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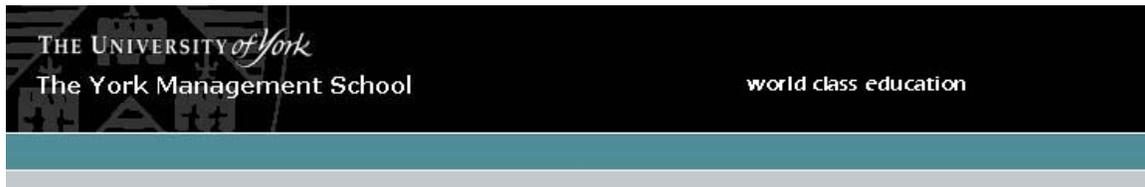
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**Working paper**

Kakavogianni, D. (2009) *Charismatic Leadership and its emergence under crisis conditions: A case study from the airline industry*. Working Paper 45. University of York, The York Management School.

<http://www.york.ac.uk/management/research/workingPapers.htm>

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THE UNIVERSITY *of York*

University of York  
The York Management School  
Working Paper No. 45  
ISSN Number: 1743-4041  
March 2009

Charismatic Leadership and its emergence  
under crisis conditions:  
A case study from the airline industry

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**This paper is circulated for discussion purposes only and its contents should be considered preliminary.**

Charismatic Leadership and its emergence under crisis conditions:  
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ABSTRACT

Charismatic leadership is perceived as emerging under conditions of crisis. This study examines to what extent this statement is confirmed in an organizational context. Employing a case study from the airline industry, the behaviour of leaders and the perception of followers, regarding attributions of charisma in a crisis situation, are explored. A questionnaire based on the C-K scale is used to assess leaders' engagement in charismatic behaviour from the followers' point of view, whereas interviews at senior level management are conducted to verify the leaders' reactions. The findings demonstrate that crisis is a significant, but not sufficient, factor for the emergence of charismatic leadership in a business context. Differences in business settings, organizational dynamics, followers' certain features and culture have a significant role to play as well. The limitations and implications of the study are discussed and recommendations for future research are outlined.

## CHAPTER 1

### **Introduction**

Numerous studies, books and articles have appraised the role of leadership and its importance in political, religious and organizational contexts. According to Schein, leadership is a critical factor for the success or failure of an organization (Schein 2004). Different theoretical approaches are employed in order to shed light upon this phenomenon and various terms have been attributed to leadership so far. As Northouse points out, “*Leadership can have many names whose differences overlap and intermingle with each other*” (Northouse 2004 p.174).

Goleman (1998) argues that different situations call for different leadership styles. However, defining a leadership style or a leader’s type is not a straightforward process (Yukl 1999). The focus of this study is on charismatic leadership in an organizational environment, a field which saw great evolution during the late 1970’s mainly because of dramatic changes which occurred in the business world (Conger and Kanungo 1998). Charismatic and transformational leadership are two of the most popular approaches which both identify charisma as a necessary condition for effective leadership (Northouse 2004).

Charisma is a Greek word used to describe a gift, a talent or a special quality that makes the person who owns it able to do extraordinary things (Weber 1947). According to Conger and Kanungo, this term is attributed to leaders whose personality and individual abilities have a powerful effect on their followers. Charismatic leaders are usually dominant figures within an organization; they inspire trust and devotion, articulate future vision and build up relationships based on respect and admiration (Conger and Kanungo 1998).

Charismatic leadership can transform the nature of work and the vision of an organization by making them appear meaningful, morally correct and more heroic (House and Shamir, cited in Northouse, 2004). As Beyer (1999) suggests, having charismatic vision may contribute to outstanding leadership. However, in order to assess the effectiveness of leadership, both the leader’s and the followers’ characteristics should be measured and the contextual variables of a situation also need to be observed (Mumford et al. 2008).

There is supporting evidence that charismatic leadership is more likely to emerge under conditions of crisis than other leadership types (Weber 1947; Bass 1985; Bryman 1992). Followers seem more prone to attribute charisma to a leader who is acting in a changing and turbulent environment (Hunt et al. 1999, Halverson et al. 2004 in Mumford et al. 2008). According to Northouse (2004), charismatic leadership becomes possible in cases where followers feel more confused and helpless.

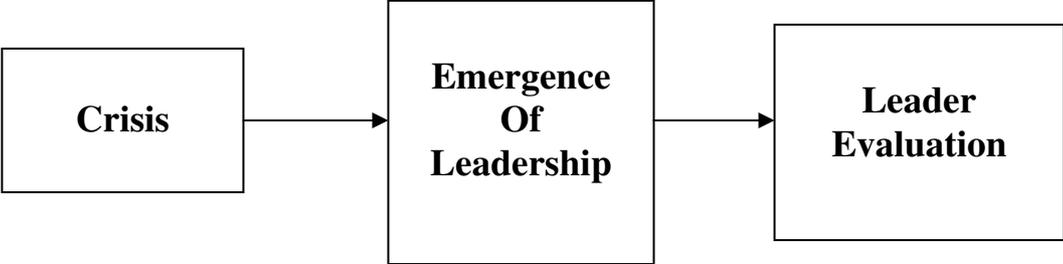
Consistent with Boal and Bryson's definition, Hunt describes crisis as "a condition where a system is required or expected to handle a situation for which existing resources, procedures, policies, structures or mechanisms are inadequate" (Hunt et al. 1999 p.425). Crises may involve major entrepreneurship activities, rapid growth and increased followers' needs within a threat perceived environment. Hunt distinguishes between visionary and crisis responsive charismatic leaders and argues that the latter type deals with crisis by attempting to re-establish the link between followers' behaviour and their positive outcomes in turbulent times. According to Hunt, followers' charismatic attributions to crisis responsive leaders are likely to be short-lived unless the leader is able to relate the management of crisis to a new meaningful culture with which followers remain identified (Hunt et al. 1999). When leaders neglect vision, after responding to crises, then there is a likelihood that followers will cease to view them as charismatic. George Bush after the Gulf War and Winston Churchill after World War II are two significant historical figures who seem to confirm this perception. On the other hand, exceptional personalities such as Martin Luther King and Mahatma Gandhi became 'Father' figures by establishing a long term vision as a natural way to justify and support measures they had taken to deal with crisis.

However, in turbulent times, followers are more likely to develop unhealthy dependence and over reliance on the charismatic leader (Reave 2005). Blind obedience to the leader does not allow individual action and development; hence motivation and freedom may be suppressed (Kaiser and Hogan 2007). In such an environment a kind of charismatic obsession, which ignores reality and disregards others' views, can emerge from the leader's side. Charisma is believed to be a central characteristic of destructive leaders (Howell and Avolio 1992). Kellerman (2004) ranks destructive leaders' behaviour from ineffective to unethical and evil and uses the examples of Hitler and Stalin. Although these political figures built constituencies of some value and inspired people to pursue objectives, eventually, they brought harmful outcomes and, personal and social destructiveness (Kaiser and Hogan 2007).

Lowe and Mumford propose some potential explanations for the effects of crisis on transformation or charismatic leadership (Mumford et al. 2008). The former proposes that under crisis circumstances, normative routines are undermined and this provides leaders with discretion that allows them to exercise exceptional influence. The latter explains that the behaviour of the complex social systems becomes unpredictable in situations of crisis or significant change. People fail to understand the causes and consequences of the changing events and seek for a leader who is engaged in sense making activities. Such a leader is able to exercise exceptional influence by clarifying goals and defining pathways to goal attainment

(Mumford et al. 2008). A general model of the effects of crisis on leadership perceptions adopted by Pillai and Meindl is presented below.

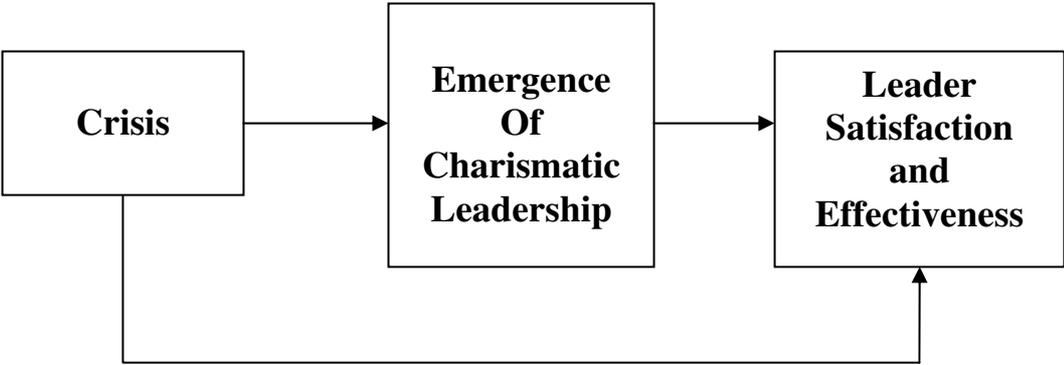
Figure I: A General Model of the effects of Crisis on Leadership Perceptions



Source: Pillai and Meindl 1998, p.236

The aim of this thesis is to explore whether a theory, when applied to a real life instead of an experimental setting, can provide safe guidance in a specific organizational context. Employing a case study, I will attempt to give some further insight to the role of charisma in leadership, when it is appropriate, to what extent it is used by leaders in situations of urgency, to what extent it is understood by followers, and whether it contributes to leadership effectiveness in an organization. For this reason the case of Olympic Airlines (Olympic Airlines) is deliberately selected. Consistent with Pillai and Meindl’s model above, Figure 2 indicates the model adopted for this study.

Figure II: A General Model of the effects of Crisis on Charismatic Leadership Perceptions



Source: Pillai and Meindl 1998, p.238

Olympic Airlines is the Greek flag air carrier based in Athens. Since the early 70's, when the charismatic tycoon Aristotle Onassis sold all of his shares to the Greek state, the organization has been state owned and unprofitable (Olympic Airlines Official Website). Over the last few years Olympic Airlines has been facing serious financial and legal problems. Poor performance and failure in meeting goals were attributed to senior management and recently (October 2007) a new leadership programme was launched in order to "...help the organization recover and lead it to privatization..." (Kostas Hatzidakis, Minister for Transport and Communication in the Greek Press, 'Eleytherotupia', 2007). The constant changes in top management positions and the outsiders involved in this transformation process have created a highly distressed situation with the leadership-employee relationship going through a phase of crisis. As a result the present study was carried out in quite a tense environment.

The study is based on the theory of charismatic leadership and its different approaches. As Yukl (1999) notes, most of the studies in charismatic leadership employ the Conger-Kanungo (C-K) Scale and the Multifactor Leadership Questionnaire (MLQ) which are also used to measure transformational leadership. However, Brown argues that several leadership styles and particularly transformational/charismatic leadership are greatly influenced by interpersonal affect raters when assessed with MLQ, and ignore the empowering behaviour and the causal effects of a leader on the organizational processes (Yukl 1999). On the other hand, relying solely on questionnaires does not provide sufficient information about the context of leadership (Bass 1996). In my attempt to eliminate ambiguity and bias, and in order to obtain expanded and complementary data, a combination of both qualitative and quantitative research methods is used in this study. The data is collected by employing semi-structured interviews at senior management positions of the organization and a survey for employees. The interviews consist of open and focused questions whereas the questionnaire draws on the C-K scale. Data derived from the interviews is then cross checked with data derived from the survey by way of validation.

## CHAPTER 2

### **Review of the background literature**

The literature review of this study adopts a topical approach and is divided into three parts. The first part explores leadership theories and the role of charisma as an important ingredient for effective leadership. The second part works on a brief history of the airline industry and the emergence of charismatic leaders in this industry, their main characteristics and the way they engage in organizational transformation. Finally, the third part of the review is concerned with the emergence of charismatic leadership in conditions of crisis and provides useful explanations for crisis perceptions in the case organization.

### **Part A – Theoretical Framework**

Several definitions of the term leadership have emerged over decades of academic research, most of which have significant differences from each other, as Stogdill (1974) and Bennis and Nanus (1985) point out. Some scholars argue that leadership is by definition a positive force (Howell and Avolio 1992; Kellerman 2004), while others support the view that leadership may also have a ‘dark side’, involving power misuse and corruption (Bass 1990; Mumford et al. 2003; Tourish and Vatcha 2005). The fact is that the whole topic of leadership has drawn, and continues to draw, much attention, distinguishing itself from the notion of management and administration (Zaleznick 1977; Schein 2004).

“Leadership is necessary to help organizations develop a new vision of what they can be, then mobilize the organization to change toward the new vision.” (Bennis and Nanus 1985 p.3).

“Leadership is the ability to decide what is to be done, and then to get others to want to do it.” (Larson quoting Eisenhower, 1968 cited in Bennis 1997 p.17).

“Leadership is a process whereby an individual influences a group of individuals to achieve a common goal.” (Northouse 2004 p.3).

The aforementioned quotations give us a slight insight into the various and diverse concepts of leadership which shape a range of different approaches in this domain. Yukl (1998) grouped leadership theories according to the research approaches that they entail. According to Yukl, the six categories that result are the Trait, Behavior, Power and Influence, Situational, Charismatic, and Transformational Approaches (Yukl 1998).

Early studies on leadership adopted the trait approach focusing on individual traits of leaders and the perception that leaders are born, not made (Bass 1985). The emergence of the

“Great Man” theory suggested that leadership is an innate ability that gives the person who owns it authority to lead effectively (Bryman 1992). As Stogdill (1974) noted, adaptability to situations, persistence, self confidence, intelligence, creativity and persuasiveness are some of the characteristics of an effective leader. However, Kirkpatrick and Locke (1991) proposed that traits can only tell one part of the story. According to them, traits “endow people with the potential for leadership” while activities such as creating a vision “actualize this potential” (Kirkpatrick and Locke cited in Bryman 1992 p.21).

Growing frustration with the trait approach and parallel changes in psychological paradigms led to the emergence of the behavioral approach which turned the emphasis on the way leaders behave. The Ohio State research is in a prominent position in support of this approach and it demonstrates that once the effective leadership style is known, then leaders can learn to adopt it and achieve greater effectiveness (Bryman 1992). A later study by Kouzes and Posner (1987) provided supportive evidence about a number of behavioral commitments that characterize effective leaders, such as searching for opportunities, taking risks, envisioning the future, fostering collaboration and recognizing individual contributions (Kouzes and Posner 1987).

Yet, the neglect of a group-level emphasis from the traditional approaches on leadership presented above, resulted in the development of the power and influence approach. Research in this field concentrated on social exchange processes between leaders and other individuals (Hollander 1958).

Following the notion of departing from a vertical dyad linkage approach, the situational approach in the study of leadership gained ground in the late 1960’s (Bryman 1992). This trend recognized the significance of contextual factors affecting the leadership task, such as the nature of the task itself, the nature of the external environment and the characteristics of the subunits involved. House’s Path-Goal Theory (1971), Fiedler’s Contingency Model of Leadership (1967) and Kerr and Jermier’s Leadership Substitute Theory (1978) are three of the most representative works on this approach. Path-goal theory is related to the ‘expectancy theory’ of work motivation and draws on a supportive, directive, participative and achievement-oriented leader, who understands the followers’ expectations, clarifies roles and meanings (House and Mitchell 1974) and “...makes the path to the pay-offs easier to travel” (House 1971 p.324). Adopting a contingency view, Lord et al. (2001) claim that effective leadership varies from one situation to another due to different interactions and organizational settings. As a result no single leadership style seems to be desirable or applicable to all situations. Nevertheless, some theorists, such as Kerr and Jermier (1978) and

Podsakoff et al. (1993), found that leadership can be effective regardless of the situation because of certain individual, organizational and task characteristics which act as “substitutes for leadership” and eliminate the significance of the leader’s role.

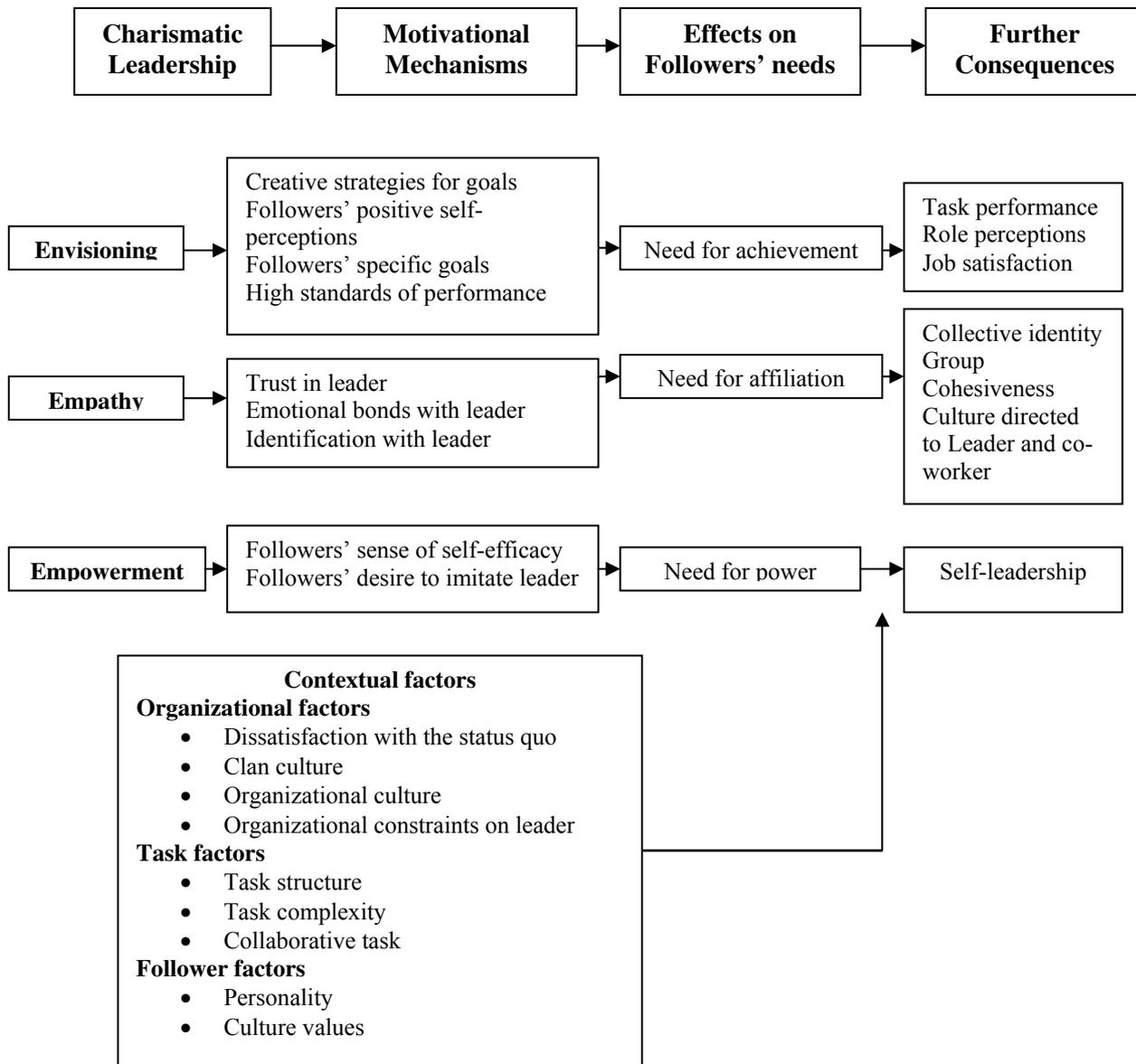
In the early 1980’s another theoretical trend makes its appearance in the leadership setting which is often referred to as ‘New Leadership’ (Bryman 1992). The new approach deals with terms such as transactional, transformational, visionary and charismatic leadership (House 1977; Burns 1978; Bass 1985; Bennis and Nanus 1985; Tichy and Devanna 1986). Burns (1973) presented the perspective that “We must see power -and leadership- as not things but as relationships. We must analyze power in a context of human motives and physical constraints.” (Burns 1973 p.11). He also underlined the importance of a transforming leadership appealing to reasoned, explicit and conscious values. Influenced by Burns’ work, Bass (1985) distinguishes between transactional and transformational leadership.

According to Bass (1985), transformational leadership is the one that inspires trust and admiration in followers, motivating them to achieve collective goals, but it does not necessarily have to appeal to positive moral values as Burns suggested. In contrast to the transactional leader, who is limited to exchange behaviors, contingent rewards, and a bureaucratic and ‘laissez-faire’ leadership style, the transformational leader seems to be more ideological and revolutionary (Bass 1985). He is more likely to communicate his vision effectively and foster performance beyond expectations. Moreover, Bass (1985) identifies four main behaviors of the transformational leader which include idealized influence (in other words, charisma), individualized consideration, intellectual stimulation and inspirational motivation (perhaps another side of charisma). These behaviors appear to be crucial in Tichy and Devanna’s transformational leadership process which consists of four sequential acts: a) recognizing the need for revitalization, b) managing the transition, c) creating a new vision and d) institutionalizing the changes (Tichy and Devanna 1986). The transformational leader is supposed to be a change agent who can effectively manipulate culture, and articulate and enforce his vision while providing temporary stability and emotional reassurance (Schein 2004; Tichy and Devanna 1986).

It is thought by many leadership researchers that charisma is a significant attribute of leaders who possess transformational roles within an organization (Bass 1985; Bennis and Nanus 1985). Though the conceptualization of charisma by social scientists dates back to the early 20<sup>th</sup> century, charisma was rarely studied in an organizational context before the 1980’s (Weber 1947; Bryman 1992). In a business setting charisma is believed to arise when “...traditional authority and legal, rational, and bureaucratic means have failed” (Bennis and

Nanus 1985 p.37). It seems that in such conditions followers become “charisma hungry” and shift their perceptions according to the actual leadership, their needs and expectations. The theories of transformational and charismatic leadership over the years have attempted to enhance our understanding regarding the role of a leader in relation to the followers’ performance and his ability to motivate and influence the people working for him in order to achieve more than what is needed. According to Choi (2006), the motivational effects of charismatic leadership are demonstrated in the figure below.

Figure III: The Motivational Effects of Charismatic Leadership



Source: Choi 2006.

Avolio and Yammarino (2002) argue that transformational and charismatic leadership represent the 'New Leadership Genre'. Pillai (1996) adds visionary leadership to this list. All of them use the term 'charisma' as a crucial construct.

Quite a few studies have discussed the followers' outcomes in association with the leadership style employed (House 1977; Bass 1985; Shamir et al. 1993). Taking into consideration the centrality of charisma in organizational transformations, House (1977) indicated some prominent aspects of charismatic leadership which deal with followers' trust, confidence, loyalty, affection and admiration for the leader, their emotional involvement and their contribution to the success of the organizational mission. Respectively, Bass (1985) describes the charismatic leader as an intellectually stimulating, inspirational, ethical and highly considerate individual who is capable of developing emotional attachments with his followers and other leaders. From a self-concept perspective, Shamir et al. (1993) explain four processes through which charismatic leaders influence followers to subordinate their self-interest for the sake of the organization. As their model assumes, these processes entail personal and social identification, internalization and self efficacy.

Other scholars have considered the relation between leaders' behavior and the effective performance of an organization according to the qualities attributed to leaders by their followers (Conger and Kanungo 1998). Based on the ideas of Weber on charisma and charismatic authority, Conger and Kanungo (1998) proposed a refined version of transformational/charismatic leadership, suggesting that the charismatic leader is the paradigmatic form of a transformational leader. The attribution theory of charisma outlines certain behaviour and processes that, when adopted by the leader, make him seem charismatic in the eyes of followers and therefore more influential. Such attributes include the leader's challenging the current status quo, employing unconventional means to realize a vision, taking personal risks, projecting confidence, being persuasive and motivating others.

Theories like the ones presented above show great focus on values and emotions, compared with earlier ones which emphasized on more rational processes (Yukl 1999). Howell (1988) recognizes both socialized and personalized characteristics of charismatic leaders. The first category has to do with the articulation and communication of their vision, the empowerment and development of their followers and the achievements of their goals in an ethical, inspiring and intellectually stimulating way. The latter involves characteristics such as narcissism, low self esteem, corruption, destructive traits, demand for blind obedience

and absolute dependence from their followers. It is more likely that charismatic leaders will exhibit a combination of both the above mentioned types of characteristic (Howell 1988).

Charismatic leadership has been subjected to criticism regarding its ambiguous effectiveness in periods of relative stability, its negative effects on followers and its stronger effectiveness in bureaucratic organizations (Lowe et al. 1996; Conger and Kanungo 1998). Furthermore, within an organizational context, it appears that charismatic leadership ignores some of the key functions that a leader should have; thus, planning and decision making seem to be discounted next to vision, inspiration, empowerment, the setting of high expectations and the fostering of collective identity (Northouse 2004). A great deal of debate surrounds the routinization of charisma as well as its romanticized side (Trice and Beyer 1986; Shamir and Howell 1999). Due to the fact that charisma is inherently unstable over time, institutional patterns need to emerge in order to secure its survival in the long run (Weber 1947). These patterns involve administrative structures, transference of charisma to followers, selection of the charismatic leader's successor and coherence of the organization around the charismatic mission (Beyer 1999). However, these aspects are beyond the purpose of the current study and, therefore, will not be further examined.

The context in which charismatic leadership emerges is very important and only few studies have paid proper attention to it so far (Conger and Kanungo 1998). Several contextual and process variables are capable of influencing "a manager's opportunity to engage in transformational and charismatic leadership" (Howell and Avolio, cited in Pillai 1996 p.545). Meindl (1990) proposes that further research into followers, structural features and social systems should be conducted in order to explore charismatic leadership. The role of crisis in the occurrence of charismatic leadership has often been perceived as fundamental by many scholars who argue that crisis operates as an influential factor in the attribution of charisma (Pillai 1996; Hunt et al. 1999; Halverson et al. 2004). Beyer (1999) points out that, charismatic leaders require a crisis in order to emerge. However, other researchers suggest that a crisis is a favorable, but not a necessary condition (House et al. 1991; Shamir and Howell 1999).

In his study "Crisis and the Emergence of Charismatic Leadership in Groups: An experimental investigation" (1996), Pillai finds evidence to support the notion that crisis, an environmental factor, independent of the leader's personality, may provoke the boosting of charismatic leadership in an organization by affecting the followers' attributions to the leader (Pillai 1996). When experiencing crisis, transition or a serious change within an organization, followers tend to shift their way of thinking towards leadership and "base their evaluations of

the emergent leader's effectiveness in terms of perceived charismatic appeal" (Pillai 1996 p.555). In contrast with earlier studies linking leadership to crisis (i.e. Hamblin 1958; Roberts and Bradley 1988), Pillai explains that not only the personal qualities of the leader but also the social context where the leadership takes place and its effects on followers need to be examined (Pillai 1996; Pillai and Meindl 1998). To this extent his study seems to be the first which establishes direct and empirical support for the view that charismatic leadership is more likely to emerge under conditions of crisis.

A more recent attempt to assess charismatic leadership in crisis and stress conditions is the study conducted by Halverson et al. in 2004. This study used experimental groups in order to examine the "boundary conditions for the relationship between charismatic leadership and performance under crisis" and "the extent to which crisis affects leader behavior rather than follower perceptions" (Halverson et al. 2004 p.496). In addition to Pillai's study, Halverson et al. employed the Conger and Kanungo's C-K Scale to assess charismatic leadership, a particularly useful tool focusing on observable leader behaviour (Conger and Kanungo 1988; 1998). Moreover, their data screening and manipulation checks of the findings provided greater levels of confidence compared to Pillai's work and, therefore, resulted in more valid and reliable conclusions.

### **Part B – Charismatic Leadership and the Airline Industry**

Following the development of other industries in the era of globalization the airline industry is moving according to market requirements and environmental trends. The history of the industry provides evidence of several transformational streams taking place at organizational, national and international levels. The end of World War II underlined the sudden growth of commercial aviation whereas till then airlines had been providing mainly airmail services (*Airline History Encyclopedia* 2008). Remarkable improvements in comfort, capacity and operations occurred in the 1950's and 1960's, which were accompanied by dramatic increases in costs, and especially fuel prices in the 1970's, creating a turbulent environment (*Britannica* 2008). However, the major turning point was the deregulation of the industry in the 1980's. The "open skies" agreement dismantled constraining national and international regulations and enhanced competition, resulting in the growth of smaller, low cost airlines and the mergers of larger air carriers (*Airline History Encyclopedia* 2008). The new reality was calling for organizational and cultural shifts; a transition from the standing military and clipped management approach towards a more customer and service oriented one. The transformation of the industry occurred alongside the up-and-coming trends in leadership

theory and research. At the same time as transformational and charismatic approaches to leadership were evolving as management concepts, the conditions prevailing in the airline industry were preparing the ground for these approaches to be adopted and vice versa. Therefore, the airline business seems to be an inviting setting for the exploration of charismatic leadership and the emergence of charismatic leaders.

Airline companies have rich history of creating myths surrounding the people leading their followers and the whole organization onto successful paths (Harvey 2007). Personalities with international reputations, such as Jan Carlzon of Scandinavian Airlines, Lord King and Colin Marshall of British Airways and Richard Branson of the Virgin Group, are some of the leaders that have been characterized as “charismatic” in the airline industry. The following comparative analysis of these individuals demonstrates that the exemplary qualities of a charismatic leader may vary from one situation to another, and in each case a particular social process is involved which is generated by a set of complex interactions (Beyer 1999). However, it appears that charisma is validated by the successful outcomes that the leader can bring, particularly in turmoil environments. Since the case organization is perceived to be going through a critical phase, marked by high levels of distress and disturbance, it is worth considering to what extent the charismatic leadership traits presented below apply to it.

The evolution of all those leaders in this particular industry partly answers the question as to whether, eventually, charismatic and transformational leadership can occur simultaneously in the same person. Regarding this point of view, Yukl (1999) argues that charismatic and transformational leadership are partially overlapping but distinct processes; the simultaneous occurrence of both is considered to be uncommon and unstable; a leader may be charismatic without being transformational and the opposite. The perspective presented in this study is that a simultaneous occurrence may be rare but it is feasible, especially when social settings and processes experience a sort of crisis. Bearing that feasibility closely in mind, I will now undertake the case study of Olympic Airlines.

### **Part C – Privatization and Crisis in Olympic Airlines**

Although empirical evidence is limited, crisis has been viewed as a social precondition for the emergence of charismatic leadership since Weber (1947), (Pillai 1996; Pillai and Meindl 1998; Halverson et al. 2004). It seems legitimate at this point to provide a definition for business crisis and explain to what extent the privatization process that takes place in the case organization can be perceived as a state of crisis.

A business crisis is thought to be any emotionally charged situation that invites negative reactions, disturbance and disruption and therefore it has the potential to threaten the financial well being, the reputation and even the very own existence of the firm (James 2004). Borrowing terms from the Institute for Crisis Management (ICM), organizational crises may be either sudden or smoldering (Appendix III-1). The latter type of crisis entails small, internal problems within a setting which, over time, escalate into a crisis due to mismanagement. Thus, unlike sudden crises, smoldering crises are more likely to be the result of poor leadership (James 2004; ICM Reports 2003, 2006 and 2007, Appendix III-2 & III-3).

Considering the early and contemporary background of the airline industry, one may identify both types of crisis mentioned above: oil prices, deregulation of the market, 9/11 terrorist attack, SARS (Severe Acute Respiratory Syndrome). Thereby the industry and the companies acting in it are expected to assume crisis management within their leadership style.

After taking into account aspects of the wider environment, the scope of this description narrows to the unfolding conditions in Olympic Airlines. The Greek carrier is oriented towards its privatization and its transformation into a “healthy organization, free from prejudice and the burdens of the past” (Greek Press “To Vima”, 2008). Olympic Airlines needs to become more efficient and competitive and the Greek government, recognizing the benefits of privatization, is committed to this goal. Appropriate handling is required since the transition entails a series of changes at various organizational levels. Podsakoff et al. (1996) imply that the impact of transformational leadership behaviour depends on the presence of miscellaneous organizational characteristics. As a result the differences between public and private sectors are likely to affect the relationship between leadership behaviour and effectiveness.

According to Rainey et al. (1995), state owned organizations show higher levels of formalization and have extensive rules and regulations. Hickson (1986) highlights the existence of a sporadic decision making process which emerges due to uneven political orientations in the public sector. Likewise, Baldwin (1987) indicates some prevailing characteristics of public organizations such as: greater ambiguity in goal setting, high levels of job security and low flexibility (Hooijberg and Choi 2001). Leaders in state owned companies may feel a power restriction because of certain contextual

characteristics, for instance bureaucracy and centralization, which substitute for the private sector's need for leadership. To a great extent these characteristics are embedded in the overall strategy and culture of Olympic Airlines.

The endogenous features that Olympic Airlines has as a state owned organization are likely to affect in a negative way leadership competences such as efficiency orientation, diagnostic use of concepts, proactive behaviour and integrity (Boyatzis 1982; Denhart 1984). Apart from these constraints, the company's constant management reshuffle in senior positions stimulates confusion and disorientation, exacerbating the overall situation. A representative example of this issue is the recent change of the Chief Executive Officer (CEO). During the conduct of this study a managerial earthquake at the apex of the organization enhanced the existing crisis.

Until recently, the CEO of the Greek Airline had been Yiannos Benopoulos, the former General Secretary of the Ministry of Trade and close associate of the Greek Minister of Transportation, Mr. Hatzidakis. He took charge in October 2007, in a period when the national air carrier was being accused of being repeatedly and illegally funded by the Greek government over several years (Airwise 2008). Ryanair and Aegean Airlines were two of the companies that called for further investigation of the case that Olympic Airlines was performing against European Law (International Press 2008) According to the European Transportation Regulations, any kind of financial support to airline companies by local governments is strictly prohibited to preserve and promote fair competition among the EU airlines (EU Business 2008). Benopoulos was appointed as both chairman and CEO in an attempt by the Greek government to stop the contradictions and disputes caused in the past due to these two positions being held by different people. However, the main reasons for his obtaining these posts were his great experience, flexibility and communication skills. Benopoulos, a successful entrepreneur himself, was perceived to be the key person in the era of the "Olympic Transition" (Greek Press 2008). He reflected the new leadership style that the circumstances required in all the organizational levels.

Despite the fact that at the very beginning of his incumbency he faced quite a deal of opposition to the way he expressed his vision and commitment to the organization, eventually, Benopoulos achieved the full support of both the Greek government and the employees of Olympic Airlines. When people had started

acknowledging his charismatic approach on the Olympic Airlines matter, a state declaration of his transfer led to a lowering of morale. The new CEO, who comes from a similar background, is expected to continue the leadership programme promoted by his predecessor. Benopoulos is currently CEO of Pantheon Airways, the new carrier that will replace the troubled Olympic Airlines once it becomes private. Olympic Airlines's activities will be transferred to the new legal entity which will be debt free, slimmed down and attractive to investors (BBC News, 3 December 2007). Pantheon's structure seems similar to that of the Brussels Airline which arose after the bankruptcy of the Belgian national carrier, SABENA (Privatization Barometer 2008). It can be assumed that Benopoulos' allocation to this position signals the intention of the Greek government to set a clear vision and establish an efficient leadership style for the future of the organization. To what extent this concept indicates a charismatic leadership emerging in a meaningful chapter for the history of the Greek organization will be explored in later sections.

Under these circumstances, it seems reasonable to perceive the turnaround of this organization as a crisis condition. Current processes, networks, norms, beliefs and behaviour are likely to collapse in the face of privatization, causing further disruption and distress among various protagonists: employees, old and new leaders, the State. Leadership has a substantial role to play in this transformation. Regarding the current public and future private nature of the organization, Hooijberg and Choi (2001) stress that, in crisis conditions, subordinates' expectations of their leaders are similar, regardless of the sector. Consistent with this statement, the current study assumes that leadership theories apply to many different types of organizations.

## CHAPTER 3

### **Design and Methodology of the Research**

Pillai (1996), Pillai and Meindl (1998) and Halverson et al. (2004) are some of the few researchers that have examined the emergence of charismatic leadership in situations of crisis. The main studies conducted in this field represent laboratory experiments which, according to Mook, provide a rather narrow insight as to what is really happening (Halverson 2004). However, the findings generated by both the pilot studies used in this research can be validated, considering the proposition of Howell and Frost (1989) who point out that the charismatic phenomenon "can be recreated in the lab and it can have implications for

performance and productivity beyond that of more transactional oriented leadership behaviour” (Pillai 1996 p.549).

Unlike Pillai (1996) and Halverson et al. (2004), who used student samples to conduct their studies, a case study is undertaken here in order to apply theories in a real life business setting and “understand how behaviour and processes are influenced by, and influence, context” (Cassell and Symon 2004 p.323). Moreover, Pillai and Halverson et al. carry out their research in two time sessions, measuring charismatic leadership before and after the outbreak of a crisis. In the case of Olympic Airlines the crisis is a given condition and carry over effects are eliminated: this particular organization seems thus to better fit the criteria for the research. Consequently, this study takes into consideration the findings after crisis intervention in Pillai’s and Halverson et al. research. The present study employs a combination of both quantitative and qualitative research methods. As Bryman argues, the combined use of these methods is a common pattern for case-study research in business and management and enhances the generality of the findings, even though a single organization is studied (Bryman and Bell 2003).

One substantial liaison with the organization secured my access to the Human Resource (HR) Department and, after deliberate discussion, it was agreed that one hundred and sixty (160) questionnaires would be distributed through out the eight departments of Olympic Airlines. Each department received twenty (20) questionnaires in hard copy so as to obtain a random but representative and demographically appropriate sample and participants were given one week’s time in order to complete the questionnaires and return them to the HR Department. The survey applied to various levels of hierarchy including front line employees, supervisors and middle managers. Participants were assured of confidentiality and were requested to assess the senior manager they work closest to in terms of charismatic behaviour and attribution of charisma. After the end of this procedure a letter of thanks was sent to the HR Department so as to be forwarded to the participants in the survey (Appendix I-1). The questionnaire consisted of 43 questions and was divided into two parts. Questions 1 to 34 were designed to address strengths, weaknesses and charismatic behaviour of the leaders from the point of view of their followers.

Drawing on Halverson et al. (2004) study, the questionnaire was based on the Conger and Kanungo’s (C-K) scale (Appendix I-2). According to Conger and Kanungo (1998), the C-K Scale provides a valid measure of charisma (Halverson 2004). Other forms like the MLQ (Multifactor Leadership Questionnaire) by Bass and Avolio and the Bennis and Nanus’s questionnaire were not considered suitable; the former due to the degree of bias it entails

when asking a leader to assess him- or herself and the latter due to its antiquity. Answers were recorded on a 6-point Likert-type scale with a range from “0” never to “5” always and items that respondents were required to reply to included “This person uses non traditional means to achieve organizational goals” and “This person encourages me and my team to work in partnership.” In order to ascertain the fact that the organization is experiencing a crisis situation, the second part of the questionnaire focuses on perceptions regarding the amount of distress there is in Olympic Airlines. Questions 35 to 43 explore employees’ perception regarding the current conditions and the future of the organization. Thus, sample items include “Do you feel secure about the future of the organization?” and “Are you happy with the launch of the new leadership programme in the organization?” Respondents in this section were requested to confirm or deny each statement by answering ‘YES’ or ‘NO’.

The response rate was slightly more than 50% (51,875%≈52%) as 83 out of 160 participants returned the completed questionnaire to the HR Department. Adopting Pillai’s model the questions in this survey are grouped in such a way as to include the charisma scale, the contingent reward scale and items covering management by exception (Pillai 1996). In this model crisis is the independent variable while charisma, contingent reward and perceived leader effectiveness are the dependent variables. Using SPSS (Statistical Package for Social Science) the above variables are manipulated so that means and inter correlations are produced. Frequencies, descriptive statistics and distribution checks are employed in analysis. The reliability of the sample is obtained by standardizing the ratings on the C-K scale with the use of Z-scores. Greater attention was paid to those variables that demonstrated normal distribution as they were considered to express perceptions within the business settings closest to the actual ones. The Kolmogorov-Smirnov tests were employed in order for “goodness of fit” to be assessed. Outliers found in a negligible number of cases were eliminated.

In order to examine charismatic leadership from a different point of view, that of the actual leaders in the organization, qualitative data was also collected. This study adopts a ‘complementarity’ approach according to Hammersley’s classification, as the qualitative research employed seeks to dovetail the various aspects of the investigated topic (Bryman and Bell 2003). For this reason, semi-structured interviews with four Olympic Airlines senior managers were conducted. Open and focused questions were preferred so that flexibility could be secured. The questions were grouped in a way that three main issues were addressed: self assessment as a leader, the new leadership trends in the organization and perceptions regarding charismatic leadership (Appendix II-1).

The interviewees were selected on the basis of their age, experience and tenure in Olympic Airlines so as to obtain data from both the old and new generations of leaders. Telephone communication preceded the interviews in order for the managers' consent to be obtained and the dates for the interviews to be set. All interviewees were informed about the objectives of this research and expressed willingness to participate. Eventually, four senior managers coming from different departments (HR, Finance, Operations), including the current CEO of the organization, were interviewed. After securing confidentiality and anonymity, three out of the four interviews were tape recorded. Two of them took place in the managers' offices whereas the third one was conducted outdoors. Due to the manager's commitments the fourth one was a telephone interview. Transcripts of all the interviews are provided in Appendix II (Appendices II-2, II-3, II-4 and II-5).

Time constraints, the large scale and the "public" nature of the organization made it hard to work out how to do ethnography or participant observation in this particular setting. However, the fieldwork was enhanced by informative reading, mainly in the trade press and on specialist websites, in an attempt to compensate for the relatively narrow set of direct informants.

Neither Pillai (1996) nor Halverson et al. (2004) employed a multi-strategy research method in their studies. Both used quantitative methods in order to explain either followers' attribution of charisma to their leaders (Pillai 1996) or leaders' charismatic behaviour (Halverson et al. 2004) in periods of crisis. The parallel examination of leaders' behaviour and followers' perceptions regarding charismatic leadership in turbulent times is more likely to justify the use of combined research methods. In this case study a multi-strategy research project can provide useful information as to what extent the perceptions and behaviour of both leaders and followers converge or diverge.

The research strategy and the methodology employed here are believed to be appropriate to triangulate data (quantitative and qualitative) and theory. The two methods cross check the findings and explore further relationships between the variables. Having demonstrated the rationale for the choice of methodology for data gathering and data analysis, the results of this study are presented in the following chapter.

## CHAPTER 4

### **Analysis of Data and Presentation of Results**

At this point, factual observations and measurements are organized around the central questions of the study. The statistical tests employed concentrated on the means, standard

errors, correlations and levels of significance. For questions 1 to 34 the means recorded from 1.0 to 2.5 (seldom) were considered to indicate low employees' rating, from 2.6 to 3.0 moderate (sometimes) and from 3.1 to 4.5 high (very often).

The part of the questionnaire designed to address the level of crisis in the organization indicated that 89.3% of the respondents supported the fact that Olympic Airlines was going through a phase of crisis. Nevertheless, the percentage of employees who believed in a successful turnaround of the organization and a way out of the crisis shortened to 67.1% (Table I). Although 70.3% of the participants considered the current leadership to be satisfactory, less than 20% would describe it as charismatic (Table II). Correlation tests regarding an effective turnaround as the result of the confidence the employees show in the new leadership programme demonstrated a negative relationship at a significant level (Table III). This implied that employees did not necessarily perceive the successful turnaround of the organization as the result of the new leadership trends.

From the leaders' perspective, the data indicated that the successful transformation of the organization is significantly correlated with the new leadership trends which provide essential guidelines for the privatization. All four interviewees emphasized the necessity for Olympic Airlines to unhook from hitherto supported notions of a public sector organization, and orientate itself towards the new era. The role of old and new leaders was believed to be vital in this re-orientation. Characteristically, Respondent D stressed:

*"It's time for action...this is what the new strategy and leadership is all about...all these years Olympic Airlines was like a sleeping giant. We know that Olympic Airlines has the potentials to win its lost glamour again ...we say 'explore the Greek Myths with a new Greek legend...Olympic Airlines' and we believe in that... it can work...we can make it work if we stay together and fight for it! ...we are working hard towards this direction."*

With respect to charisma, the survey produced some interesting results. Mean comparisons provided evidence that some profound characteristics of charismatic behaviour were not validated. Employees gave low ratings to factors such as leaders' empowerment, vision communication and oratorical skills with the means for these variables ranging from 2.1 to 2.7 and a standard error less than 0.05, indicating high levels of significance. However, employees rated highly factors such as leaders' empathy, risk taking and listening skills with the means for these variables ranging from 3.3 to 3.6 with a standard error less than 0.05. Other factors such as envisioning and transformational effectiveness received moderate rating with means concentrating around 3 (Table IV).

Qualitative data demonstrated leaders' commitment to the mission of transforming Olympic Airlines and increased sensitivity for the needs and the feelings of the other members in the organization. Two out of the four interviewees recognized their weaknesses as listeners and one of them accepted the fact that he did not consider his subordinates' feedback when making a decision. The newcomer leaders demonstrated a more visionary and enthusiastic approach compared to the older ones. One of them used a metaphor in order to communicate the new vision:

*"...Olympic Airlines is a Greek family which is trying to redefine the connections among its members..."* (Respondent D).

On the other hand, veterans seemed to be more concerned regarding the existing culture, the relationships and the dealings within the organization.

Representing the old guard Respondent A argues:

*"...people say: 'I want a job in the public sector, where I can sit all day and get paid well'...this was also applied in Olympic Airlines so far...changing this perception is the real challenge...can you imagine how difficult it would be for someone working in Olympic Airlines for 20 years if you told him 'well, now you have to work like everybody else does in order to get paid...sorry for the inconvenience'...it is sad but it is true..."*

With regard to contingency rewards the survey demonstrated that most of the employees receive recognition (mean = 3.5) and are appraised for their contribution in the tasks they undertake (mean = 3.5). That was also confirmed from the leaders' perspective. Respondent C noted:

*"One has to praise people when they perform well...by acknowledging an employee's good performance you give him the incentive to do it again and... perhaps better the next time...when you ignore it, then it is more likely that the next time the same employee has to do the same task, only the absolutely necessary will be done...nothing more than that!"*

The survey revealed that employees are encouraged to work in partnership to a respectable extent (mean = 3.4) but involvement in decision making processes is poor, as approximately 73% of the respondents rated this factor low (mean = 2.4). As far as information sharing is concerned the percentage of dissatisfied employees increased, reaching 81% (mean = 2.2). The strong positive relationship between the two variables ( $p = 0.702$ , at a high level of significance  $\alpha = 0.01$ ) showed that employees who are less involved in decision making processes are also those who lack information.

Leaders supported the orientation towards team working and the achievement of common goals but two of them referred to the powerful unionism in Olympic Airlines as a hampering factor. For instance, Respondent A made the following comment:

*“...the difficult part is to eliminate pointless debates from the labour unions and the political parties that frustrate and disorient our people...we should focus on the fact that making Olympic Airlines a private organization will benefit everyone....”*

Relating to management by exception, employees had a rather moderate response regarding the sense of security they are offered by their leaders (mean = 2.6). Correlation checks indicated that employees who do not feel inspired by their leaders to accept changes are those who feel more uncertain and insecure at a high level of significance ( $p = 0.56$ , at a high level of significance  $\alpha = 0.01$ ) (Table V).

Interviews provided ambiguous information in relation to the feelings of security amongst the members of the organization. Respondent A suggested:

*“If we seek a bright future for this company we need only the people who can follow our vision and enhance it, who can be proud of the company they work for, those who are willing to work and be rewarded for that ...not getting a salary for encumbering the Greek taxpayer...”*

Whereas Respondent D underlined:

*“All transitions entail some unpleasant situations that cannot be avoided... (long pause) Around 2.500 employees are said to be about to be dismissed as the new organization will be shrunk and much flatter...though this is not an official number, it is enough to cause oppositions and negative reactions.”*

The findings indicated that leadership effectiveness was negatively correlated with the leaders' empathy ( $p = -0.388$ ) and their tendency to take personal risks ( $p = -0.400$ ) at a high level of significance ( $\alpha = 0.01$ ). The leaders' listening skills and their ability to inspire respect, trust and admiration were also negatively related to the leaders' effectiveness ( $p = -0.240$ ,  $\alpha = 0.05$ ), (Table VI). The survey also demonstrated that the employees' perception of effective leadership reflects on the communication of the leader's vision amongst the members of the organization ( $p = 0.210$ ,  $\alpha = 0.05$ ).

From the leaders' point of view effectiveness is validated by the outcome. All four interviewees emphasized the meaning of the transformation and the evolution of a successful organization. Particularly, Respondent B claimed:

*“We will all be judged by the outcome, and not by our CVs or our intentions.”*

Now that the findings of this study have been presented, possible explanations for the results will be sought in the following chapter.

## CHAPTER 5

### **Discussion of the findings**

The primary objective of the current study was to explore the effects of crisis on leaders' behaviour and followers' simultaneous perceptions regarding leadership. Evidence suggested the existence of some boundaries to the relationship between crisis and charismatic leadership. The results demonstrated that under crisis conditions, leaders are more likely to engage in charismatic behaviour. However, this notion did not appear to be entirely supported by the followers' perceptions. They attributed only limited charismatic characteristics to their leaders. One other issue that was pointed up by the current study was the relatively small amount of research into leadership under conditions of crisis. Survey findings were believed to provide some general patterns in the organization, such as the leaders' effectiveness, while interviews with senior management attempted to shed light on the meanings that leaders' behaviour might have for the followers under crisis conditions (Bryman 2004).

Consistent with Halverson's view (Halverson et al. 2004), findings here concerning levels of stress before crisis highlight two major points. First, leaders with the longer tenure in the organization, and therefore greater exposure to stress, were likely to exhibit lower levels of charismatic behaviour after crisis intervention. Interviews with the two veteran leaders in Olympic Airlines demonstrated a sort of discomposure and ritualism which seemed to act as constraints to the expression of their charismatic side. There is likelihood that these leaders experienced a decrease in their charismatic behaviour and effectiveness when crisis was introduced (Halverson et al. 2004). Second, newcomer leaders who arrived with the launch of the new leadership programme were considered to have less or even an absence of emotional stress, and be unprejudiced by, and released from, the existing culture. It appeared that these younger leaders experienced increased charismatic behaviour and task performance compared to the other leaders. Considering Fiedler's cognitive resource theory, it can be argued that the levels of stress before the occurrence of a crisis may affect the way the leader uses his knowledge and intelligence, and thereby influence his charismatic countenance and effectiveness (Halverson et al. 2004).

Regardless of their manipulation by stress, the findings suggested that leaders sensed the urgency for transformation and produced more determined and rigorous behaviour under conditions of crisis. Following Tichy and Devanna's framework for transformational leadership, leaders in the organization appeared to have recognized the need for revitalization and created a new vision (Tichy and Devanna 1986). However, the results here regarding the communication of this vision and the institutionalization of the change were rather ambiguous, thus it may be argued that leaders' behaviour and performance are mediocre. Noteworthy at this point is the role of charisma as a significant ingredient of transformational leadership (Bass 1985). Before considering Weber's (1947) conceptualization that charisma is validated by success, one should bear in mind the fact that the process in question is still in progress in Olympic Airlines and so premature assumptions might occur. Challenging Yukl's proposition that charismatic and transformational leadership may be distinct processes, the evidence in this study is likely to support a rather overlapping relationship between the two approaches, where transformational and charismatic behaviour seem to emerge simultaneously in periods of crisis, enhancing one another (Yukl 1999).

However, charismatic leadership behaviour is difficult to define without accounting for followers' perceptions (Pillai and Meindl 1998; Halverson et al. 2004). This is the reason why the current study made an effort to explore this side of the coin as well. The findings were in some ways inconsistent with each other and only partially related with those of previous studies. There was evidence to support followers identifying only a limited number of charismatic characteristics and behaviour in their leaders. Unlike the leaders' perception, it seemed that followers believe that vision, empowerment and inspiration are extinct in the organization. On the other hand, followers appeared to be emotionally attached to their leaders, recognizing their commitment, empathy and willingness to take risks. The communication of the vision was perceived to be problematic, confirming the leaders' concern on the same topic. It could be argued that charismatic attributions to the leaders are affected by factors such as communication constraints, management of meaning, role clarity and networking dynamics, such as the politics and the powerful unionism in the organization.

Findings were controversial as far as the leaders' effectiveness was concerned. Although followers gave the impression that they were not confident in the concept of the new leadership programme, the majority were satisfied by the leaders in charge and supported the prospect of a successful transformation. Perhaps this implies that, under conditions of crisis, followers' attributions of charisma are strongly correlated with the perception of successful outcomes (Pillai and Meindl 1998). Consistent with Pillai's findings, evidence

suggested that charismatic leadership perceptions depend to a great extent on the leaders' effectiveness (Pillai 1996). Paradoxically, the communication of the leaders' vision across the organization did not seem important for the attribution of charisma in this context. As communication is likely to have effects on the distribution of power and information, involvement in decision making processes and followers' responsibility, one may argue that even though followers' evaluations of the leaders in these terms were low, they did not affect ratings for charismatic leadership and effectiveness. Regarding this view, Pillai doubts that the history of interactions that exists in real groups and organizations can affect charismatic behaviour and leaders' effectiveness (Pillai 1996; Pillai and Meindl 1998).

Drawing on the findings, one may assume that followers did not seem to believe in the new leadership programme because they reckoned that leadership is unnecessary. In respect of this, Collins claims that 'creating and building a visionary company absolutely does not require either a great idea or a great and charismatic leader' (Collins and Porras 2005 p.23). One may also wonder what the appropriate characteristics of the followers might be in order for them to be able to acknowledge certain leadership behaviour or even the substance of their own contribution to a successful outcome (Yukl 1999). According to employees' perceptions, perhaps charisma is not required for a successful transformation of the organization to take place. Perhaps, consistent with Collins' beliefs, what matters most in this case is leadership with 'professional will' and 'personal humility' (Collins and Porras 2005).

After comparing the findings from both the survey and interviews the notion that crisis is a necessary but not sufficient condition for the emergence of charismatic leadership could be adopted (Shamir and Howell 1999). According to Pillai, "charisma is both behaviour and an attribution" (Pillai 1996 p.557). In the current study leaders seemed to be awakened by the urgency of the situation but the followers' emotional reactions were needed as well in order for the leaders to be identified as charismatic. Perhaps other contextual factors apart from crisis also contribute to this reciprocal interaction. The clichés and norms of public sector agencies should be considered. For instance, bureaucratic procedures, deadlines, policies, regulations, labour laws, subordinates' maturity and self-leadership, task priorities and alignment with the overall strategy are all forces likely to affect the leaders' role, their behaviour and consequently the perceptions of their followers (Stewart 1982). Hollander notes that the 'social exchange' that exists between a leader and his or her followers establishes the leader's status and influence. However, he stresses that there are factors beyond the leader's control that may influence the followers, such factors could include the aforementioned ones (Hollander 1979).

Evidence seems to be warranted for the notion that charismatic leadership plays an important role in the transformation of the organization, though it could be suggested that charisma may have different meanings in different organizational settings. If we accept Yukl’s proposition that the role of leadership is to make events meaningful for followers, then it might be legitimate to think whether this condition is met in this case study (Yukl 2002). Perhaps followers in state owned organizations are looking for different charismatic qualities in their leaders than those in the private sector. Nonetheless, in both cases the charismatic standing of the leader is more likely to depend on the resolution of the crisis (Pillai 1996).

Crisis leadership is another interesting point that arose for further discussion from this study, particularly in change-sensitive industries such as the airline industry. The case of Olympic Airlines brought forth the importance of adopting a proactive rather than reactive approach in the face of crisis. According to James (2004), crisis leadership involves trust, a corporate mindset, a concentrated effort to identify the organization’s vulnerabilities and the ability to make wise and rapid decisions and take courageous action. The following figure demonstrates the Crisis Leadership Competency Model provided by James.

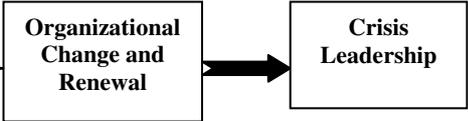
Figure IV: Crisis Leadership Competency Model

**Crisis Phases**

Signal Detection → Preparation and Planning → Containment → Business Recovery → Learning

**Competences**

- Building Trust
- Changing Corporate Mindset
- Identifying Vulnerabilities
- Wise and Rapid Decision Making
- Courageous Action
- Learning that Promotes Change



Source: James 2004.

In the era of globalization and the information society organizations need to lead crisis instead of managing it (James 2004). Laissez-faire attitudes towards the possibility of a transformation or a crisis do not appear to be the solution that leaders should seek. In several cases the mismanagement of the crisis might be more significant than the crisis itself. In order

for an organization to thrive after a crisis situation charismatic leadership is required throughout the crisis management process (James and Wooten 2004). As James argues, leaders should treat crises, transformations and situations of urgency as “opportunity to think and act big, yet responsibly” (James 2004 p.8). Current experience of crisis should therefore help Olympic Airlines be best positioned in the future when further changes are likely to occur.

Consistent with this notion Collins underlines that no single step leads to the resolution of a crisis (Collins 2001). The transformational process is time consuming, needs energy and strong will and leaders’ primary concern should be ‘get the right people on the bus, the wrong people off and then figure out where to drive it’ (Collins 2001 p.13). If newcomer leaders in Olympic Airlines can be perceived as the “right people” and the 2.500 people who will be shortly dismissed as the “wrong people”, then the organization seems to be successfully making the first step towards its privatization. However, leaders, no matter whether they are outsiders or not, need to search for meaning, preserve the core values of the organization and stimulate progress by changing cultural practices (Collins 2001).

If crisis facilitates the emergence and effectiveness of charismatic leaders (Weber 1947; Bass 1985; Bryman 1992) then it is worth exploring this relationship vice versa. Kotter suggested that leaders should create a crisis when there is none (Kotter 1990). The question that arises at this point is what the conditions are under which a leader can create a crisis for the benefit of different interest groups. Further studies in this field may enhance our understanding and expand the assumptions of the existing theory and research.

### **Strengths and Limitations of the Study**

As with most case studies, the present study focused on a process – leadership – as this occurs in its context, and tried to address how and why charismatic leadership in particular is more likely to emerge in an organization in turbulent times. Exploring this phenomenon in a real life business setting rather than an experimental group can be perceived as one of the strengths of this study. The research strategy covered quantitative and qualitative methods in order to provide both theory testing and generate interesting hypotheses (Cassell and Symon 2004). As a result, the supposed anecdotal nature of the qualitative data that was collected through the interviews was mediated by quantification through the survey (Bryman and Bell 2003).

However, some limitations of the study should also be considered. Due to time constraints ethnographic methods were not employed. It is believed that by capturing the

cultural norms, behaviour and values of the employees and their leaders, a “new sort of truth” could have been revealed (Bate 1997; Bryman and Bell 2003). This may have partly eliminated the ambiguity of the findings and the inconsistencies which occurred between quantitative and qualitative data as more details about the characteristics of subordinates, tasks and the organization itself could have emerged, giving a more clear picture of any substitutes for leadership that may have existed (Kerr and Jermier 1978). It is possible that, if more leaders were interviewed, a broader range of leadership qualities would have been available, enhancing the understanding of followers’ perceptions and the degree of fit between an individual and a situation (Fiedler 1967). Furthermore, the sample size of the survey (160 questionnaires) and the response rate ( $\approx 52\%$ ) may not have satisfactorily reflected the reality in an organization of approximately 8.500 employee capacity, although it was perceived to be adequate for a social science project (Bryman 2004). In a setting still formalized and quite complex this access was the best that could be obtained. The sample size restricted a more complex treatment. The fact that the quantitative data went through limited statistical tests which concentrated mainly on frequencies and correlations is also noteworthy. A more sophisticated quantitative analysis did not take place as it was thought to be of only moderate value.

Another aspect that needs to be taken into account is the fact that the study did not provide in-depth examination of the State view. The role of the government was understood and represented mainly by the leaders’ perspective, pointing to assumptions that may not correspond to what is actually happening. State benefits and compensations, nepotism and government corruption in the progress of the privatization were given minor attention despite the fact that some of these factors are perceived to doom organizations to mediocrity (Valle 1999; Collins 2001). Secondary attention was also paid to the ‘dark side’ of charisma which is likely to loom large in high urgency situations (Howell and Avolio 1992; Pillai 1996; Mumford et al. 2007). Further research may be interested in exploring the emergence of unethical and corrupt leadership in periods of crisis and its impact on business settings.

Any critique is also likely to deal with the measurement of charisma. According to Beyer, charismatic leadership can not be measured like other leadership styles (Avolio and Yammarino 2002). Even though the C-K Scale is perceived to be one of the most advanced tools in measuring charisma, the assessment of charismatic leadership might be hard in the real world (Conger and Kanungo 1998). Pillai (1996) proposed further research on charisma not only as attribute but also as behaviour. Since charismatic leadership seems to be significant for understanding organizational transformations, future studies should pay more

attention to the link between leaders' behaviour and followers' perceptions (Pillai and Meindl 1998). Apart from that, by exploring the connection between individual behaviour and followers' performance a path to outstanding leadership may be suggested (Goleman et al. 2002). Conducting this kind of research in a crisis environment is likely to help organizations provide training to leaders and develop subordinates in order to achieve their goals.

The current project employed a single case study and was concerned with a particular industry. Therefore, though flexible and hopefully comprehensive, it lacked comparative analysis on both organizational and industrial levels. A second case may have strengthened the findings and could have provided informative contrasts. This is likely to be the challenge for future research. With reference to the problem of generality, the study adopted Yin's perception. According to Yin (1994), when generalizing from case studies, the interest should be turned to the theoretical propositions rather than the actual populations. In the present case, crisis and leadership were thought to have effect on behaviour, actions and perceptions of both leaders and followers within the organizational context. Drawing on the existing literature, it is held that arguments were well supported and alternative explanations were sought in order to secure the reliability of the research (Cassell and Symon 2004). It is also suggested that this study could be replicated and its findings may be enhanced by additional research.

Other remarkable aspects that came up in the course of this study have to do with charismatic leadership after crisis resolution. Though this was not one of the objectives of this paper, it raised some thoughts regarding the development and saturation of charismatic leadership and the normalization of charisma within an organization. Implications also arose regarding charismatic leadership and failure in coping with crisis. With respect to this link, Bennis and Nanus (1985) introduced the 'Wallenda Factor': life long learning and effort to obtain clear thinking. According to them, even charismatic leaders are destined to fail if they spend their energy into 'not failing' instead of 'succeeding' (Bennis and Nanus 1985). Karl Wallenda was a famous, professional aerialist from Germany who died at the age of 78 during one of his performances (Wallenda Official Website 2008). It might be suggested that leaders adopting the 'Wallenda Factor' are more exposed to failure since learning through experience often involves some kind of debacle. Assuming that charismatic leaders are made and not born, the question that emerges is whether failing to resolve a crisis condemns a leader to a lack or a reduction of his charisma or enhances his charismatic qualities via the knowledge presumably gained through the failure. Future studies in business settings could illuminate this interesting interaction. Following the example of Pillai (1996) and Halverson et al.

(2004), further research could focus as well on the levels of stress before the occurrence of crisis and their impact on the emergence of charismatic leadership in an organizational context.

## CHAPTER 6

### **Summary and Conclusions**

The current study set out to explore the emergence of charismatic leadership under conditions of crisis. For this reason a case study concerning an organization in critical transition was undertaken. Drawing on a multidimensional theoretical framework and combining both quantitative and qualitative data, the research conducted is assumed to have secured some minimal ground for generalization.

According to the findings, a shift in both leaders' behaviour and followers' perceptions was pointed out across the organization along the path of the privatization. It was implied that leaders felt the urge to engage in more transformational and charismatic behaviour when a crisis occurs. They show sensitivity to followers' needs and expectations and realize the importance of their role as crisis responsive, visionary and empowering change agents. Followers' reactions did not seem to follow the same degree of adjustment under the new circumstances. Consistent with expectations, denial appeared to be the initial response, mainly due to the uncertainty and insecurity that the new environment entailed. Consequently, acknowledgements of leaders' transformational qualities and charismatic behaviour are delayed or never occur. It is believed that this underestimation or misinterpretation of the leaders' status and positional power, from the followers' point of view, is the result of a range of factors.

Taken together, certain characteristics of state owned organizations are very likely to act as substitutes for charismatic leadership or even prevent this kind of leadership as it is perceived to be superfluous. Group interactions, public policies and processes, norms and values have a particular effect on relationships between leaders and subordinates (Podsakoff et al. 1996). People's resistance to coping with change in a turbulent environment does not necessarily reflect any demerit on leadership; it could also be a connotation of the complacency and inertia in the public sector. Turning ownership of an organization from public to private has substantial cultural consequences. When cultural assumptions are undermined then, regardless of the transformational and charismatic attributes of a leader, the real challenge for leadership is the effective building, embedding and evolving of culture

according to the new vision, while integrating different, already formed subcultures within an organization (Schein 2004).

Considering the implications above, it is argued that increasingly unpredictable and turbulent organizational settings call for cultural transformations. Leaders are required to employ their emotional strength and motivational skills in order to articulate and diffuse their vision effectively. Involvement and participation of followers will make them connected with this process and thereby they will be able to identify more easily the charismatic behaviour of their leaders. Learning through crisis is significant for both leaders and followers (James and Wooten 2004). Combining emotional intelligence and knowledge gained through high urgency situations, leadership may have successful outcomes for an organization, thus be more effective and be perceived as more charismatic.

Crisis leadership could be viewed as an aspect of charismatic leadership in a business context. This is very useful for the learning organization of the 21st century to realize. In a rapidly changing world organizations in both private and public sector could develop their leaders and the self leadership qualities of subordinates to a more charismatic level. Charismatic leadership can be learnt and people can be trained. Readiness and effective crisis response are very likely to be the characteristics of the successful business in the future. Leaders might be in a position to create crisis simply because they foresee opportunities when others see threats. Based on Kotter's proposition regarding leadership and crisis, the question that comes up is not whether crisis facilitates the emergence of charismatic leadership but whether charismatic leadership facilitates the emergence of crisis. Further research could provide insight to this interesting topic from both leaders' and followers' point of view.

The current study is not without limitations. Employing a single case study for this research is as much a strength as it is weakness. One of the main concerns is to what extent one could discriminate the particular characteristics of the case organization from characteristics common to other organizations and ensure strong generalizations. Further research may employ comparative analysis between two or more case studies and test the current findings. With respect to the research methods used, it is thought that qualitative data could be enhanced by observations and ethnography so as to reflect a picture of the organization which might be closer to reality. On the other hand, quantitative data represented a limited sample of employees which included people from different organizational levels. In the survey participants included not only fixed contract employees but also temporary and part-time employees as well as people who had just had their dismissal announced. Therefore, a certain degree of bias and implications regarding the deformation of the results is assumed.

It is proposed that future studies may need to have a larger scale of participation and even provide results for different business units and their response to crisis. A more sophisticated statistical method could also be employed in order to examine regression variables such as charisma, leaders' behaviour and followers' perceptions. From a different point of view, further research may be interested in exploring the specific organizational characteristics of businesses in the public and private sector and how these influence the organizations' approach to charismatic leadership in conditions of crisis. The study could be expanded so as to cross check findings in different industries as well. Differences of meaning, language, followers' features and conditions of the external environment, such as competition and market requirements, should be also considered.

Overall, the present study aims to have provided a challenging approach to the concept of charismatic leadership and its emergence under conditions of crisis. The implications of this study can be useful for both private and public sector organizations which experience some sort of transformation or urgency. Strengths and limitations of the study were taken into account when recommendations for further research in the field were also proposed. Several observations might be of particular interest to leadership development, management training programmes and human resource practices in general.

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## APPENDICES

### Appendix I

#### Appendix I-1

Letter to Human Resources Department

York, 7<sup>th</sup> August, 2008

Subject: Letter of thanks to Olympic Airlines Human Resources Department

Dear all,

With this letter I would like to thank you for participating in the survey conducted in Olympic Airlines last July. The response rate reached the meaningful percentage of 52% contributing to a great extent to the overall research.

In case there are more completed questionnaires\* to submit, please feel free to return them to the HR Department which will contact with me as soon as possible. Otherwise, you are more than welcome to contact me directly in the addresses below:

[dkakavogianni@hotmail.com](mailto:dkakavogianni@hotmail.com)

[dk526@york.ac.uk](mailto:dk526@york.ac.uk)

Wish you all have a nice holiday and thank you once more for your substantial contribution.

Best regards

Wentworth College  
University of York  
YO10 5NG  
York, UK  
Tel: +44 7873584009

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\* Please return completed questionnaires by 31 August 2008

## Appendix I-2

### **Questionnaire for Employees**

The Questionnaire is designed to address strengths and weaknesses of the leaders from the point of view of their followers. The scale used is from 0 to 5, where “0” denotes “never” and “5” denotes “always” as far as certain characteristics and behaviours of leaders are concerned. The Questionnaire adopts the model of Conger and Kanungo’s “C-K” Charismatic Leadership Questionnaire.

When answering the questions below think of the senior manager you are working closer with and indicate to what extent does this person show the following characteristics and behaviours.

For questions **1-34** bear in mind the scale below and circle your selection accordingly.  
**“0”= never, “1”=seldom, “2”=sometimes, “3”=often, “4”=very often, “5”=always**

**1.** This person uses non traditional means to achieve organizational goals.

0      1      2      3      4      5

**2.** This person shows sensitivity for the needs and the feelings of the other members in the organization.

0      1      2      3      4      5

**3.** This person provides inspiring strategic and organizational goals.

0      1      2      3      4      5

**4.** This person takes high personal risks for the sake of the organization.

0      1      2      3      4      5

**5.** This person is able to motivate others by articulating effectively the importance of what organizational members are doing.

0      1      2      3      4      5

**6.** This person consistently generates new ideas for the future of the organization.

0      1      2      3      4      5

**7.** This person exhibits very unique behaviour that surprises other members of the organization.

0    1    2    3    4    5

**8.** This person recognizes the abilities and skills of other members of the organization.

0    1    2    3    4    5

**9.** This person recognizes the limitations of other members of the organization.

0    1    2    3    4    5

**10.** This person has a vision; often brings up ideas about possibilities for the future.

0    1    2    3    4    5

**11.** This person readily recognizes barriers/forces within the organization that may block or hinder achievement of his/her goals.

0    1    2    3    4    5

**12.** This person readily recognizes constraints in the organization's physical environment (technological limitations, lack of resources etc) that may stand in the way of achieving organizational objectives.

0    1    2    3    4    5

**13.** This person readily recognizes constraints in the organization's social and cultural environment (cultural norms, lack of grassroots support, etc.) that may stand in the way of achieving organizational objectives.

0    1    2    3    4    5

**14.** This person readily recognizes new environmental opportunities (favorable physical and social conditions) that may facilitate achievement of organizational objectives.

0    1    2    3    4    5

**15.** This person involves me in deciding what has to be done.

0    1    2    3    4    5

**16.** This person lets me know what is required of me and gives me constructive feedback.

0    1    2    3    4    5

**17.** This person shares information with me.

0    1    2    3    4    5

**18.** This person is honest with his/her dealings with me and acts with integrity.

0    1    2    3    4    5

**19.** This person inspires me to accept changes that come along.

0    1    2    3    4    5

**20.** This person tackles poor or inappropriate behaviour at work.

0    1    2    3    4    5

**21.** This person promotes trust and respect at work.

0    1    2    3    4    5

**22.** This person gives me a sense of security even in conditions of stress/crisis.

0    1    2    3    4    5

**23.** This person is easy to approach.

0    1    2    3    4    5

**24.** This person gets involved in the daily affairs of my team.

0    1    2    3    4    5

**25.** This person is consistent to what he says and does.

0    1    2    3    4    5

**26.** This person communicates his/her vision amongst the members of the organization.

0    1    2    3    4    5

**27.** This person praises me for a job well done.

0    1    2    3    4    5

**28.** This person takes credit for work I have done.

0    1    2    3    4    5

**29.** This person blames me or others when things go wrong.

0    1    2    3    4    5

**30.** This person encourages me and my team to work in partnership.

0    1    2    3    4    5

**31.** This person gives me interesting and challenging job.

0    1    2    3    4    5

**32.** This person is a good listener.

0    1    2    3    4    5

**33.** This person is an exciting public speaker.

0    1    2    3    4    5

**34.** This person inspires respect, trust and admiration.

0    1    2    3    4    5

For the questions **35-43** respondents are kindly requested to answer **'YES'** or **'NO'**

**35.** Have you ever heard the term 'charismatic leadership'? YES NO

**36.** Would you describe the leadership in your organization satisfactory? YES NO

37. Would you describe the leadership in your organization dissatisfactory? YES NO

38. Would you describe the leadership in your organization charismatic? YES NO

39. Are you happy with the launch of the new leadership programme in the organization?  
YES NO

40. Are you confident that the leaders in charge are acting in accordance to the new leadership programme? YES NO

41. Would you say that the organization is going through a phase of crisis? YES NO

42. Do you feel secure about the future of the organization? YES NO

43. Do you believe in a successful turnaround for the organization? YES NO

**End of Survey**

**Thank you for your participation!**

## **Appendix II**

### **Appendix II-1**

#### **Interview Questions**

##### ***Part 1***

- How would you describe your leadership style?
- What or who influences your leadership style?
- Which do you consider your best qualities as a leader?
- Which areas, if any, would you like to develop further as a leader?

##### ***Part 2***

- How do you feel about the new leadership programme in Olympic Airways?
- Are you clear about your role required under the new circumstances?
- Do you think that your leadership style has changed since the launch of the new leadership programme in the organization? If yes, in what way?
- What has been done from the side of the organization in order to help you develop your leadership style?

##### ***Part 3***

- What does the term ‘charismatic leadership’ mean to you?

#### **Comments**

The above questions operate as pilot questions for the semi-structured interviews.

## Appendix II-2

### **Interview 1- Respondent A**

This interview took place in the manager's office early in the morning. An urgent meeting that the manager had to attend limited the extent of the interview but another date was not possible to be arranged due to the manager's full schedule.

- How would you describe your leadership style?

I believe in a collective leadership style with the right people in the right positions. There is a "captain" who holds the wheel and leads people. As a captain you know whether you have the right crew by the way people behave and correspond to crisis that the organization is facing...then you judge by their reactions, nor their CV neither their references are enough to tell you that you have the right people in your job. I remember a case where I had recruited a brilliant person in a management position, Leonidas, who was over qualified according to his CV and his experience...I thought he would be the ideal person for the job...but within the first month of our cooperation I realized that this man was not suitable for the post... (pause) I am glad I was fast enough to say that on time! I believe speed and accuracy in decision making are charismatic traits for the effective manager or leader...you need to realize what is going on on time....you don't have to be a doctor to say that you are sick...you know when you are sick...you can feel it! ...and you don't have to be a hen to say that an egg is fresh or not...you just know it! (smile)

- What or who influences your leadership style?

My leadership style is mainly influenced by my experience and not by my academic background. I have been coached by great managers in the beginning of my career. When I was younger and enthusiastic I was trying to get the most out of senior managers. One of my mentors was a guy from Lebanon, an ex-banker from whom I learnt and benefited a lot. We were always in a debate and he was the winner in almost all our disputes. This was good for me because I learnt how to negotiate effectively and how to treat people I work with...treat people the way i would like to be treated in a job...He taught me how to "swim"...I am still learning...(smile) I always pay attention to the way others approach a topic in a meeting...Experience is crucial...learning from mistakes in the past is more important than having a dozen of PhDs hanging on the wall...your experience is more likely to help you survive in a competitive market than your titles from the best business schools

- From your point of view, how important is the factor of luck? Do you believe that a person who is able to go "up" in an organization like this one is lucky or does it have to do with his personality and his contribution?

I believe in luck but I don't perceive luck as the main reason for getting a place high in the hierarchy of this top down state owned organization. What counts most is one's personality, how active one can be...how much can contribute...however, and the Greek perception regarding a state owned organization is difficult to change. People tend to believe that "promotion" comes to those who are supporting the political party that governs the country, those who have the "right" people to "push"...not necessarily those who work harder... (pause) This has to change...and this is where I take action!

- Which do you consider your best qualities as a leader?

The good leader is required to prove his or her good qualities when there is a problem. This is when I am doing a self assessment. In periods of crisis you need to and you have to get out the best of you...This is when you can tell the difference between a manager and a leader...This is when you can tell the difference between a simple leader and a charismatic leader. I can see where the problem is or is going to be in my department before anyone else and try to solve it before is too apparent to everyone...

- What does the term “charismatic leadership” mean to you?

If I could give three characteristics for a charismatic leader, I would say that vision comes first...see beyond words, beyond people, beyond conditions...Fast thinking and speed in decision making are also significant...coping effectively with crisis conditions and maintaining the morale and the enthusiasm of his followers high....

- Which areas, if any, would you like to develop further as a leader?

What I really need to improve is my listening...A good leader has to listen to and sense the needs of the people he leads...He should leave his private life and problems at home...You don't have to share your personal problems with your employees in order to make them feel close to you...this is wrong...(pause) you should try to be distant as far as your personal life is concerned and close to others in a professional way...if you don't...then there is a likelihood that misunderstandings and improper behaviours arise...I would also like to spend more time with the people in my department and make them feel that I am an easy person to approach...I would like to make them feel comfortable come to me and share their thoughts, needs and worries...

Respecting the interviewee's request the interview from this point on was not taped. The answers refer to the new leadership programme in Olympic Airlines.

- How do you feel about the new leadership programme in Olympic Airways?

It is a good attempt...It is too soon to talk about results...We are dealing with a very old and well established culture in Olympic Airlines. (pause) The Greek Government is trying to provide the best possible solution for the future of Olympic Airlines and its people. Transforming the airline into a private organization with all the consequences this entails is not an easy job to do...First you need to have on your side the people who work for you...then the rest. The aim of the leadership programme has this target...help people believe in the new vision and adapt the transformation as smooth as possible...New people have been given leadership positions in order to motivate and turn people into this direction...but of course this is only the first step and we have still many to go...

- Are you clear about your role required under the new circumstances?

I do not belong to this “new blood” I mentioned earlier. (smile) I work for Olympic Airlines for a long time and have experienced several conditions and crisis in the past...but now, I have a feeling that it is time to make the difference...The new circumstances demand a transformation that older employees and managers have been waiting for many years...yes,

we know what we have to do in order to survive...I think we always knew...but now time pressure is more severe than ever...the difficult part is to eliminate pointless debates from the labour unions and the political parties that frustrate and disorient our people...we should focus on the fact that making Olympic Airlines a private organization will benefit everyone, no matter if they support Karamanlis or Papandreou...it has nothing to do with them...it has to do with the people of Olympic Airlines...they need to be proud again for the Greek airline...Olympic Airlines is Greece!

- Do you think that your leadership style has changed since the launch of the new leadership programme in the organization? If yes, in what way?

I really believe that this transformation is for the better...changes are good. I feel that this crisis has made me realize how bad the Greek public sector operates...people say: "I want a job in the public sector, where I can sit all day and get paid well"...this was also applied in Olympic Airlines so far...(pause) changing this perception is the real challenge...can you imagine how difficult it would be for someone working in Olympic Airlines for 20 years if you told him "well, now you have to work like everybody else does in order to get paid...sorry for the inconvenience"...it is sad but it is true...I never respected this approach and I have always been tackling poor performance and lazy employees in my department, I guess this is why I still hold this position here...although I know that some were disappointed seeing me staying after the launch of this programme...what can I say?...(pause) I feel sorry, but...I plan to get my retirement in Olympic Airlines. (smile)

- What has been done from the side of the organization in order to help you develop your leadership style?

We are the organization!...The new programme is precise to one crucial point and I want to mention it...having a good relationship with a politician will not secure your entrance, maintenance or even your promotion in Olympic Airlines as it used to be the case in the past...Olympic Airlines's powerful trade union was till recently strongly supporting this belief, but it started collapsing with the new leadership and the transformation process of the organization. If we seek a bright future for this company we need only the people who can follow our vision and enhance it, who can be proud of the company they work for, those who are willing to work and be rewarded for that ...not getting a salary for encumbering the Greek taxpayer...

## Appendix II-3

### **Interview 2 - Respondent B**

The interview took place in the manager's office during lunch break. Valuable information regarding my questions was also provided while the tape recorder was off.

- Are you clear about your role required under the new circumstances?

I am pretty confident about my role and the way I execute it...the thing is that we also need to be clear about the role of the people in the front line as well...I mean...when for example you tell them "do this and do it yesterday" and they do it, they expect to be rewarded for that **now**...if not "yesterday"...it's not only what you ask from them but also what you can give them...we have to be... more consistent...(pause) you can't permanently press someone and at the same time ask him to be patient...sooner or later he will be burst out...it's human! ...Incentives need to be direct and precise...past evidence supports that promises don't work...at least in this company...

- What are the characteristics that you think leaders in this organization should have in order to motivate their employees?

We need to show them that we are confident with the new circumstances and transfer this confidence to them...lead with truth and consistency...if they understand that we are unsure or have doubts about this turnaround...they won't be neither cooperative nor productive...we owe to tell them what the outcome will be not only in case of a successful turnaround but also in case of a failure where financial losses may lead to job cuts...everybody should be aware of both the sides of the coin...we need our people to believe in our success and be committed to it...

- What if the followers in your organization are not willing to go through this transformation? How are you prepared to face these reactions?

Oppositions are expected to a great extent...mainly because of the power that the unions have in the public sector in Greece...we expect strikes and structured movements against new people and concepts. The first reaction to a change is usually negative...the company has a blur political background and has suffered a lot from the interventions of different Greek governments over the years...the true leader should treat everyone in an egalitarian way....there should not be "us and you" it's only "us"....all together we have the power to lead this organization to a successful or doomed future...the consequences will influence everyone, both leaders and followers...everyone should understand that!

- What does the term "charismatic leadership" mean to you?

It has to do with a spirit of conciliation in the first place....being able to talk with people and listen to what they have to say...(pause) you can't just impose a new rule and expect others to follow without any discussion...you must be interested in other opinions as well and take them into consideration...what is happening here is different...leaders argue with their followers and the question is who will be the winner...not what is the best choice in the organization... the target is limited to the imposition of the leaders' arguments to their subordinates....(long pause) Another thing that a leader should have is flexibility. Speed and

quick decision making is required from tiny to major problems...when somebody asks you and you reply “*I don’t know*” you miss the trust and confidence...even if you don’t really know, you shouldn’t tell directly...leaders should always be able to “find a way”...

- How would you describe your leadership style?

I like adopting non traditional ways and at the same time try to eliminate the risks...I celebrate victories no matter how small or big they are. I seek change and try new ventures...I like pulling people to the zenith of their potentials...I believe that the more enthusiastic the people get for a job, the more the percentage of success increases.

- You refer to enthusiasm as one of the characteristics of your followers. How would you describe the “ideal” employee in your department?

First of all, adapting quickly to the changing working conditions...Cultivating good relationships with coworkers, having respect, integrity...being a team player, taking responsibilities and enjoying problem solving. I don’t like people who approach you and compliment you in order to have their job done, be promoted or even gain a better treatment. Everybody should feel equal to the others...no need for discrimination or attachment to hierarchical standards...open minded people are needed...able to communicate effectively and bring result... (pause) I like testing people...I challenge them to do things that I would do, make decisions I would make and take responsibilities I would take...I would consider my self **very lucky** to have such followers in my department!

- What or who influences your leadership style?

I come from the private sector. (smile) But, no matter if a company is private or public, I lead the same way. It is very common in Greece that people take advantage of the fact that they work in the public sector...they believe the effort they have to make is smaller...they have a feeling of security in holding a permanent position, where no one can move them from...they become lazy and ineffective. This concept definitely influences the way I lead here...I have to remind the people why they are here...teach them, motivate them to take action...this behaviour has to change! We have to reform the culture of the organization in a dynamic way... (pause) people in the private sector work hard in order to secure their job for the next day...why should people in the public sector be treated differently? What do they do better? ...Many people won’t be pleased with this transformation...my job is to make them realize that this is good for them...

- Which do you consider your best qualities as a leader?

I make fast decisions...I promote partnership and mutual respect amongst my colleagues. I don’t feel threatened or scared by others’ success...I like being surrounded by people that I trust and I know that can represent me in a dissent way...I also learn from people and praise them for working hard or doing something even better than me...if you don’t say “well done” for a truly well done job then the most possible is that it will never be repeated again...(pause) people should be motivated to make efforts greater than the absolutely necessary and...I want to believe that I give this incentive to my people...I know that there are many gifted people out there who just need to be given a chance to prove themselves...I like the idea of helping someone developing his talents...contribution to my employees

development is crucial for me...I am more than happy to watch someone improving day by day!

- Do you take the credits for other people's job?

I only take the portion of the credits that belongs to me. When an employee does an exceptional job...this is likely to be the result of his or her cooperation with a team or a manager. Leaders need to emphasize the contribution of their followers to a success. One person alone is not able to produce great things no matter how extraordinary he is...there is a whole team working towards this direction...you don't have to be very smart to understand that...

- What if a job is not done the way it was supposed to?

I don't embarrass or blame anyone for a job badly done. I take the responsibility fully...Most of the time such "mistakes" come from people with poor experience... so it is somehow expected...you can't blame someone because he does not know, it is my responsibility because I did not see it coming or I did not teach him properly...you need to protect and inspire confidence to your people...not expose them with the first opportunity you have...

- Which areas, if any, would you like to develop further as a leader?

Well...sometimes I find it difficult to control my nerves. I don't have bad intentions and I am always willing to recognize my fault and apologize...but I really believe that I need more work on the way I behave under some circumstances, especially where there is pressure and tension, and ....there is a lot here...(smile) I would be able to eliminate many unnecessary and stupid misunderstandings...I am not the bad...it's the bad moment...after ten minutes I start laughing and joking, I don't mean to make anyone feel uncomfortable...but – you know – sometimes we speak more than is needed...

- How do you feel about the new leadership programme in Olympic Airways?

The focus of the programme is on the privatization of the organization with the least possible losses...regarding the people and the prestige of Olympic Airlines. The current government is attempting to achieve this transformation by launching this programme...we will all be judged by the outcome, and not by our CVs or our intentions, as Mr. Hatzidakis has recently mentioned in an interview...Changing key people in strategic positions is the first step...these people can make the difference and communicate the new vision and mission of the organization...of course, when you are dealing with an organization like Olympic Airlines this movement is definitely not enough...employees are opposed and the real challenge is to convince them contribute to this transformation...I am confident that we are at a satisfying point but we have to do better.

- Are you clear about your role required under the new circumstances?

At present the organization is in a crisis condition...organizational culture is being refined, managers are changing, people are afraid of losing their jobs and become offensive... there is distress and tension, which we need to control in a delicate way...In an environment like that, as you can realize, it is very difficult to perform well...our job is to go through this phase and keep operating as we did in the past...and even better...

- Do you think that your leadership style has changed since the launch of the new leadership programme in the organization? If yes, in what way?

I would not say that...but I will tell you one thing about leadership in this organization. We are in 2008 and ...if you say to someone the name "Olympic Airlines"...it is almost certain that he will bring in mind Aristotle Onassis and his leadership...nobody knows the current people in charge...they are changing all the time and people are confused...I think it is about time this to change! ...If we want to talk about the future of Olympic Airlines we should not stick to its past and what Onassis did three and four decades ago...At the era of Onassis Olympic Airlines was on top and it was private...it can still be on top and become private again, imitating the success of the past and not the mistakes...fresh ideas, new, visionary leaders and enthusiastic followers can contribute to that...all released from political interests...our only interest should be making Olympic Airlines the pride of Greek air transportation...it is important for everybody to work for an organization one is proud of...

## Appendix II-4

### **Interview 3 – Respondent C**

This interview was taken outdoors in a bar restaurant close to Athens International Airport. The continuous interruptions made the interview procedure quite difficult. The familiar to the manager environment had as a result many disruptions of our discussion as people he knew were approaching to talk with him.

- You are the Head of Finance in this Organization, a department which has suffered a lot. How would you describe the ideal leader for this department and to what extent you believe that you obtain these characteristics?

Well...first of all, as a leader you should make your intentions clear and explain your targets. Set the right directions that people need to follow...directions that make sense...clarify roles...Leaders need to eliminate confusion...their job is to create a sense of urgency when they feel its appropriate and at the same time calm things down...(pause) One has to praise people when they perform well...by acknowledging an employee's good performance you give him the incentive to do it again and... perhaps better the next time...when you ignore it, then it is more likely that the next time the same employee has to do the same task, only the absolutely necessary will be done...nothing more than that!

- Will you take credits for a subordinate's exceptional performance?

Listen...depends on the task...sometimes there is no need to interfere with one's personal success...I don't want portion of a success that does not belong to me! Smart people are able to say when an outcome is due to an individual or collective effort...and I want to believe that I have smart people in my Department...the best thing to achieve is every day individual successes that lead to a collective and organizational success at the end of the day...On the other hand, in case of poor performance the leader should be able to clarify the limits of tolerance...show understanding but not dispense with the organizational good...and now that we go private, this is a matter of even greater significance! When I decide to tolerate such a condition then I take full responsibility, you can say that I am at a risky position...I "sacrifice" myself for my employee... but think... (pause) the employee's feelings (?)...he may be relieved, grateful and feel supported...and at the same time I have "a bird with no wings" ... because he just gave them to me by acknowledging that I am responsible...when you prevent people from taking responsibility and accounting for their actions is like imprisoning them, limiting their potentials and condemning them into mediocrity.

- How would you describe your leadership style and how effective do you perceive it to be?

Empowering people is for me the most important thing that a leader can do...Encourage them to do things, to try new things and show them that you have faith in them... (pause) No leader desires weak and dubious subordinates! I don't like people depending entirely on my responses...acting like robots and looking at me in the mouth expecting my next order...I like giving initiatives and being friendly...I spend more time with the people I work with than with my family...I really need to make this time as enjoyable and fruitful as can be... (long pause) My experience has taught me how crucial it is to secure people's trust and confidence.

I pay great attention to the relationships I built with people...it is important that people who work for you can rely on you and feel free to approach you and share their concerns. I am not a fearsome person and I don't want people to think of me like that....Sometimes we confuse fear and respect...Respect is welcomed, fear has no place in the relationships I establish...Self respect is prerequisite in order to show respect to others...and gaining one's respect is not the easiest thing to do...you have to work on this...what I do?... (smile)... "I say no vaporings!" (smile) I love what I am doing and I am committed to it...and I motivate people to do the same...not essentially because this will bring them more money or reputation but because this will give them accomplishment...and I strongly believe that they respect that! (pause) Vigorous leading is effective leading...If you think a department as a team, then you realize that a vigorous leader is needed to make the team thrive and put the best out of it...well, this powerful leader should be vigorous indeed...not only in papers (smile).

- Which do you consider as your best qualities as a leader?

I like communicating with people...I try to spend more time with them than staying in my office and making plans...I make the plans with them...I try to understand their needs and align my decisions according to that...when you contact people frequently you get the right signals on time, this helps you to be proactive and saves you precious time and energy...Interacting with my employees in an every day basis enhances trust, confidence, respect and partnership ...I have a daily feedback from them and they have it from me .... (pause) I am also flexible...I try to have always alternatives and think impossible scenarios...sometimes my peers laugh...but...what can I say?...I am glad that I can keep them amused, (smile) they know that in the end one of my scenarios is very likely to come true...Having a sense of humour is vital whatever the job...

- What does the term "charismatic leadership" mean to you?

Well, (pause) when I think of this term I have in mind visionary people who see a better future and engage in inspiring and empowering others to see the future with their eyes...Experience is wisdom and wisdom is a charismatic trait. A charismatic leader is the one who makes wise decisions but in a revolutionary way...and is humble but he attracts all the limelight...he respects the old but is willing to search the new...he doesn't have to speak a lot because his actions speak for him...he doesn't desire dependent and scared subordinates but independent and loyal followers...in a business context it is difficult to find...(smile) rare...but not impossible...(pause) Yiannos is charismatic, I believe in him...we are very lucky to have him...he is not broadly known but he is a very powerful personality...charismatic leader for me is a non-celebrity leader who can make a celebrity organization!

- Could you describe the ideal follower from your point of view?

I enjoy working with smart people...(smile)...intelligence is very crucial and it doesn't have to do with academic background...(pause) hard working, honest people....(pause) who really love what they are doing ...and are happy to wake up at 5 o'clock in the morning to go to work..., team players who dare taking initiatives when the situation demands it...people who know the limits and respect them...(long pause) As far as their development is concerned...people should always seek for the better...career prospects...changes in search of success...rewards, recognition, fulfillment...leaders should not be jealous or feel threatened by individual employees success, there should be no space for unhealthy

competition...however, I don't believe that all the leaders or people in management positions are really concerned with developing their subordinates...whatever this involves...I mean...seminars, training...(long pause)...and this, actually, is one of my weaknesses...(higher tone) I don't have the patience to occupy myself with that...I am glad that I don't work for HR...(smile)

- How do you feel about the new leadership programme in Olympic Airlines?

This programme was supposed to take place several years ago...well, better late than never (smile)...this delay left accumulated problems in the organization...top management has made tremendous mistakes over the years...every time, each ruling party was blaming the other political party for mismanagement and this was going on and on...till the scandal with the European Commission...(pause) there are many issues that need to be taken into account when talking about a public organization...some may argue that top management was doing great and the problem was in funds and treasury issues...the thing is that when the state is involved you have a more formal, structured and bureaucratic organization...the new era promises a lean, restructured organization with a new vision, a flattened hierarchy, more transparency and less corruption...

- Are you clear about your role under the new circumstances?

Well...I am an old guard here ...(smile) (pause) Olympic Airlines was Onassis's vision and one of his children...in the 60's and 70's flying with Olympic Airlines was a signal of glamour and prestige...travelers were enjoying unique luxury in their trips...they were eating with golden spoons –as we use to say – the concept was to attract people who wanted to have a fabulous experience on the air and taste a bit of Onassis's glory...In the '80's this concept started changing and over the two last decades travelling by Olympic Airlines became the same as travelling by bus...(pause)...you were going to buy a ticket and they were staring at you as if you were a killer because you were there late and the employee's shift was finished a minute ago...you were lucky if you had your baggage going at the same destination with you...and even luckier if there was no delay in your flight...This was the result for Olympic Airlines going from private to state owned...It is widely known that people who were working for Olympic Airlines and all their relatives were enjoying trips and many other benefits for free! It is like milking a cow...people knew they had a fixed job and a certain future as the organization became a government agency, so they were indifferent to performance levels, market requirements, customer service and service quality...This lack of control and the predominance of inertia led to Olympic Airlines in its current condition. (pause) My role is to contribute to the transformation of Olympic Airlines into an air carrier as the one it was in Onassis's era...this is a challenge for everybody in the senior management of the organization due to the several shocks Olympic Airlines has suffered.

- How would you describe the overall strategy of the organization and the current phase Olympic Airlines is going through?

For many years Olympic Airlines was giving...to everybody...employees, managers, governments, politicians, Greeks...now there is nothing left from Olympic Airlines to give...so they give Olympic Airlines...I hear that a lot...and part of it is true but ...always depends on how you want to see the glass...half empty? Or ...half full? We live in a world with severe competition and uncertainty, industries such as transportation and particularly the airline industry is in the center of radical changes and developments. This

is a crucial point for the history of the organization...The new strategic vision involves a customer oriented organization with high quality standards for both business and economic class travelers. Changes in top management and executive positions have already taken place...several middle managers and front line employees will also be reallocated or dismissed through the next months. Unionism pressures, altering business norms and a painful reform of the organizational culture are the main characteristics of the crisis that prevails in Olympic Airlines...Revitalizing an organization starts with revitalizing its people...keep the right ones, change those that need to be changed and bring new ones that can fit...then...with strong will and commitment you can do magic! I think we are ready for that...

## Appendix II-5

### **Interview 4 – Respondent D (Telephone Interview)**

- How would you describe your leadership style?

My leadership style is pretty similar with my life style... (smile) I love changes and I want to be constantly in action...I am sleepless! I get easily bored that's why I always try to create environments and relationships that inspire me and I enjoy spending time in...I trust people a lot and I believe that when you do something that you really love and care about there is no way not to do it successfully...I am passionate with my work and I am happy to share this passion with people who recognize it and appreciate it...(pause)...I believe that when you have enthusiastic and committed people working on a project, no matter how challenging this might be, you always have good results at the end...

- What are your strengths and weaknesses as a leader?

Well...it is difficult to talk about myself...I prefer others telling me what is right and wrong with me...it's not that I am modest, but I either become very cruel with myself either very sensitive...I am a man of extremes! (pause) well, the truth is that one of my qualities is my intuition...I have good intuition and I always trust it...I have no regrets for that...so far...when it comes for a decision I employ my intuition, my knowledge and my intelligence before I make my choice...depending on the circumstances each time I put those three in the correct order...I also enjoy sharing...sharing feelings, emotions, ideas, information ... and the last one is something that this organization lacks of...(pause) information is power, those that have the updated information are those who make the decisions...previous leadership was leaving people in... darkness... unless you give people the right information you will never see what they are capable of doing with it!...we live in an information society and information is a prerogative for everyone...doesn't belong only to the apex of the organization...when you have information, you take responsibilities and make decisions for which you are ready to account... through this process you learn and you realize what you can do and how far you can go...you learn how to lead your self first...then others....(pause) imagine that you have a business where everybody is in a position of self motivation and self leadership that actual leaders are not really needed... amazing! that would make everyone's life easier... (smile) (pause)...On the other hand...my weaknesses...hmm, although I think I am a persuasive speaker...I can't tell the same for my listening skills...I think fast and I speak even faster... as a result many times I'm missing what is happening in between...you know...some people perceive it as a lack of respect or that I don't take into consideration what they tell me...it's not that, it's just my nature...I may reply to a question with another question... I think I give the impression that I am insensitive or harsh...so from an emotional aspect I guess I am not seen as very... "cool"....

- What does the term “charismatic leadership” mean to you?

Vision...encouragement that you can achieve even your craziest dream...relationships based on common goals, confidence and ethics...respect, admiration, exceptional performance that generates continuous success.... (pause) These are the first thoughts that come in my mind ...however, I believe that, up to a respectful point, a charismatic leader should also have some natural traits in his personality and behaviours that inspire and empower the people who follow him....

- How do you feel about the new leadership programme in Olympic Airlines?

At this point Olympic Airlines is in the initial stage of its privatization...and the most crucial one...Transforming an organization and its culture is a great challenge and it cannot happen without leaving wounds behind...The aim of this programme is to eliminate these wounds and contribute to an effective revitalization...starting from the top, we have new important people joining the leadership team... they are undertaking the role of communicating the new vision throughout the organization...for a new Olympic, a stronger Olympic that will make us all proud again...Several conferences, executive and non-executive meetings, training seminars, formal and informal discussions take place in all the organizational levels in order for everyone to realize what the new venture is all about, what does it take to make the company private, what needs to be changed and what not...why is it worth going through this phase and how are we going to do it...(pause) All transitions entail some unpleasant situations that cannot be avoided...(long pause) Around 2,500 employees are said to be about to be dismissed as the new organization will be shrunk and much flatter...though this is not an official number, it is enough to cause oppositions and negative reactions. The new programme secures beneficial exit terms and placement of the dismissed employees in other posts available in the public sector...At the same time, another major issue is the correct approach of the prospective investors... not only in the domestic but also in the international market...One offer is already under discussion and another one is expected by the end of the summer...I am confident that everything will work out eventually...

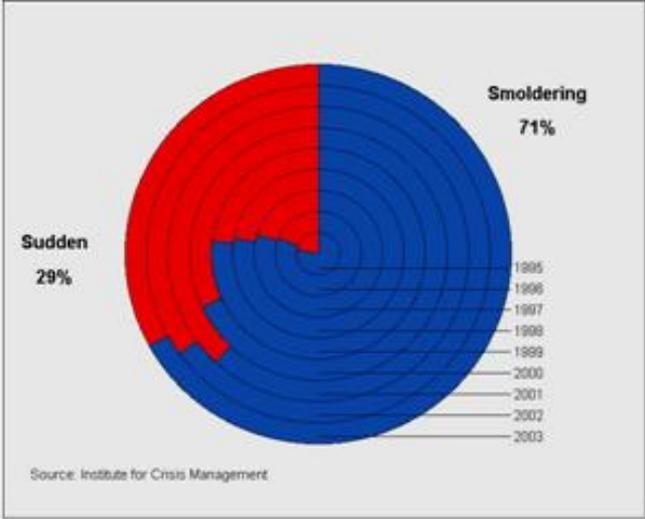
- How would you describe the overall strategy of the organization?

It's time for action...this is what the new strategy and leadership is all about...all these years Olympic Airlines was like a sleeping giant. We know that Olympic Airlines has the potentials to win its lost glamour again ...we say 'explore the Greek Myths with a new Greek legend...Olympic Airlines' and we believe in that...Our people are puzzled about many and different things...and this is tangible!...there is uncertainty in their jobs, they don't know where they will be tomorrow, there is confusion because of the constant placements and replacements of managers and top executives in the organization, there is even consideration about the name and the logo of the airline, a potential change of the name into Pantheon or the deprivation of the famous Olympic rings are some of the main issues of concern that I hear every day...and then you have also to cope with the strong unionism...make them understand...persuade them...prove that we can make it if everyone contributes...In a year from now things will be completely different, things will roll...it can work...we can make it work if we stay together and fight for it! No win can come without a fight...Olympic Airlines is a Greek family which is trying to redefine the connections among its members....we are working hard towards this direction

**Appendix III**

Appendix III-1

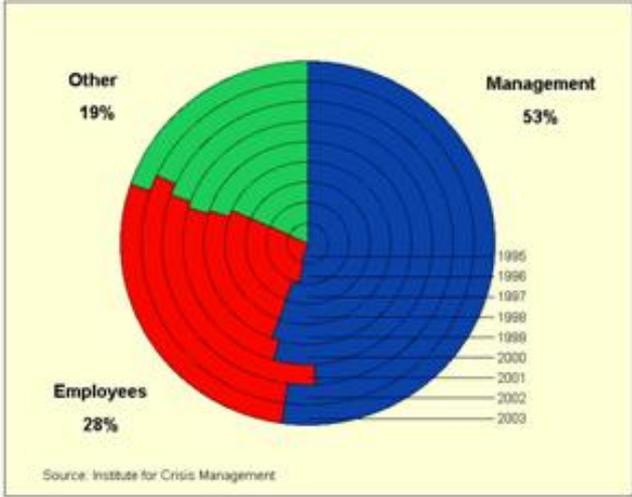
Sudden VS Smoldering Crises (2003 ICM Report)



\* 2007 ICM Report indicates 65% Smoldering and 35% Sudden Crises

Appendix III-2

Origins of Crisis (2003 ICM Report)



\* 2007 ICM Report indicates 52% Management and 29% Employees

Appendix III-3

Crisis Prone Industries

<p style="text-align: center;"><b>Most Crisis Prone Industries 2006</b> <i>Ranked by number of data base records</i></p> <ol style="list-style-type: none"><li>1. Airlines*</li><li>2. Software Makers*</li><li>3. Pharmaceutical Companies*</li><li>4. Computer Manufacturers</li><li>5. Natural Gas Companies*</li><li>6. Petroleum Refining*</li><li>7. Health Services*</li><li>8. Banking*</li><li>9. Security Brokers/Dealers*</li><li>10. Telecommunications*</li></ol> <p><b>*In top ten previous year</b></p>
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<p style="text-align: center;"><b>Most Crisis Prone Industries 2007</b> <i>Ranked by number of data base records</i></p> <ol style="list-style-type: none"><li>1. Software Makers*</li><li>2. Pharmaceutical Companies*</li><li>3. Petroleum Refining*</li><li>4. Natural Gas Companies*</li><li>5. Security Brokers/Dealers*</li><li>6. Banking*</li><li>7. Telecommunications*</li><li>8. Automobile Manufacturing</li><li>9. Airlines*</li><li>10. Computer Manufacturers</li></ol> <p><b>*In top ten previous year</b></p>
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<http://www.crisisexperts.com/03report.htm>  
<http://www.crisisexperts.com/2006CR.pdf>  
<http://www.crisisexperts.com/2007CR.pdf>

## Appendix IV

### Appendix IV-1

**Table I:** Followers' Perceptions on Crisis and its resolution

#### Perceptions of Crisis in the organization

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	74	<b>89.3</b>	100.0	100.0
Missing System	9	10.7		
Total	83	100.0		

#### Successful Turnaround and Crisis Resolution

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	49	58.3	67.1	<b>67.1</b>
no	24	28.6	32.9	100.0
Total	73	86.9	100.0	
Missing System	10	13.1		
Total	83	100.0		

Appendix IV-2

**Table II:** Charismatic versus Satisfactory Leadership Perceptions

**Followers' Perceptions on Charismatic Leadership**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	13	15.5	19.1	<b>19.1</b>
no	55	65.5	80.9	100.0
Total	68	81.0	100.0	
Missing System	15	19.0		
Total	83	100.0		

**Followers' Satisfaction with Leadership**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	52	61.9	70.3	<b>70.3</b>
no	22	26.2	29.7	100.0
Total	74	88.1	100.0	
Missing System	9	11.9		
Total	83	100.0		

Appendix IV-3

**Table III:** Correlation between Followers' Perceptions for a successful turnaround and their confidence in the New Leadership Programme

**Correlations**

	Crisis Resolution	Confidence in NLP*
Crisis Resolution	1	-,423**
Pearson Correlation		,853
Sig. (2-tailed)		
N	73	68
Confidence in NLP*	-,423**	1
Pearson Correlation	,853	
Sig. (2-tailed)		
N	68	71

\*. New Leadership Programme.

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Appendix IV-4

Table IV: Followers' Ratings on Leaders' Charismatic Features

**a. Low Rated Factors**

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
<b>Empowerment</b>	83	<b>2,56</b>	,012*	,929
<b>Vision</b>	83	<b>2,34</b>	,015*	1,051
<b>Communication</b>	83	<b>2,07</b>	,027*	1,068
<b>Oratorical Skills</b>	83			
Valid N (listwise)	83			

\*. SE < 0.05 indicates a 95% confidence interval for the findings

**b. High Rated Factors**

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
<b>Empathy</b>	83	<b>3,61</b>	,017*	,976
<b>Risk Taking</b>	83	<b>3,41</b>	,028*	1,169
<b>Listening Skills</b>	83	<b>3,30</b>	,032*	1,207
Valid N (listwise)	83			

\*. SE < 0.05 indicates a 95% confidence interval for the findings

**c. Moderate Rated Factors**

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
<b>Envisioning</b>	83	<b>2,96</b>	,036*	,964
<b>Transformational Effectiveness</b>	83	<b>2,88</b>	,003*	,941
<b>Motivation</b>	83	<b>3,02</b>	,016*	1,061
Valid N (listwise)	83			

\*. SE < 0.05 indicates a 95% confidence interval for the findings

Appendix IV-5

**Table V: Positive Correlations**

**a. Strong Positive Relation between Followers' Involvement in Decision Making and Information Sharing**

**Correlations**

		Decision Making	Information Sharing
Decision Making	Pearson Correlation	1	<b>,702**</b>
	Sig. (2-tailed)		,000
	N	83	83
Information Sharing	Pearson Correlation	<b>,702**</b>	1
	Sig. (2-tailed)	,000	
	N	83	83

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**b. Strong Positive Relation between Followers' Accepting Change and Sense of Security**

**Correlations**

		Accepting Change	Sense of Security
Accepting Change	Pearson Correlation	1	<b>,560**</b>
	Sig. (2-tailed)		,000
	N	83	83
Sense of Security	Pearson Correlation	<b>,560**</b>	1
	Sig. (2-tailed)	,000	
	N	83	83

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Appendix VI-6

**Table VI: Negative Correlations**

**a. Strong Negative Relation between Leaders' Empathy, Exposure to Risk and Effectiveness**

**Correlations**

		Empathy	Risk Taking	Effectiveness
Empathy	Pearson Correlation	1	<b>,549**</b>	<b>-,388**</b>
	Sig. (2-tailed)		,000	,001
	N	83	83	73
Risk Taking	Pearson Correlation	<b>,549**</b>	1	<b>-,400**</b>
	Sig. (2-tailed)	,000		,000
	N	83	83	73
Effectiveness	Pearson Correlation	<b>-,388**</b>	<b>-,400**</b>	1
	Sig. (2-tailed)	,001	,000	
	N	73	73	73

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**b. Strong Negative Relation between Leaders' Listening Skills, Ability to inspire Respect, Trust and Admiration and Effectiveness**

**Correlations**

		Listening Skills	Respect Trust and Admiration	Effectiveness
Listening Skills	Pearson Correlation	1	<b>,397**</b>	<b>-,309**</b>
	Sig. (2-tailed)		,000	,008
	N	83	83	73
Respect Trust and Admiration	Pearson Correlation	<b>,397**</b>	1	<b>-,240*</b>
	Sig. (2-tailed)	,000		,041
	N	83	83	73
Effectiveness	Pearson Correlation	<b>-,309**</b>	<b>-,240*</b>	1
	Sig. (2-tailed)	,008	,041	
	N	73	73	73

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).