

COMPARISON OF EXTREMIS LEADERSHIP TRAITS AND TRANSFORMATIONAL LEADERSHIP TRAITS DURING A FINANCIAL CRISIS

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ABSTRACT

The primary focus of this research is to analyze the types of leadership style organizations prefer to use in making decisions during a financial crisis. This research compares two unique management styles: a) "Transformational leadership" which is a more traditional management style. b) "Extremes leadership", which is conventionally used in a high stress, high risk, military style environment. This study focuses on understanding the importance of Extremis leadership concepts and how it is important to integrate it into the decision making process during a crisis. The Extremis leadership style is more and more accepted into the traditional management concept because of its ability to make swift decisions during a crisis. The data for this research was collected from 140 participants residing in Europe, Asia and North Africa. The participants were of various ages and were employed in various institutions in the For-profit, Non-profit, Government, Business, Military and Education sector. This data was then compared and analyzed using 62 research paper, publications and journals. This research paper is based on three methodologies: a) Qualitative ethnography method. b) Quantitative method. c) Systematic Literature review method (SLR) The research paper concluded that most of the participants preferred to the Extremes leadership style of management during a financial crisis.

Keywords: Crisis management, Extremis leadership, Transformational leadership, COVID-19 crisis, Financial crisis, Leadership in crisis.

1. INTRODUCTION

During financial crisis, managers of organization need to act fast and deal with the crisis regardless of the magnitude and size of the crisis. Decision needs to be made quickly and decisively in order for the organization to overcome the crisis (Kunc and Bhandari 2011). The timeframe to make these decisions are in many cases crucial to the future of the organization. Kotter (2007) explained that the most significant error companies make during a crisis is the lack of sense of urgency. Managers often fail to communicate the needed changes to the employees and thus lose their competitive advantage in the market place. (Due to drastic changes related to politics, policy, society, market demands, etc there can be great shocks to the growth and development of an economy. These shocks can have a dramatic effect on the economy (Karlsson et al. 2014). During the global COVID-19 crisis, it created a very volatile, unstable and uncertain environment for most of the businesses worldwide. The last time anything remotely similar to this occurred was during the Spanish flu pandemic. So there had not been a global crisis in this great magnitude in over a century. However, from the COVID-19 prospective the global effect of this crisis was far more significant than the Spanish flu due to the global reliance and interdependence of nations, organizations, business and other entities. Just one single mishap in the entire supply chain created a global havoc throughout the world (Su et al. 2022).

The main focus of this research is to study and investigate what sort of leadership style is effective during a financial crisis especially when the crisis affects all the business sectors worldwide. The research studied current and past literatures on crisis management within various organizations. It looked at the effective ways to manage the crisis. It also looked at what are the roles of managers during a crisis, what sort of leadership style is best suited during a financial crisis. This research analyzed data collected from various managers from various sectors. In recent decades, the decision of managers in various industries had either made or broken the organization. This research not only studied literature based on the various