and actively engage in leadership processes (Baker et al., 2015; Uhl-Bien et al., 2014). To this end, Uhl-Bien et al. (2014) argue that one cannot understand leadership without understanding followers and their behaviors.

Churchill was aware that his leadership mattered insofar as he could influence others to rise against Hitler and defend Europe and its Allies. Indeed, in 1939 he remarked that the "trial of modern war can be endured" only through "the wholehearted concurrence of scores of millions of men and women, whose co-

operation is indispensable and whose comradeship and brotherhood are indispensable" (1939, *War Speech*). To this end, Berlin (1949) argued that one of the key qualities of Churchill was his ability to engage with his followers and turn them "out of their normal selves, and, by dramatizing their lives and making them seem to themselves and to each other clad in the fabulous garments appropriate to a great historic moment, transformed cowards into brave men, and so fulfilled the purpose of shining armor (Berlin, 1949, p. 6)." The focus on followers was a key aspect of Churchill's leadership. He was aware that throughout the war it was the people who built the tangible resources needed to sustain Britain through difficult times; it was the people who bravely stood up to the Nazi armies in the battlefield; and it was the people who enabled Britain to quickly respond after the Battle of Stalingrad and find the means to move forward. Churchill understood the importance of their sustained efforts:

> Our British resources were stretched to the utmost … We had to be ready to meet German invasion of our own island. We had to defend Egypt, the Nile valley, and the Suez Canal. Above all, we had to bring in food, raw materials, and finished across the Atlantic in the teeth of German and Italian U-boats and aircraft. *We have to do all this still.* (1942, *Singapore has Fallen*)

Churchill leveraged all dimensions of PsyCap (see Figure 1) to inspire action and lead Europe out of the crisis despite now-depleted tangible resources. Through modeling and emphasizing past and current successes (Bandura, 1997), Churchill nurtured the followers' confidence needed to persevere. He modeled confidence through expression of his belief not just in Britain's ability to emerge victorious via reconfiguring and mobilizing tangible resources, but in the ability of the people of the world to defeat the strong German forces. This belief was particularly relevant during the Battle of Stalingrad. This moment in WWII marks the first significant weakness in German stratagem, as well as the ever-increasing strength of the recently united Allies. It was of upmost importance that the people of Britain displayed the most power and persevered. To inspire this, Churchill primarily leveraged resilience. Resilience embodies the ability not just to bounce back from adversity but to be able to emerge stronger than before, or as Luthans et al. (2007a) suggest, to bounce back and beyond. Resilience thus played a key role in enabling the people to endure and be strongest at the end:

> This is one of those moments, when the British nation can show its quality and genius. This is one of those moments when it can draw from the heart of misfortune the vital impulse of victory. Here is a moment to display the calm and pose, combined with grim

determination, which not so very long abo brought us out of the very jaws of death. Here is another occasion to show, as so often in our long story that we can reverse with dignity and with renewed accessions of *strength*. (1942, *Singapore has Fallen*)

Although resilience was the most dynamic of all dimensions of PsyCap during the final phase of the crisis, Churchill also leveraged optimism and hope by frequently recognizing both armies defending Europe and civilians working tirelessly at home building tangible resources that would enable a positive future for Europe. Hope was evident in his vivid depictions of the opportunities those tangible resources from the past created, while optimism was portrayed in the way in which he spoke of the positive future awaiting Europe. This was perhaps most evident in the way he described people of not just Britain but of all Allies as they struggled to continue. Britain was not alone, and the power of all people coming together in this difficult time would help them build a strong Europe:

> I declare to you here, on this considerable occasion … I declare to you my *faith* that France will rise again. While there are men like General de Gaulle and all those who follow him—and they are legion throughout France—and men like General Giraud, that gallant warrior whom no prison can hold, while there are men like those to stand *forward* in the name and in the cause of France, my *confidence* in the future of France is *sure*. (1942, *The Bright Gleam of Victory*)

Devotion of the armies

In addition to the power of people in the last phase of the crisis, the power of the army and its devotion to the humanitarian values marked the Allies' unified offensive throughout the war, but perhaps most dominantly during and after the Battle of Stalingrad. The commitment to change and the belief in actions needed to implement change are critical for any collective's ability to withstand difficult times despite depleted tangible and intangible resources (Herscovitch & Meyer, 2002; Shin et al., 2012). The armies' successes and their devotion to persevere for the victory of humanitarian values acted as a key inducement for people to continue in their efforts and commit toward progress. To this end, Churchill often spoke of the values that bound the Allied armies and gave them reason to continue for the shared values and the new world:

> These two African undertakings, in the east and in the west, were part of a single strategic and political *conception* which we have laboured long to bring to fruition … Thus, taken together, they were two aspects of a grand design, vast in its scope, honourable in its motive, noble in its aim. The British and American affairs continue to prosper in the Mediterranean, and the whole event will be a new bond between the

English-speaking peoples and a new *hope* for the whole world. (1942, *The Bright Gleam of Victory*)

To lead out of the crisis, Churchill leveraged all dimensions of PsyCap, with strong emergence of resilience as important to this phase (Figure 1). The aim was to build on the momentum from the Battle of Stalingrad and persevere until the end. Bandura (1997) argued that confidence is enhanced not just through individual success but also by observing others succeed at a highly difficult task. The triumphs of the Allies and the continuous ability of those at home to provide support increased confidence in Britain's ability to fight off German attacks. Churchill also leveraged hope by speaking of the specific achievements of the Allies that illustrated paths to win the war, as well as calling for individual agency in fulfilling these objectives:

> It is our duty … to pay the warmest tribute of gratitude and admiration to General Alexander for the skill with which he has handled this Army of so many different States and nations, and for the *tenacity* and *fortitude* with which he has sustained the long periods when success was denied. In General Clark the United States Army has found a fighting leader of the highest order, and the qualities of all Allied troops have shone in noble and unjealous rivalry. The great *strength* of the Air Forces at our disposal, as well as the preponderance in armour, has *undoubtedly* contributed in a notable and distinctive manner to the successes which have been achieved. (1944, *The Invasion of France*)

In line with extant research (Shin et al., 2012) resilience was perhaps the most dominant dimension in this instance, as the devotion and endurance of the army was one of the key factors that allowed Europe to bounce back from early defeats and ultimately emerge victorious. Indeed, in the last phase of the crisis, Churchill often remarked that the outstanding ability of the Allies not just to bounce back but to reconfigure depleted intangible resources to transcend current capabilities was critical for paving the path to victory. Perhaps best illustrating the power of resilience was his astonishment at the efforts of the troops:

> The ardour and spirit of the troops, as I saw myself, embarking in these last few days was splendid to witness … the whole process of opening this great new front will be pursued with the utmost resolution both by the commanders and by the United States and British Governments whom they serve. (1944, *The Invasion of France*)

Discussion

How leaders leverage tangible and intangible resources to fuel organizational performance, particularly during difficult and ambiguous times, has long intrigued organizational scholars (Barney, 2001; Helfat et al., 2009; Wernerfelt, 1984). This issue is becoming particularly relevant today as environments become more turbulent and unpredictable, requiring a continuous reconfiguration of resources (Eisenhardt & Martin, 2000). In this context, questions of how leaders leverage tangible and intangible resources, how they reconfigure those resources, and what resources may be particularly useful when, become pivotal to understanding organizational success. The key challenges researchers have faced thus far stem from, perhaps, overreliance on cross-sectional data and from almost exclusive focus on traditional organizational resources, such as knowledge, human, or financial resources. Although these resources are indeed relevant, lack of understanding of other potentially useful intangible resources and how leaders may leverage them during crisis may limit our knowledge.

Our study seeks to contribute some answers by exploring how leaders leverage a specific intangible resource—PsyCap—to fuel activities needed to persevere and overcome a crisis. We utilize a historical analysis of Churchill's leadership in WWII—a turbulent time that changed the course of history—to abductively explore our research question and offer insight that is theoretically grounded. Our findings contribute to both the strategic leadership and positive organizational behavior literatures. We show how strategic leaders may leverage their PsyCap to bridge activities needed to navigate the crisis. More specifically, we show that strategic leaders need to anticipate the crisis to build and actualize tangible and intangible resources ahead and during the crisis so that followers are engaged and relationships can be built on the path to success. In addition, our findings extend positive organizational behavior to illustrate the dynamic nature of PsyCap as a core, intangible resource. The dynamism is reflected in the way leaders may leverage PsyCap such that dimensions within PsyCap change and become more prominent depending on the particularities of the circumstance. In doing so, we show how leaders may use PsyCap as a core, intangible resource to fuel their leadership influence.

Strategic leadership in crisis: Bridging activities for synergistic value

Although stories about leadership often entail depictions of the leader's ability to lead through difficult times, a recent review of the literature indicated that surprisingly little is known about leadership in difficult contexts (Hannah et al., 2009). For example, studies

have explored the importance of leadership in avoidance of a crisis (Brown & Treviño, 2006), the role of leaders in preparing organizations for the crisis (Pearson & Mitroff, 1993), and the routines leaders develop for dealing with the crisis (Grant et al., 2007). However, insufficient attention has been placed on how leaders navigate turbulent contexts that may span significant amounts of time and how they manage depleted tangible and intangible resources to overcome the crisis. The increasing number of crises in today's global economy indicates that additional insight into the process of leadership as they lead ahead, into, through, and out of a crisis is needed.

Our historical account of Churchill's leadership during WWII indicates that strategic leaders not only envision a better future and influence others but also work to anticipate difficult events before others, focus on building intangible resources, relationships, and values, and energize followers to persevere. More importantly, however, we show that strategic leaders need to continuously link those activities together. For example, even though the relationships with the Allies had not fully materialized until the United States entered the war, Churchill understood that only through strong relationships could this war be won early on (bridging anticipation and relationship). Consequently, as he was anticipating the events and illustrating the danger of the Nazi Armies in 1939, he also called for the need to build relationships with others and emphasized shared values as a mechanism to build relationships.

We show that strategic leaders have to work on multiple fronts: They need to continuously scan the environment and anticipate events before they occur (Boal & Hooijberg, 2001; Ireland & Hitt, 1999); they also need to build tangible and intangible resources ahead of time, as well as establishing a shared value platform that can be actualized in the midst of the crisis. These resources may help followers withstand difficult times and strengthen opportunities for relationship building that often becomes critical during crises (Cascio & Luthans, 2014; Sullivan, 1983). Similarly, although follower engagement tends to be the most important at the end of the crisis—when followers need to overcome the crisis despite tangible and intangible resources being depleted—we show that strategic leaders should recognize and engage followers from the beginning to ensure that this engagement occurs when it is needed. Indeed, recent research suggests that followers play a key role in leaders' ability to execute strategy (Dinh et al., 2014; Fairhurst & Uhl-Bien, 2012), and thus, particularly in times of crisis, leaders must engage with followers more deeply. We

suggest that this can be done via emotional appeal but also via recognition of teams (devotion of the armies) that are on the front lines committed to the success.

In addition, our findings indicate that to understand how leaders navigate a crisis, stronger insight into the nature of the crisis is needed. Previous literature treats extreme contexts either as homogeneous discrete events (Bass, 2008) or as events that embody different dimensions (Hannah et al., 2009). We contribute to this stream of literature by more clearly depicting the specific context—a crisis—and theorize and empirically explore how the particularities of this context may shape leadership processes. Our approach provides more nuanced insights into the dynamics of leadership in crisis. More specifically, we show that leaders should build tangible and intangible resources in anticipation of the crisis, use emotional appeal to lead into the crisis, build connections to lead through the crisis, and build commitment to lead out of the crisis. To this end, we hope that future research will continue to contextualize leadership and offer a more fine-grained view across the different contexts.

PsyCap as a core intangible resource: How recombination of PsyCap dimensions fuels strength

Driven by the promise of a positive approach to organizational behavior, exploration of how individuals' PsyCap might be developed has received increasing attention. A dominant finding is that PsyCap can be developed via carefully executed training sessions (Luthans, 2012; Luthans et al., 2008), as well as via leadership activities (Avolio & Luthans, 2005; Gooty et al., 2009; Woolley et al., 2011). However, the dynamism of PsyCap was only loosely considered insofar as it is state-like and, as such, can be dynamic. To this end, we contribute to the literature in three ways. First, we affirm previous findings by illustrating the nature of PsyCap as a higher order construct consisting of tightly interwoven, yet unique, dimensions of hope, optimism, resilience, and confidence (Luthans et al., 2007a) that leaders may leverage as a core resource in crisis. This is an important contribution, as much of the PsyCap literature thus far predominately used one method to explore PsyCap—the questionnaire developed by Luthans et al. (2007a).

Second, we extend current knowledge by more clearly illustrating the dynamic nature of PsyCap in context. Previous research suggests that individual's beliefs in the ability to influence outcomes (i.e., positive appraisal of circumstances, which is key to PsyCap) may facilitate sensemaking during crisis (Weick, 1998), as well as how individuals perceive threats and how they mobilize tangible and intangible resources to respond to those threats

(Blomme, 2012; Jervis, 1976). Similarly, Goud (2005, p. 110) argues that the "belief and trust in one's capabilities is a primary force in countering fears, risks, and the safety impulse." We show that leaders may leverage PsyCap as a core, intangible resource to fuel other important leadership activities. For example, Churchill reconfigured different dimensions of PsyCap to inspire the building of intangible resources ahead of the war, form an emotional bond with followers in the midst of the war, and strengthen his relationship with the Allies to overcome obstacles. To this end, we show that PsyCap is not static but is indeed a state-like construct that leaders may flexibly leverage over time to acquire and mobilize the necessary tangible and intangible resources to succeed. The dynamism of PsyCap stems from the leader's ability to synergistically leverage this core, intangible resource as leaders lead ahead of, into, through, and out of a crisis.

In illustrating the dynamic nature of PsyCap, we also illustrate that PsyCap is a core, intangible resource that leaders can leverage in a crisis. Luthans et al. (2010) suggest that taking a resource-based view to understand the usefulness and dynamics of PsyCap is a next step in developing our understanding of this important construct in positive organizational behavior. More specifically, they argue that recent advances have created a space for going beyond "human capital (generally recognized to be the education, experience, and implicit knowledge of human resources) by focusing on what has been termed positive psychological capital" (Luthans et al., 2010, p. 41). The value of PsyCap, much like that of human capital, lies in the aspect that, unlike traditional resources such as financial assets or physical equipment, PsyCap may increase when it is leveraged more by leaders. More specifically, previous research has indicated, and our study further illustrates, that each of the dimensions of PsyCap may be flexibly leveraged (i.e., their state-like nature). To this end, our findings illustrate that PsyCap is indeed an important core, intangible resource leaders may use in crisis.

Limitations and future directions

Although our study makes important contributions to the literature, there are several limitations that should be noted and that future research should address. One of the key opportunities for future research is additional exploration of the role of followers in the crisis. Our study illustrates that Churchill did in fact recognize the important role followers played and worked tirelessly to engage them throughout the war. However, due to the archival nature of our data, we had only limited insight into the actual experiences of the followers and their levels of PsyCap. Future research should look not just into how

leaders navigate crisis, but also into how the experiences and perceptions of followers change during a crisis. How do followers experience leaders who leverage PsyCap? Does the followers' PsyCap change with the progression of the crisis? And, finally, do followers with higher levels of PsyCap tend to navigate the crisis more successfully?

An additional limitation of our research arises from our methodological approach. Although our in-depth case study offers important insight into nuances of the phenomenon—in this case, how leaders leverage PsyCap in crisis—it does raise questions with regard to generalizability of the findings. For example, previous research has indicated that PsyCap is a neutral resource—one that depends on how leaders decide to leverage it (Paterson et al., 2014). The important question for future research is thus to explore how different leaders leverage PsyCap and under which conditions PsyCap may actually lead to negative outcomes. Relatedly, we show that PsyCap is an important intangible resource in the crisis; however, future research should inquire into whether leaders leverage PsyCap in other noncrisis contexts as well. To this end, future studies should consider multiple case-study design (Creswell, 2012; Eisenhardt, 1989) to compare how different leaders in crisis leverage PsyCap and how leaders leverage PsyCap across different contexts (stability, crisis, dynamic equilibrium, and the edge of chaos).

Future research should also consider using quantitative methodologies to delineate more precisely how use of PsyCap may differ depending on particular circumstances (i.e., moderating relationships). Although we have presented our findings in a linear manner in order to preserve linguistic clarity and flow, the qualitative method in general produces narratives that are less likely be a "nice neat one where everything fits" (Cunliffe, 2010, p. 231), and more likely a messy text that includes multiple narratives, personal stories, and diverse accounts (Cunliffe, 2010; Marcus, 2007). Consequently, qualitative researchers often make a trade-off between providing a sufficient amount of detail and explicating overlaps and stories in the data on one hand and preserving clarity and the focus of the final narrative on the other (Bass & Milosevic, 2016). Our study provides overarching understanding of leadership, PsyCap, and crisis; future research can build on our findings to explicate nuances that can further our understanding.

Conclusion

For many organizations and their leaders, crises have become part of organizational reality. Despite their prevalence, crises are no less extraordinary, challenging, and threatening to organizational survival and success. They require exceptional responses exemplified in a leader's unusual ability to reconfigure and mobilize depleted

tangible and intangible resources to fuel often surprising comebacks. How leaders do so as they lead ahead of, into, through, and out of a crisis, however, is less well understood. Our historical analysis demonstrates how successful leaders may leverage PsyCap was a core, intangible resource that Churchill leveraged during the crisis of WWII to fuel other important activities: mobilizing troops, building relationships with allies, and encouraging production of the tangible resources necessary for the Allied forces to prevail. Our historical analysis provides the group upon which we demonstrate how successful leaders may leverage PsyCap so as to transform seemingly dismal realities into successful futures. To this end, we uncover the dynamic nature of PsyCap as a tool that strategic leaders can leverage as they lead organizations ahead of, into, through, and out of crises.

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