LUISS

Degree Program in Business Administration

Course of Organizational Behavior

Leadership Under Pressure: Adapting Styles and Strategies in Crises through Diversity and Inclusion for Employee Well-being

Prof. Nicole Ashley Alonso

SUPERVISOR

Maria Vittoria Califano – ID. 288651

CANDIDATE

Academic Year 2024/2025

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Abstract

In today's increasingly complicated environment, companies are frequently confronted with crises that challenge not just operational continuity but also the strategic capacity and emotional intelligence of their executives. With a specific focus on leadership styles that promote resilience, inclusion, and psychological safety, this thesis investigates how leadership helps navigate organizational crises. The research investigates transformational, servant, and situational leadership models by means of a comparative literature-based analysis and practical case studies, evaluating their adaptability and effectiveness across various crisis settings. Every method has its benefits: transformational leadership gives vision and drive; servant leadership stresses ethical duty and employee welfare; and situational leadership guarantees adaptability depending on team demands and crisis stages. The thesis also examines how diversity, inclusiveness, and employee well-being serve as strategic assets in crisis leadership, thereby improving decision-making, team cohesiveness, and long-term organizational recovery. The key crisis management techniques—including open communication, ethical decision-making, and cooperative team dynamics—are explored comprehensively. The outcomes show that the most effective leaders in crises are those who can rapidly combine several leadership styles while keeping a human-centered and morally based attitude. Aiming to support present and future leaders in efficiently handling crises, the research provides theoretical contributions to the field of organizational behaviour.

1. Introduction

1.1 Background and rationale

In today's interconnected and rapidly evolving global environment, organizational crises have become more frequent, diverse, and complex. These crises, whether financial, ethical, technological, geopolitical, or public health-related, such as the COVID-19 pandemic, pose critical challenges both the operational resilience of organizations and the strategic capabilities of their leaders (Boin, Hart, Stern & Sundelius, 2005). Each of these crises challenges not just an organization's operational resilience but also its leadership's strategic capacity and emotional intelligence. Leaders must navigate uncertainty with agility and strategic foresight as organizations operate in highly competitive global markets, requiring rapid responses to mitigate adverse effects and restore stability. Leadership during crises is more than merely directing teams; it requires strategic vision, adaptability, and the ability to foster trust and cohesion. However, during crises, the lack of strong leadership may have serious implications for employees as well as organizations. Leaders who neglect to be open to ensure transparency, adapt to evolving circumstances, or make moral judgments run the danger of aggravating the crisis and causing long-term reputation harm via operational disturbances, mistrust of stakeholders, and so on. The incident involving the Boeing 737 Max exemplifies how bad crisis leadership—characterized by delayed reactions and denial of responsibility—led to major financial losses, legal consequences, and public trust decreasing. Similarly, poor leadership during the 2008 financial crisis resulted in extensive company bankruptcies, huge layoffs, and economic instability, thereby demonstrating the direct impact of leadership decisions on organizational resilience and employee well-being.

Understanding how leaders could mitigate risks, make informed decisions under pressure, and build resilience inside companies requires a thorough examination of leadership during crises. Analyzing crisis leadership successes and shortcomings enables companies to develop improved models for ethical governance, sustainable crisis management, and readiness.

Crises generate anxiety, tension, and continuous strain that can sometimes compromise staff motivation, mental clarity, and ability to make decisions. In these high-pressure settings, companies benefit significantly by having all staff members actively engaged in problem solving and flexible adaptation to rapidly changing circumstances. (Heifetz & Laurie, 1997). Work Environments that foster psychological safety, where people feel appreciated, respected, and fearless when they express their worries and concerns, enable higher levels of creativity, teamwork, and performance under pressure, as Kahn (1990) and Edmondson (1999) indicate. Psychological safety is a key driver of resilience as it empowers individuals to participate in open discussion, share creative ideas, and assume interpersonal risks without fear of negative repercussions. This was clear, for example, in the case of Airbnb during the COVID-19 pandemic, where leadership emphasizing transparency, empathy, and honesty enabled the company to keep employee confidence despite operational challenges (Chesky, 2020). Similarly, Howard Schultz's leadership at Starbucks after the 2018 racial discrimination event showed how a culture of inclusiveness and trust can be maintained even under reputational threats. Fostering these secure and inclusive spaces depends much on leader. By means of clear vision, emotional intelligence, and encouragement of employee well-being, leaders may reduce anxiety, strengthen unity, and foster organizational learning. However not all leadership styles are equally successful in achieving this outcomes. While some may

struggle when flexibility and trust-building are needed, others are more suited to handle the emotional and adaptive dimensions of crises. For this purpose, identifying the most effective approaches for navigating diverse crisis scenarios requires an examination of several leadership models. Additionally to psychological safety, elements like diversity, inclusiveness, and employee well-being are also crucial in creating environments where individuals feel valued, empowered, and involved especially under stress. Building strong, trust-based organizational cultures able to react efficiently to crises depends mostly on these aspects. Moreover, the rising frequency of worldwide disturbances and the increased focus on organizational resilience help to make this study relevant. The most successful ways to negotiate crises have shown out to be leadership approaches stressing flexibility, diversity, and employee well-being (Goleman,1998). These kinds of leaders contribute to building resilience, enhancing decision-making capabilities, strengthening team cohesion, and finally transforming difficulty into opportunities for organizational development and creativity. Through an analysis of these processes, this study aims to provide both theoretical understanding and pragmatic tools to direct current and future leaders in skillful handling of organizational crises (Kotter, 1996).

This thesis aims to investigate exactly this component of leadership effectiveness during crises, focusing on how distinct leadership approaches contribute to foster resilience, preserve team cohesiveness, and permit enabling businesses to bounce back (James & Wooten, 2005). Key cornerstones of sustainable crisis management, regarded not just as the capacity to recover from disturbance but as a long-term, human-centered strategy emphasizing adaptation, inclusivity, and psychological well-being, will be leadership techniques that highlight these values. Sustainable crisis management, unlike conventional crisis management strategies that emphasize short-term stabilization and

operational recovery, aims to improve organizational culture, employee resilience, and strategic learning to better address future obstacles. This study aims to reveal how leaders could establish an environment of trust, psychological safety, and shared purpose by combining theoretical approaches, such as transformational, servant, and situational leadership frameworks, with practical case studies - such as Starbucks racial discrimination and Uber's cultural and leadership crises, thereby steering organizations across uncertainty.

This paper will further investigate how leaders modify and adapt their management, communication, and decision-making strategies depending on the type and degree of the crisis, thereby addressing the interaction between crisis complexity and leadership adaptability. This study will shed light on excellent practices that enable efficient crisis management by examing both historical and contemporary cases in which leadership significantly either helped or worsened organizational issues. By doing this, the study will underline the need of transcending conventional hierarchical leadership styles toward more cooperative, responsive, and morally grounded leadership models that can resist the constraints of crisis situations (Uhl-Bien, Marion, & McKelvey, 2007)

The rising frequency of worldwide disturbances and the increased focus on organizational resilience underscores the relevance of this study. According to Goleman (1998), the best ways to deal with crises have always been via leadership styles that encourage adaptability, diversity, and employee well-being. These kinds of leaders help organisations become more resilient, make better decisions, work together more efficiently, and transform problems into chances and opportunities for growth and creativity. The purpose of this research is to teach current and future leaders both

theoretical knowledge and practical tools that will enable them to deal with crises in their organisations (Kotter, 1996).

1.2 Scope and objectives

This thesis will examine and investigate critically the effectiveness of different leadership styles in handling crises in businesses, taking into account how much diversity, inclusion, and employee well-being help to solve problems. This research entails a comparative analysis of different types of leadership, such as situational leadership, servant leadership, and transformational leadership (Bass, 1985; Greenleaf, 1977; Hersey & Blanchard, 1969). These three models were chosen because they all highlight and focus on stressing flexibility, human-centered leadership, and being sensitive to employees' needs. These are all very crucial attributes to have in times of crisis.

Each style, at the same time, offers a different perspective. In fact, transformational leadership encourages vision and motivation, servant leadership focuses on ethics and well-being, while situational leadership emphasizes being able to adapt to different situations. More in details, situational leadership is significant because it stresses the need for leaders to be able to change their plans based on the severity of the crisis and the quality of their teams (Hersey & Blanchard, 1969). Conversely, servant leadership aligns with the increasing focus on ethical leadership and stakeholder well-being, both of which are essential in building confidence and resilience during crises (Greenleaf, 1977). Finally, because transformational leadership motivates teams to remain engaged, resilient, and forward-thinking in the face of hardship (Bass, 1985), it is studied as proven beneficial in crisis-driven organizational change. While alternative leadership models, such as transactional or reward-based leadership, provide useful insights, they tend to

focus more on short-term performance outcomes rather than long-term employee engagement and cultural transformation. Because of this, these models are not central to this thesis, which focuses on leadership approaches that promote psychological safety, inclusiveness, and sustained organizational resilience during crises. By emphasizing situational, servant, and transformational leadership, this thesis aims to offer an accurate assessment of flexibility, ethics, and vision—three fundamental traits of effective crisis management.

This paper will address actual data taken from real-world case studies as well as theoretical models. This study will evaluate how leadership behaviors either facilated to overcome obstacles or aggravated organizational failures by examining historical and modern cases involving companies that have gone through major crises including Johnson & Johnson, Boeing, Volkswagen, Uber and Starbucks. A comprehensive review of academic literature will also be part of the research to place these incidents within broader theoretical frameworks of organizational behavior and leadership.

The core objectives of this thesis are as follows:

- To examine the fundamental elements of crisis-oriented leadership, including important traits, behaviors, and abilities allowing leaders to respond effectively to unforeseen events with efficiency.
- To investigate the adaptability of several leadership styles—particularly, transformational, servant, and situational leadership— in crisis contexts, in order to identify which approaches are most effective in promoting resilience, improving decision-making, and supporting organizational recovery.
- To analyze how diverse leadership teams and inclusive practices contribute to creative problem-solving, psychological safety, and improved team cohesiveness

helps one investigate how diversity and inclusion affect leadership effectiveness during crises.

- To evaluate the employee well-being and leader performance preserving company performance and morale, during crises. This goal will center on finding techniques leaders could use to encourage psychological safety, lower stress, and build resilience in their teams.
- To provide actionable recommendations for organizational leaders, providing useful advice and tools for developing leadership styles with an eye on organizational resilience and long-term performance that give flexibility, inclusiveness, and well-being first priority.

In addressing these objectives, this thesis will seek to answer the central research question: Which leadership approaches and strategies prove to be the most effective during organizational crises, and how do diversity, inclusion, and well-being contribute to successful crisis resolution? Through a comprehensive analysis of theoretical concepts and real-world examples, this research aims to provide meaningful contributions to the field of organizational behavior and offer valuable insights for leaders seeking to navigate the complexities of modern organizational crises.

2. Understanding leadership in crisis situations

2.1 The nature and dynamics of organizational crises

2.1.1 Defining crises: conceptual framework

Often endangering stability, reputation, and operational continuity of organizations, crises are fundamentally disruptive, unpredictable, and high-stakes occurrences that seriously threaten firms (Bundy et al., 2017). Unlike daily obstacles or manageable mistakes, crises tend to escalate rapidly and often evolve in unpredictable ways, leaving little for the application of standard decision-making processes. Leaders who have to negotiate uncertainty and reduce damage under great pressure must react strategically right away, as delayed or impulsive reactions might aggravate the situation, erode stakeholder confidence, and endanger organizational recovery (Boin et al., 2005). Scholars have long argued over the exact definition of a crisis; many of them stress its complex character and severe organizational repercussions (Pearson & Clair, 1998).

Pearson and Clair's 1998 classic definition of a crisis as "a low-probability, high-impact event that threatens the viability of an organization and is characterized by ambiguity in cause, effect, and resolution". Pearson and Clair state that crises are defined by several key features: first, they are rare but very significant; second, they generate information asymmetry (a scenario in which crucial data are missing, delayed, or unevenly disseminated across stakeholders), which makes it impossible for decision-makers to completely understand the extent and gravity of the event in real time. Likewise, Coombs (2007) defines crises as "disruptive events that require urgent decision-making under conditions of uncertainty and risk," therefore underlining the need for rapid response, flexibility, and leadership judgment in effective crisis management.

Putting together these two definitions, the one of Pearson and Clair and the one of Coombs, it is possible to highlight that crises are marked by their unpredictability, time pressure, and the presence of unclear or incomplete information. For this thesis, a crisis will be defined as an unexpected and disruptive event in an organisation that creates many challenges, requires a quick and decisive leadership response, and finally generates uncertainty, emotional stress, and complicated decision-making conditions. This is often because of a lack of timely and reliable information available (Bundy et al., 2017; Boin et al., 2005).

The complex nature of crises has made academics create models that set them apart from other organizational problems. Hermann (1963) states that leaders have a hard time during crises for three reasons. First of all, during crises, companies' aims and objectives are jeopardized, since they might disrupt their financial stability, operational continuity, and reputational integrity. Second, they demand rapid decision-making even when there isn't enough time, which implies that leaders often have to make choices without all the necessary data and knowldege. Finally, they are very ambiguous and challenging to predict, therefore people need to be able to react in several ways instead of just giving predefined replies. Because of these traits, it is exceedingly hard to forecast and handle crises. This makes resilience, flexibility, and stakeholder involvement even more important as leadership skills.

Fink (1986) contends that crises should not be considered as separate occurrences, but as a series of continuous processes that happen over time, with different phases, including warning indications before the crisis, the crisis effect, response activities, and recovery after the crisis. From this point of view, companies need to come up with proactive strategies for handling crises aimed at reducing and avoiding problems before

they get more serious. Foresight, strategic planning, and flexible leadership are all very important for dealing with these kinds of disasters, because firms that can't spot early warning signs are more likely to face bigger problems with worse repercussions.

2.1.2 Key characteristics of crises

Regardless of their origin, crises have unique characteristics that set them apart from regular business risks. One of the most obvious things about crisis events is how much uncertainty and lack of knowledge they bring with them. Unlike regular operational difficulties when leaders can rely on established processes and historical data, crises frequently arise under uncertain and rapidly evolving circumstances, making it difficult to determine the appropriate course of action. According to Weick (1993), crises cause "sensemaking" in companies to be disrupted, hence decision-makers find it difficult to interpret contradicting data. This lack of transparency increases the possibility of misjudgments as leaders may be obliged to respond based on false or insufficient facts.

Time constraint adds even another layer of complexity to crisis response attempts. Often operating under pressure, leaders in crises situations are often required to make high-stakes judgments with limited tolerance for mistakes. The urgency inherent in crises elevates stress levels, hastens cognitive tiredness, and increases the likelihood of reactive rather than strategic problem-solving. Time restrictions and great uncertainty push leaders to operate beyond their comfort zones, as Boin et al. (2005) describe; often, they rely on intuition, delegation, and fast communication to keep control over the circumstances. This strain is most clearly shown by financial crises, cybersecurity breaches, and scandals that damaged a company's reputation, where delays in responding can make things worse and destroy stakeholders' confidence.

Another important feature about crises is that they may threaten an organization's stability and reputation. Executive crisis management plays a pivotal role in determining whether a business will recover, stay the same, or suffer long-term damage to its finances and reputation. Handling a crisis could mean having to follow legal obligations, losing public trust, making shareholders frightened, and even hurting your brand in the long run. Case studies like Johnson & Johnson's management of the 1982 Tylenol crisis (Greyser, S. A., 1982) against Volkswagen's 2015 Dieselgate (Bachmann, R., Ehrlich, G., Fan, Y., Ruzic, D., & Leard, B., 2019) incident helps one to see the main differences between effective and ineffective crisis leadership. Under the former, Johnson & Johnson built public trust in its brand by putting ethical leadership, consumer safety, and openness first. On the other hand, Volkswagen's early denials and efforts to control regulatory standards had serious legal consequences, damaged public trust, and incurred long-term financial costs. These cases show how important it is to have ethical leaders, communicate clearly, and the involvment of stakeholders, in times of crisis.

Beyond harm to organizations, crises can profoundly affect executives and staff members both psychologically and emotionally. High-stakes scenarios generate significant emotional stress which may compromise judgment, lower morale, and lead to burnout. Under crisis, leaders must strike a balance between emotional resilience and strategic clarity, Hannah et al. (2009) underline, thereby guaranteeing that they keep calm, foster confidence among employees, and prevent fear from spiraling inside the company. The COVID-19 pandemic offers recent examples of CEOs navigating labor upheavals, economic volatility, and increased employee fear while concurrently preserving company continuity. The distinction between effective and ineffective crisis leadership lies in leaders' ability to show empathy, give clear guidance, and create psychological safety.

2.1.3 Classification of crises

Crises come in many different shapes and call for different kinds of leadership solutions. To categorize crises according to their causes, effects, and response needs, researchers have created many taxonomies. One of the most widely recognized crisis categorization systems put out by Mitroff et al. (1988) groups crises into the following main categories:

- Natural disasters: the crisis originated from environmental events including pandemics, storms, and earthquakes; for example the COVID 19 epidemic threw off supply chains, world economy, and workforce operations, thereby demanding quick leadership measures (Boin et al., 2020).
- Technological failures: system failures, cybersecurity breaches, and IT infrastructure collapses generate these catastrophes. One prominent instance is the Facebook-Cambridge Analytica incident, in which inadequate data privacy control generated public mistrust (Isaak & Hanna, 2018).
- Financial crises: the worldwide financial crisis of 2008 is a prime example of how inadequate risk management and regulatory control may bring down whole sectors. In fact, for these categories, we must take into account bankruptcy catastrophes, economic crises and stock market failures (Stiglitz, 2010).
- Reputational and ethical crises: these crises arise from unethical commercial tactics, fraud, or corporate misbehavior. The Dieselgate incident of Volkswagen and the Wells Fargo account fraud case highlight the long-term harm unethical business activity does to reputation (Bachmann et al., 2019; Egan, 2017).
- Operational failures: these situations may account for safety breaches, industrial breakdowns, or supply chain interruptions. The results of leadership neglect in

operational crises are best shown by the Boeing 737 Max issue, in which bad engineering and inadequate risk management led to catastrophic crashes (Gelles et al., 2019).

Crises are complex, multifaceted occurrences that challenge companies' ethical integrity, flexibility, and resilience as well as those of their leaders. High unpredictability, great time pressure, reputational risk, and major emotional stress define them. Effective crisis management calls for proactive planning and ethical decision-making as well as adaptable leadership techniques. As a consequence, it's important to understand the differences between various kinds of crises, especially when looking at how leaders respond to them. Each of these crises presents unique problems and requires different ways of making decisions, communicating, and getting employees involved. These different classes give us a way to evaluate and compare which leadership styles, like transformational, servant, or situational, are most effective in identifying the requirements for each type of crisis. The following section will look more closely at how different ways of leading and making decisions affect the outcomes of crises and the role of leaders in dealing with emergencies.

2.2 The role of leadership in crises management

Determining an organization's capacity to withstand, adapt, and bounce back from crises depends mainly on its leadership styles and approaches. Unlike traditional managerial tasks, which depend on planned structure, stability, and predictability, crisis leadership works in an environment where there is uncertainty, time pressure, and high stakes. Leaders must make decisions quickly while also handling emotional intelligence, moral issues, and strategic insight. Not only does crisis leadership depend on how well

the organisation can handle the current crisis, but also on how well it can come out of it stronger, more resilient, and better prepared for future events.

Leaders in crisis management must negotiate four main spheres: post-crisis organizational learning, communication and trust-building, stakeholder involvement, and under-pressure decision-making. Minimizing damage, stabilizing operations, and rebuilding confidence among employees, consumers, and outside stakeholders all depend on each of these components. In the next session, in fact, we will explore how leadership makes decisions in times of crises and we will examine the basis of effective leadership, respectively in paragraphs 2.2.1 and 2.2.2 .

2.2.1 Leadership decision-making in times of crises

Decision-making in crisis contexts differs significantly from standard strategic planning. Under normal conditions, leaders rely on long-term planning, data-informed analysis, and structured deliberation to guide their decisions. Crisis events, on the other hand, impose a very distinct set of restrictions including time constraint, information asymmetry (Coombs, 2015; Boin et al., 2005), and increased emotional pressure. Leaders have to make fast, frequently with little or contradicting information high-stakes judgments.

Managing uncertainty is one of the main difficulties of making crisis decisions. Crises are naturally unstable; hence leaders find it challenging to rely solely on historical performance or established theoretical models. In 1993, Weick first proposed the idea of sensemaking in crises, contending that leaders who want to act effectively must provide a persuasive interpretation of disjointed and scattered information. Without a comprehensive understanding of the problem, decision-makers run the risk of either underreacting and causing escalation or overreacting with extreme measures.

Making crisis decisions also calls for emotional influence and cognitive distortions. Janis and Mann's (1977 Conflict Model of Decision-Making) states that when leaders are under pressure, they often show hyper-vigilance (making decisions too quickly because of stress), defensive avoidance (ignoring or downplaying the crisis), or unconflicted adherence (sticking to plans that were already made even when new evidence comes to light). These cognitive traps can lead to bad strategic decisions, damage to your reputation, and problems with your organisation.

Leaders usually use three main methods to deal with these risks: scenario-based decision making, quick information filtering, and finally finding a balance between speed and careful thought (Rosenthal et al., 1989; Boin et al., 2005). In the first one, leaders need to have a number of response plans ready for different possible outcomes, since crises are by nature unpredictable. With this method, you can be more flexible and quick to respond. In the second one, rapid information filtering, leaders need to make fast distinctions between misleading noise and important insight to guide their judgments, as crises create an excessive volume of data. The third approach recognizes that while timely action is essential, overly hasty decisions may exacerbate the crisis. Good leaders set fast yet orderly decision-making procedures, involving important advisers to prevent too much bureaucracy.

Johnson & Johnson's response to the 1982 Tylenol poisoning crisis is an excellent example of effective crisis decision-making. The company's leadership decided right away to recall all Tylenol products from retail shelves, give customer safety top priority, and use tamper-proof packaging instead of waiting for regulatory involvement. This quick moral choice rebuilt public confidence and established business crisis management standards (Greyser, 1982). On the other hand, Boeing's handling of the 737 Max disaster

exemplifies ineffective crisis decision-making, in which delays in admitting design defects, prioritizing financial interests over safety, and a lack of transparency led to significant reputational damage and legal penalties (Gelles et al., 2019). These contrasting cases underscore the crucial role of ethical responsibility and leadership judgment in effective crisis management.

2.2.2 Core principles of effective leadership in crises management

Although many leadership approaches exist and as a consequence may change over time, effective crisis management is based on basic ideas that guarantee companies can react proactively, reduce damage, and recover in a successful way. Whatever the particular leadership style applied, crisis leadership is based on these values. Transparency and trust-building constitute two of the most important components of crisis leadership. Employees, consumers, and stakeholders seeking clarity, in times of uncertainty, look for a strong leadership to be reassured. Leaders who avoid transparent communication run the danger of undermining confidence, encouraging rumors, and aggravating anxiety. According to Coombs (2007), companies that offer fast, consistent, unambiguous communication during crises are more likely to maintain greater degrees of stakeholder confidence and brand loyalty.

Similarly crucial is moral but forceful and decisive action. Leaders sometimes have to make tough decisions between long-term reputation integrity and short-term financial stability under crises. Ethical leadership guarantees that decisions give priority to public safety, employee well-being, and business responsibility over quick cost-cutting actions. Studies on business crises show that businesses that follow an ethically conscious crisis tend to recover more rapidly than those that give short-term financial success first priority (Maak & Pless, 2006; Hannah et al., 2009).

Flexibility and adaptability remain foundational principles of effective crisis leadership. As crises often evolve unpredictably, leaders must be prepared to adjust their strategies in real time instead of strictly following pre-made reactions. Boin et al. (2005) claim that while distributed, agile leadership models enable faster and more efficient crisis resolution, companies with hierarchical, bureaucratic leadership structures find it difficult to react rapidly.

Leaders in crisis also have to control psychological resilience inside their teams as much as inside themselves. The intense emotional strain and stress associated with crisis contexts can lead to burnout, decision weariness, and team disengagement. Emotional intelligence (EQ) is emphasized by Goleman (1998) in crisis leadership as leaders who exhibit self-regulation, empathy, and interpersonal awareness contribute significantly to fostering resilience among employees. Moreover, crisis management depends heavily on the participation of stakeholders and coordinated responses. Cooperation across departments, businesses, and government organizations throughout large-scale crises improves information exchange, resource allocation, and rehabilitation initiatives. With different degrees of success depending on leadership quality, the COVID-19 epidemic showed how governments, businesses, and healthcare facilities have to coordinate crisis reactions worldwide (Boin et al., 2020).

Lastly, organizational resilience requires a post-crisis learning and adaptive attitude. Effective crisis managers view crises not merely as challenges, but as opportunities for institutional learning and individual growth. Companies that conduct thorough post-crisis evaluations, identify systemic vulnerabilities, and implement corrective measures are better equipped to strengthen future crisis management systems (Bundy et al., 2017).

2.3 Challenges faced by leaders in crises

Managing crises requires leaders to deal with ambiguity, make high-stakes decisions, balance several interests, and maintain organizational stability under intense pressure—all inherently complex tasks. Crisis leadership demands rapid responses, often under conditions of incomplete information and rapidly evolving circumstances unlike regular leadership tasks. Leaders have to strike a balance between operational decisions, communication plans, ethical issues, and psychological resilience while also making sure that the crisis does not permanently threaten the long-term survival of the company.

However, crises expose leaders to cognitive biases, moral dilemmas, and internal resistance to change, hence generating an atmosphere of great instability. These problems can have a big impact on organizational trust, the strength of its leaders, and the quality of its decisions. The next sections will cover information about three of the most important problems: cognitive and psychological biases in crisis leadership (2.3.1), ethical and moral dilemmas (2.3.2), and resistance to change and leadership accountability (2.3.3).

2.3.1 Cognitive and psychological biases in crises leadership

A leader's ability to make smart decisions in times of crisis is affected by a range of cognitive biases and psychological pressures that affect their ability to properly assess risks, understand data, and come up with reasonable solutions. Time pressure, uncertainty, and strong emotions can all trigger hidden biases that can lead to detrimental or ineffective crisis responses (Kahneman & Tversky, 1979; Janis & Mann, 1977).

Decision paralysis is one of the most well-studied cognitive problems. It happens when leaders can't make firm decisions because the crisis is too complicated. Leaders

might put off making important decisions when things are uncertain because they are afraid of making the wrong choice, depriving early intervention possibilities. This phenomenon was, for example, shown in the delayed worldwide reaction to the COVID-19 epidemic, as leaders refrained from applying lockdown policies in spite of early warning signals, therefore aggravating the situation (Boin et al., 2020).

Confirmation bias, where leaders ignore data that goes against what they already believe, is another major cognitive flaw in crisis leadership. This tendency can be particularly damaging in times of crisis as it keeps leaders from changing their plans depending on fresh occurrences. The Boeing 737 Max incident is a great example of confirmation bias because executives at first ignored worries about the plane's safety features, which led to disastrous results.

Crises also cause loss aversion bias, when leaders are more likely to take calculated risks to avoid failure instead of focusing on strategic and measured responses. Kahneman and Tversky (1979) came up with Prospect Theory, which declares that when individuals are under condition of loss, they are more likely to make risky decisions, which might aggravate the situation. This was shown in the case of BP's Deepwater Horizon oil leak, where executives put short-term cost-cutting ahead of long-term environmental and safety issues, which led to one of the biggest environmental disasters in modern history.

Crisis leadership has psychological effects that go beyond just making biased decisions. Leaders are often emotionally tired, have too much stress on their minds, and find it harder to solve problems. Hannah et al. (2009) state that leaders who are under pressure for a long time can become less effective, which can cause them to burn out, lose interest, and act reactively. By means of mindfulness practices, cognitive

flexibility, and emotional intelligence development, leaders may reduce these psychological obstacles and enable more logical and informed crisis response (Reb et al., 2014).

2.3.2 Ethical dilemmas and moral responsibility in crises

Crises frequently place leaders under intense pressure, requiring them to make rapid, high-impact decisions while confronting complex ethical dilemmas. Often with limited knowledge and under great emotional and reputational pressure, these circumstances call for balancing conflicting interests—organizational viability, stakeholder trust, and employee wellbeing. As a result, the ethical dimension of crisis leadership takes center stage: leaders are not only in charge of guiding their companies through instability, but must also do so in a way that displays openness, honesty, and responsibility (Brown & Treviño, 2006; Maak & Pless, 2006).

A common ethical dilemma in times of crisis concerns the extent and timing of information disclosure. Although honesty and openness are usually appreciated qualities, full disclosure is not always practical or preferred. Leaders have to consider the advantages of openness against any potential negative effects, like legal exposure, public panic, or competitive disadvantage. Although such actions may aim to prevent short-term disturbance, Coombs (2007) warns that leaders who deliberately conceal or distort information can cause long-term reputational damage and undermine stakeholder confidence. The difference between Volkswagen's Dieselgate scandal and Johnson & Johnson's reaction to the 1982 Tylenol poisoning highlights this issue. Volkswagen's leaders concealed important emissions information on purpose, which led to significant legal penalties, dissatisfied consumers and long-term damage to the brand. On the other hand, Johnson & Johnson's quick and open response, which included a full product recall

and public promises, boosted public trust and is now seen as a model for how to handle an ethical crisis.

Another huge ethical issue is making choices about the workforce, especially during times of financial or operational crisis. Leaders might have to choose between safeguarding employment opportunities while simultaneously guaranteeing the company's financial future. Although occasionally required, downsizing, layoffs, or budget cuts bring ethical concerns regarding justice, communication, and employee welfare. During the 2008 financial crisis, some organizations managed to preserve employee trust and morale by approaching layoffs with transparency, empathy, and adequate severance support. By contrast, other organizations adopted sudden or unclear policies that increased employee disengagement and harm to reputation.

In the end, ethical leadership in crisis contexts is about moral awareness, strategic foresight, and the courage to make difficult decisions aligned with fundamental principles rather than merely adhering to formal regulations. Leaders who address crisis circumstances with ethical clarity are more positioned to maintain stakeholder confidence, reduce harm, and assist long-term organizational recovery. They turn crises from reputational dangers and threats into chances for credibility, organizational learning, and cultural resilience by prioritizing moral responsibility in both communication and decision-making. (Hannah et al., 2011; Ciulla, 2004).

2.3.3 Resistance to change and leadership accountability

Overcoming internal resistance to change is one of the less evident but nevertheless important difficulties of crisis leadership. Organizations often show institutional inertia, whereby fear, uncertainty, or devotion to heritage systems leads employees, mid-level managers, and even top executives to resist crisis-driven

organizational reforms. Leaders must negotiate this resistance while ensuring crisis recovery plans are carried out successfully. Organizations characterized by rigid hierarchies and bureaucratic cultures very clearly show resistance to change. Kotter (1996) contends that when leaders. Underestimate the extent of internal resistance, organizational transformation efforts are likely to fail. Kodak's inability to adapt to the digital revolution—exemplified by management's resistance to shifting from film to digital photography—illustrates this challenge and ultimately contributed to the company's decline. (Lucas & Goh, 2009).

Accountability and blame attribution represent an additional and particularly complex challenge in crisis leadership. During crises, leaders typically become the center of public attention as stakeholders look for responsibility for allegedly poor management (Bovens, 2007). The debate over the Boeing 737 Max shows how executives who deflect responsibility instead of taking ownership worsen regulatory and reputation consequences. Leaders have to create a culture of openness, inclusiveness, and shared responsibility if they want to solve resistance and accountability problems. This involves promoting open communication and employee involvement in strategies of crisis recovery; additionally establishing unambiguous responsibility systems helps prevent leadership failures and ensures that organizational restructuring and adaptation are perceived as opportunities for growth rather than threats to stability. Effective leaders understand that crisis recovery calls for a long-term transformation process wherein open communication, collective decision-making, and organizational flexibility enable companies to emerge from adversity more resilient than before.

Crisis leadership is characterized by a multitude of psychological, ethical, and organizational challenges that require cognitive resilience, moral integrity, and strategic

adaptability. While guiding their companies toward stability and recovery, leaders must negotiate ethical conundrums, decision-making biases, opposition to change, and stakeholder scrutiny. The development of effective crisis leadership strategies—prioritizing transparency and ethical governance—requires a clear understanding of these challenges and their impact on adaptive change management. The following chapter will investigate how various leadership approaches affect crisis outcomes, therefore offering a closer examination of crisis leadership theories.

3. Adapting leadership styles in crises

Leaders in times of crisis must not only act quickly, but they must also guide their businesses get through times of change, uncertainty, and instability. In these kinds of situations, where uncertainty and pressure prevail, traditional and static leadership models often prove inadequate because they lack the vision, empathy, or flexibility to deal with changing and emotionally charged situations. As a consequence, leadership tends to evolve in times of crisis, becoming more flexible, people-oriented, ethical, and adaptable.

This chapter will examine and look more into detail at how different types of leadership deal with crises, with a focus on transformational, servant, and situational leadership models. In the face of uncertainty and difficulty, each of these models has its advantages and downsides. This chapter seeks to evaluate their relevance and effectiveness in practice by investigating how they perform under pressure. By doing this, it aims to address a fundamental question: what kind of leadership style comes up more often and which is the more successful in crisis events?

3.1 Transformational leadership

3.1.1 Definition, key components and features

One of the most powerful approaches to leadership available during times of organizational turbulence is transformational leadership. Originally presented by James MacGregor Burns (1978) and subsequently enlarged by Bernard Bass (1985), transformational leadership is distinguished by the capacity to inspire, motivate, and empower followers to exceed their expectations and pursue collective goals, even under highly challenging conditions. Unlike transactional leadership which stresses control,

incentive systems, and job performance, transformational leadership is vision-driven and emotionally intelligent, promoting long-term development, innovation, and employee engagement (Bass & Riggio, 2006). Under crisis conditions, when uncertainty, instability, and anxiety rule the organizational environment, these traits become not only helpful but also crucial.

Transformational leadership, according to Bass (1985), consists of four basic elements also known as the "Four I's": 1) idealized influence, in which the leader serves as a model, exhibiting consistency, moral integrity, and loyalty to the principles of the company. During a crisis, this kind of leadership builds confidence, which is vital when employees experience uncertainty or psychological distress; 2) inspirational motivation is when the leader presents a convincing picture of the future, therefore giving direction and meaning even under uncertain and unpredictable circumstances. Leaders provide hope and a feeling of direction by means of motivating speech; 3) intellectual stimulation, where transformational leaders push people to think critically and creatively, which helps them question their assumptions and come up with new ideas, developing and encouraging, as a consequence, critical thinking. This makes the difference, as it helps teams respond quickly and generate new ideas for unanticipated problems that might come up during crises; 4) individualized consideration, leaders should recognise the unique needs and contributions of each team member and provide emotional support and guidance. This behaviour tries to guarantee that everyone feels psychologically safe and helps keep morale up during the crisis.

Transformational leadership is especially effective when there are contexts marked by uncertainty and emotional stress, as its four traits work together to create a leadership style that is human-centered, strong, and focused on the future. This approach

acknowledges the requirement of intrinsic motivation, autonomy, and personal development; this is confirmed even by complementary theories, including Maslow's hierarchy of needs (Maslow, 1943) and self-determination theory (Deci & Ryan, 2000).

3.1.2 Transformational leadership in crises practice, its advantages and limitations

The application of transformational leadership in real-world crisis contexts has been extensively documented and empirically validated. Many case studies show how this leadership approach improves an organization's capacity to adapt, survive, and flourish under crises, particularly those involving reputational, structural, or existential concerns. One particularly noteworthy instance is Howard Schultz's comeback to Starbucks in 2008, when the business was experiencing brand erosion and financial crisis. Rather than relying on top-down control or purely cost-driven decisions, Schultz revitalised the company's mission, refocused on core values, and actively engaged employees in the transformation process (Schultz & Gordon, 2011). Particularly via programs and initiatives like retraining baristas and reaffirming Starbucks' commitment. Similarly, many successful companies were run by individuals who represented transforming traits during the COVID-19 epidemic. Often mentioned as a model is Arne Sorenson, former CEO of Marriott International. In a direct video message to employees, Sorenson emphasized the organization's mission and values, encouraged open communication, admitted the suffering to come, and expressed compassion (Marriott International, 2020). Marriott's ability to negotiate layoffs and financial losses without compromising the loyalty and confidence of its employees was made possible by this emotional genuineness, paired with strategic insight.

Research papers back up these cases. For example, Dirani et al. (2020) showed that transformational leadership significantly affected organizational resilience and

employee engagement during the COVID-19 crisis, hence stressing its ability to maintain innovation and morale under great strain. Mumford, Friedrich, Caughron, and Byrne (2007) contended in a separate study that transformational leadership fosters cognitive flexibility, a vital component for efficient leadership in innovative and uncertain crisis situations.

In the framework of company crises, transformational leadership has unique benefits. Its focus on motivation, flexibility, and emotional connection makes it particularly effective in crises involving long-term cultural changes, strategic realignment, or reputational recovery. The key benefits of this strategy are: transformational leaders enable followers to find meaning from adversity by framing the crises inside a bigger organizational goal, hence mobilizing collective purpose; improving resilience: leaders reduce fatigue, promote team cohesiveness, and develop trust using personalized assistance and inspiring communication and finally, intellectual stimulation helps agile reactions, and encourages teams to challenge conventional thinking and generate innovative solutions.

Still, not all types of crises lend themselves to transformative leadership. Its principal drawbacks include a lack of organization in circumstances calling for quick and commanding action, including operational catastrophes or technical crises (e.g., plant explosions, cyberattacks). In such scenarios, the lack of defined policies or power can result in confusion or operational inefficiency (Tourish, 2013). Furthermore, not all leaders are naturally suited to adopt this approach. High emotional intelligence, charm, and strategic vision are all required qualities hard to develop during a crisis. An additional risk is over-idealization, wherein followers may place excessive trust in a leader's vision

without sufficient critical evaluation, potentially resulting in blind loyalty or unchallenged decisions.

Notwithstanding these constraints, transformational leadership often stands out as the most powerful and prevalent approach within contemporary crisis research. For business executives facing complex and emotionally charged challenges, its capacity to align strategic vision with human-centered values renders it a highly effective leadership tool. Transformational leadership therefore remains a cornerstone of contemporary crisis leadership models and a major source of reference for both academics and practitioners.

3.2 Servant leadership

3.2.1 Theoretical foundations and characteristics

The second leadership style that we will analyze is called servant leadership. It prioritizes the needs, growth, and welfare of followers over the leader's authority or self-interest. Originally conceived by Robert K. Greenleaf in the 1970s, servant leadership challenges conventional hierarchical structures by emphasizing humility, service, and shared power (Greenleaf, 1977). Unlike transactional leadership that emphasizes results and performance, or transformational leadership that seeks to motivate change via vision and charisma, servant leadership is basically relational, ethical, and community-oriented.

According to Greenleaf (1977), the servant-leader is, above all, a servant—motivated by a deep desire to support and serve others. From this basis, leadership naturally develops as a way to further assist people and communities. Building on Greenleaf's work, Spears (1995) identified eleven fundamental traits of servant leadership: listening, empathy, healing, awareness, persuasion, conceptualizing,

foresight, stewardship, commitment to the development of others, and community building.

In organizational contexts, servant leadership appears as behaviours that include attentively listening to team issues, empowering employee decision-making, fostering psychological safety, and building trust-based relationships (Liden et al., 2008). These practices become particularly salient in crisis scenarios, where employees experience heightened anxiety, uncertainty, and emotional exhaustion. In addition, in times of crisis, servant leaders frequently contribute to organizational stability by fostering a supportive culture and promoting employee well-being. They prioritize long-term people development, ethical responsibility, and open communication ahead of short-term reactive steps. Studies, in fact, have shown that servant leadership can lead to higher job satisfaction, psychological resilience, organisational citizenship behaviour, and trust—traits that are crucial to get through tough times (Eva et al., 2019; Hunter et al., 2013).

Servant leadership, moreover, focuses on ethics, employee development, and human-centered resilience methods, which are in line with contemporary ideas of sustainable leadership. Those characteristics are very important during crises because they help people adapt to problems, streghten team cohesion, and keep the company's integrity strong.

3.2.2 Servant leadership in crises contexts: strengths and limitations

Both empirical studies and real-world case studies have shown that servant leadership is effective in times of crisis. Satya Nadella's leadership style at Microsoft is a great example of how to be an efficient servant leader, especially during the COVID-19 pandemic. Nadella's focus on empathy, education, and humility helped and guided Microsoft to improve its internal communication and crisis response. He can be

considered a good example of servant leadership because he promoted flexibility, well-being, and digital inclusion (McKinsey & Company, 2020). As a consequence, this helped keep trust, teamwork, and creativity alive during times of organisational instability.

Similarly, Brian Chesky, CEO of Airbnb, showed servant leadership by directly addressing the financial challenges the company encountered during the COVID-19 pandemic. His empathetic tone, transparent communication, and commitment to supporting laid-off employees, including offering job transition resources and keeping alumni connected, were widely praised as exemplary servant leadership in action (Airbnb, 2020).

As a consequence, the main advantages that we can point out of this type of leadership are: 1) Prioritizing employee well-being in leadership decision-making strengthens confidence and morale; 2) Fostering inclusive and participatory work environments helps the long-term preservation of organizational culture; 3) Prioritizing shared responsibility, creativity, and interpersonal resilience, factors that are essential during extended crises.

However, high-urgency emergencies may present significant challenges for the application of servant leadership. Its focus on emotional support, empowerment, and agreement may lead to indecision or a lack of clear direction in contexts that demand rapid action. In highly volatile environments, servant leaders may find it challenging to enforce tough choices or exercise power, particularly if quick top-down cooperation is required (Anderson & Sun, 2017).

Furthermore, not all organizational cultures are adequately prepared to support the implementation of servant leadership. Servant leaders may face resistance or be perceived as ineffective in environments dominated by performance-driven standards or where

employees are unfamiliar to participative leadership models (Hunter et al., 2013). Despite these limitations, servant leadership remains a robust and ethically grounded approach to crisis management, particularly in contexts where resilience, human capital, and long-term cohesion are prioritized over short-term performance metrics.

3.3 Situational leadership

3.3.1 Theoretical background and principles

A flexible, adaptable leadership approach called situational leadership suggests that rather than one optimal way of leading, good leaders change their behaviour depending on the needs of the particular scenario and the preparedness degree of their followers. Originally conceived by Paul Hersey and Ken Blanchard in the late 1960s, the concept has grown to be one of the most often used leadership models in practice (Hersey & Blanchard, 1969).

Central to situational leadership lies the principle that effective leadership involves aligning the level of task guidance and socio-emotional support with the maturity (or development level) of followers. Hersey and Blanchard (1982) identified four main leadership styles: 1) Directing (high task, low relationship): applied when followers are unskilled or unmotivated and involves the leader giving detailed orders and actively monitoring their performance; 2) Coaching (high task, high relationship): appropriate when followers have some knowledge but still lack dedication; the leader clarifies choices and requests ideas; 3) Ideal when followers are capable but may lack confidence, supporting (low task, high relationship) is when the leader provides motivation and shared decision-making; 4) Used when followers are both capable and dedicated, delegating (low

task, low connection) means the leader trusts responsibility and supervises from a distance.

This approach emphasizes the leader's diagnostic ability, which is the capability to precisely evaluate a situation and select the most suitable leadership behaviour. This flexibility is especially important in crisis situations, because circumstances change quickly and emotional reactions vary significantly among teams.

Critics of more static leadership models frequently emphasize the practical advantages of situational leadership, particularly in crises involving several stakeholder groups, different team capabilities, and changing operational situations (Thompson & Vecchio, 2009). Moreover, situational leadership aligns with complexity leadership theory, which asserts that in non-linear and high-stress environments, adaptability, distributed authority, and responsiveness are essential (Uhl-Bien et al., 2007).

3.3.2 Situational leadership during crises: practical implications and patterns

The effectiveness of situational leadership in crisis contexts is largely defined by its responsiveness to change. In the initial stages of a crisis, characterized by uncertainty and urgency, a more directive leadership style may be necessary to ensure rapid and coordinated responses. Leaders can change towards teaching or supporting behaviours, so promoting autonomy, innovation, and morale as the circumstances change and teams become clear and competent.

Many businesses, for example, used directive communication in the early stages of the COVID-19 epidemic to rapidly align employees with operational changes and emergency measures. Successful leaders moved towards more empowered and emotionally supportive positions as teams adapted to new processes, including shared decision-making, mental health support, and flexibility (Dirani et al., 2020).

An example is the leadership of Jacinda Ardern, ex former Prime Minister of New Zealand, who adopted a directive tone in the early lockdown phases—issuing clear, science-based orders—before gradually transitioning into a supportive and sympathetic position, emphasizing group morale and mental well-being. Her change aligned with the principles of situational leadership and contributed to high levels of public trust and compliance (Wilson, 2020).

Even though it has advantages, situational leadership presents notable challenges in practice. Not all leaders possess the emotional intelligence, self-awareness, and social sensitivity required by this approach, especially under high-pressure contexts. Leaders could potentially misdiagnose follower preparedness or fail to adapt in a timely manner, which would result in inappropriate leadership actions and less efficacy (Thompson & Glasø, 2015).

Furthermore, the model has been criticized for oversimplifying complex team dynamics and for its limited empirical validation. Nonetheless, its practical applicability and inherent flexibility have rendered it a valuable tool for crisis leaders seeking to remain agile in unstable environments.

Although it could be most useful when combined with emotionally intelligent and morally based behaviours from other models of leadership, situational leadership stands out for its adaptability and reactivity in assessing various leadership strategies in crisis circumstances. In the end, this flexibility makes it a quite beneficial and often emerging approach in several crisis case studies.

3.4. Convergence of leadership styles: what emerges most often in crises?

The fact that organisational crises are unpredictable and complicated shows that no one leadership style is uniformly better than another. Using and combining more than one style of leadership is often a better and more long-lasting way to respond than relying on a single approach. The research in this chapter demonstrates that certain styles show up more often depending on the type, severity, and setting of the crisis.

Among them, transformational leadership appears to be the most common and dominant style of leadership during high-impact crises. Because its focus is on vision, motivation, and emotional connection with followers, it is particularly advantageous for dealing with situations that threaten your identity, are long-lasting, and emotionally intensive. Transformational leaders may transform problems into opportunities, boost group energy, and encourage long-term resilience by giving people a strong sense of purpose and psychological power. Dirani et al. (2020) and Mumford et al. (2007) declare that this kind of leadership allows organisations adaptability and cognitive flexibility, both important skills for dealing with reputational damage, reorganising, and internal cultural change.

Transformational leadership, on the other hand, doesn't work alone. In fact, situational leadership gives leaders the flexibility they need to deal with crises where conditions change quickly and there is uncertainty about how to proceed. Under this paradigm, leaders can then change how they act based on what their teams need, switching from directive to supporting or delegative methods as required. This flexibility proves especially valuable across the various phases of crisis response—from initial shock and containment to adaptation and recovery (Hersey & Blanchard, 1982; Thompson & Glasø, 2015). In extremely dynamic settings, such as public health

emergencies or cyberattacks, situational leadership support operational efficiency while nevertheless providing room for human concerns.

Equally crucial is servant leadership, which becomes very essential in crises producing moral, psychological, or social stress. In these situations, leadership based on empathy, inclusivity, and concern for employee well-being plays a vital role in maintaining morale and confidence. Servant leaders provide priority to open communication, emotional support, and long-term relationship development (Greenleaf, 1977; Eva et al., 2019). When companies are under reputational attack, downsizing, or systematic inequalities, where the protection of psychological safety and ethical standards is top priority, these actions are particularly important.

These trends suggest a complementary framework rather than a rivalry between leadership approaches. Every approach has its benefits: starting with transformational leadership, it offers vision and motivation; secondly, situational leadership allows for responsiveness and flexibility; and ultimately, servant leadership guarantees trust-building, integrity, and compassion.

In practice, the most successful leaders mix these strategies, changing their approach according to the stage of the crisis, the emotional condition of their employees, and the organizational setting. A leader could start a crisis with a situational approach—aggressively coordinating a response—then switch to a transformational mode to motivate recovery and long-term resilience. At the same time, principles of servant leadership may guarantee that over the course of the process, employees' dignity and well-being are safeguarded.

This dynamic interaction reinforces the concept that crisis leadership is naturally multifaceted. Effective crisis leaders demonstrate high levels of emotional intelligence,

ethical sensitivity, and strategic flexibility; they do not adhere rigidly to a single leadership style. Therefore, leadership effectiveness in organizational crises could be better viewed not as the supremacy of one model but as the leader's ability to mix and change between approaches to meet evolving demands and preserve both organizational and human integrity.

Table 1

Comparison in leadership crises contexts

Types of leadership	Definition	Positive Aspects	Negative Aspects
Transformational	Inspires and motivates staff members by means of vision, emotional connection, and tailored assistance.	Encourages creativity, team unity, and resilience; boosts morale and long-term dedication.	In times of crisis, it may be unstructured; it runs the risk of over-idealization and emotional reliance.
Situational	Changes his or her approach of leadership to fit the situation and team readiness (directive, coaching, assisting, delegating).	Great adaptability; useful in dynamic situations; fits leadership to team requirements and crisis phases.	Needs good diagnostic ability; could be misapplied; possibility of inconsistency.
Servant	Emphasising well-being, ethics, and community, he concentrates on meeting the needs of others.	Creates psychological safety and trust; boosts morale and inclusive atmosphere.	Less successful in high-pressure or fast-paced situations; may seem overly soft or indecisive.

4. Strategies for effective crises leadership

4.1 Strategic crises communication

One of the most important aspects of successful crisis leadership is communication. During times of uncertainty, communication not only conveys information but also helps to understand, stabilize emotions, and support organizational goals. In crisis contexts, communication is neither a neutral nor secondary task; it constitutes a fundamental leadership skill that may affect stakeholder emotions, change behaviours, and ultimately determine whether a crisis is contained or intensified (Coombs, 2007; Ulmer et al., 2018).

Crisis communication extends beyond the mere spreading of information; it calls for leaders to create and present strategic, ethical, human-centered narratives that foster trust and promote clarity. While those who fail to communicate in a clear and timely way may increase uncertainty, anxiety, and stakeholder alienation, effective crisis communicators during crises strengthen resilience, maintain morale, and retain reputational integrity.

4.1.1 Principles of effective crises communication

Five fundamental ideas: clarity, consistency, trustworthiness, empathy, and timeliness, underpin any effective crisis communication plan. Even though their interaction is what allows communication to be both informative and transformative, every one of these is crucial. The first one to be considered is clarity, which guarantees that communications are clear and free from uncertainty. Employees and stakeholders handle information differently under stressful circumstances; messaging should be

straightforward, concise, and action-oriented. Then we have consistency across time and across channels that helps to lower uncertainty. Conflicting messages, from several agencies or authorities, erode confidence and promote false information. The third one is trustworthiness and openness, which help to preserve credibility. Leaders should refrain from over-promising or hiding crucial information such as actions usually backfire when fresh knowledge comes to light. To continue we take into account empathy, it makes the leader more human and builds emotional connection. Recognizing people's anxieties, losses, and challenges helps to build social connections and indicates that leaders are sensitive to human needs. Finally, control and attentiveness are shown by timeliness. Delayed communication can create an information vacuum that is rapidly filled by conjecture, rumors, or deception (Seeger, 2006; Garcia, 2006).

These principles must also evolve in response to the different phases of the crisis cycle. During the acute phase, leaders must prioritize clear, forceful communications and demonstrate strong responsiveness. In the adaptation and recovery phases, communication shifts towards inclusive dialogue, group contemplation, and future-oriented vision. Good leaders adapt the medium, substance, and tone of communication to meet evolving emotional and informational needs.

4.1.2 Communication with internal and external stakeholders

Crisis leadership communication operates across several levels, requiring differentiated content, tone, and channels for distinct stakeholder groups. Internally, communication should aim to reassure employees, align efforts with organizational priorities, and mobilize coordinated action. Employees need to understand not only what is happening and what actions are required of them, but also the rationale behind leadership decisions and the forms of support available to them throughout the crisis.

Internal crisis communication is most effective when it is two-way, involving listening as well as talking. Mechanisms such as virtual town halls, employee surveys, and team check-ins enable leadership to assess organisational morale, detect emerging concerns, and adapt communication strategies accordingly. Regular updates assist employees keeping concentration and psychological safety by lowering uncertainty (Heath & O'Hair, 2010).

Externally, communication must aim to maintain public confidence and organizational legitimacy. Leaders must engage with customers, investors, regulators, and the media using suitable language and tone as they all have different expectations. Media announcements should be factual and responsible; customer updates should be sympathetic and service-oriented; investor communications should be open about recovery strategies and risks.

The selection of communication channels is also a strategic and intentional process. A multi-channel communication strategy increases reach and responsiveness by integrating emails, press briefings, websites, video communications, and social media. For instance, companies like Marriott International and Microsoft sent comforting messages of continuity, empathy, and shared resilience via pre-recorded video statements from their CEOs during the COVID-19 epidemic (McKinsey & Company, 2020). These approaches added a personal dimension to leadership communication and contributed to the development of a consistent and credible organizational voice.

Consistent messaging doesn't call for strict scripts; rather, it suggests harmony of tone, values, and purpose. Grounded on organizational purpose and stakeholder expectations, adaptive messaging and communication create a common feeling of meaning and foster a shared sense of strategic direction.

4.1.3 Ethical and transparent messaging

Crisis scenarios frequently put leaders in ethically ambiguous positions. Information may be incomplete or rapidly evolving; outcomes could be unknown; the drive to safeguard the company could clash with the desire for transparency. Notwithstanding these challenges, ethical communication, based on openness, integrity, and responsibility, is essential for long-term credibility and trust.

Leaders must communicate with the awareness that crises have the potential to either shape or destroy reputation. Although short-term concealment or distortion of information may seem advantageous, such practices are often exposed and result in reputational damage and stakeholder disengagement. For instance, the Dieselgate controversy at Volkswagen drew attention to the effects of willful information suppression; Johnson & Johnson's 1982 reaction to the Tylenol problem is praised for its honesty and transparency (Coombs & Holladay, 2012).

Ethical communication also means taking responsibility for organizational mistakes and failures. Leaders who publicly accept blame demonstrate honesty and moral courage, which may strengthen stakeholder loyalty even in the face of operational failures. Ethical conduct should accompany ethical communication; hence, importantly, meaningless words without tangible reactions can undermine credibility even more quickly.

Finally, communication should be more than just distribution; it should also involve and incorporate chances for discussion and feedback. Establishing channels through which employees and stakeholders can ask questions, express concerns, and receive timely updates contributes to psychological safety and facilitates emotional regulation.

To sum up, strategic crisis communication is a multifaceted leadership tool. It's not only informative; it's relational; It extends beyond the mere transmission of information, encompassing relational dynamics; it involves not only speaking but also active listening; and it is less about controlling narratives than about cultivating trust. Leaders who excel in this area of crisis leadership are better able to lead their companies through uncertainty, restore stability, and emerge with strengthened relationships and a more resilient organizational culture.

4.2 Crises decision-making under pressure

Crisis periods make decision-making both an essential and especially sensitive component of leadership. Crisis decision-making differs from ordinary decision-making, which usually involves clear information, deliberation time, and procedural stability, in that it occurs under ambiguity, velocity, and emotional pressure. In such contexts, leaders are often required to act under intense pressure from stakeholders, the media, and internal teams, while contending with limited or conflicting information, great uncertainty, and pervasive ambiguity (Janis & Mann, 1977; Weick, 1993).

The capacity of the organization to limit harm, preserve legitimacy, and promote recovery is directly and sometimes irreversibly affected by the quality of leadership choices made during crises. Developing successful crisis leadership tactics therefore depends on knowing the cognitive, emotional, and structural aspects of decision-making under duress.

4.2.1 Cognitive and emotional foundations of decision-making in Crises

Crises situations are mentally draining. Leaders have to quickly evaluate changing data, predict outcomes, and weigh short-term responses against long-term objectives, and

in the meantime, cope with their own stress and uncertainty. Sensemaking theory (Weick, 1993) holds that crisis leaders are often required to construct meaning in real time, instead of depending on pre-existing frameworks to "make sense" of fragmented and fast-changing inputs.

Leaders are also vulnerable to certain cognitive biases that skew their decisions at the same time. Confirmation bias can make people ignore danger signals by causing them to choose information supporting their current ideas. Moreover, Kahneman and Tversky (1979) define loss aversion as a tendency for leaders to make incorrect or dangerous choices in order to avoid perceived defeat, while overconfidence could lead to underestimation of danger or excessive reliance on small data.

According to Janis and Mann's (1977) Conflict Model of Decision-Making, leaders may feel hyper-vigilance (rushed or panicked decision-making), defensive avoidance (minimizing or denying threats), or unconflicted adherence (rigid adherence to existing plans despite opposing evidence).

Emotionally intelligent leaders employ strategies such as self-regulation, mindfulness, and reflective judgement to recognize emotional triggers and stay grounded in key times, therefore reducing these risks (Goleman, 1998). Consequently, decision-making in emergency contexts is not solely a technical competence, but also a deeply psychological and emotional process.

4.2.2 Speed, uncertainty, and ethical Risk

One of the most contradictory requests in crisis leadership is the need to make rushed and impulsive judgments in situations that often call for prudence. This speed-pressure gap might lead to conflict between two opposing hazards: on the one side, acting prematurely, potentially based on incomplete or inaccurate information or overreliance

on intuition; on the other side, instead, acting too slowly, thereby allowing the crisis to escalate and risking operational failure or reputational damage.

Ethical issues make decision-making much more difficult in this setting. Leaders must evaluate not only the efficiency of a decision, but also its ethical justifiability and moral acceptability. Hasty decisions—such as layoffs, disclosures, or crisis responses—can have long-term ethical and cultural effects. The danger of giving short-term profits priority above stakeholder welfare is always there (Pillai et al., 2011).

Case studies highlight the complexity of these challenges. Boeing's tardy admission of 737 Max aeroplane design defects shows how lack of openness and decisive action can undermine confidence and have disastrous results. In contrast, Johnson & Johnson's prompt and morally based recall during the Tylenol crisis exemplified how ethical decision-making may preserve brand integrity even under hardship.

Leaders have to navigate a delicate balance between speed and thought, between agility and responsibility. Using ethical reflection tools and well-organized decision-making systems can support leaders in achieving this equilibrium.

4.2.3 Decision-making frameworks and practical tools

Many companies train executives in structured decision-making models designed to reduce cognitive overload and impose procedural discipline to help them make better judgments under pressure. Among the most widely adopted frameworks are the following: 1) OODA Loop: Observe–Orient–Decide–Act, originally created for military strategy, this iterative technique lets leaders quickly change while keeping strategic focus; 2) Klein's Recognition-Primed Decision Model, 1998, this paradigm is beneficial in time-limited situations when seasoned leaders must make quick judgements depending on patterns they identify from prior occurrences, based on intuitive knowledge; 3) Scenario

Planning: A proactive approach whereby leaders anticipate likely crisis developments and plan contingency actions in advance (Wack, 1985); 4) Guarantees that every choice is assessed in ethical, operational, and reputational aspects for important stakeholder groups.

Furthermore, when well-coordinated, cooperative decision-making can enhance both the quality and acceptance of crisis. Including important professionals and internal voices helps to encourage different points of view, minimize blind spots, and build group ownership. However, to avoid paralysis due to over-consultation (Heifetz & Linsky, 2002), this has to be balanced with the requirement for unambiguous responsibility and prompt implementation.

Before a crisis arises, good leaders also establish decision protocols defining responsibilities, escalation procedures, and lines of communication. Often, pre-established crisis management teams with delegated authority are more equipped to respond promptly and cohesively than ad-hoc or compartmentalized organizations.

4.2.4 Decision-making as a source of leadership legitimacy

How leaders decide under pressure is not only a question of efficacy but also of legitimacy. Stakeholders evaluate leaders not just on their choices and outcomes of their decisions but also on their reasoning and transparency of the decision-making process. A clear, open, and ethical decision-making approach improves perceived fairness, which subsequently promotes employee engagement, customer loyalty, and public confidence (Tyler & Blader, 2003).

Furthermore, the decision-making process could turn into a learning tool. Leaders who honestly consider their crisis-related decisions, including errors and trade-offs, demonstrate humility and a commitment to continuous improvement. This reflective

approach fosters a culture of openness and responsibility vital for long-term resilience by means of organizational learning.

Crisis decision-making is a complex process formed by time constraint, emotional strain, ethical tension, and informational limitations. To navigate such conditions effectively, leaders must integrate emotional intelligence, ethical discernment, strategic acumen, and structured decision-making tools. They also have to understand that crisis decisions constitute performative acts of leadership, wherein each decision conveys organizational values, strategic vision, and a sense of responsibility. Crisis decision-making may, when executed effectively, restore order, strengthen credibility, and clear the way for organizational rebirth

4.3 Team building and collaborative leadership in crises

Crises do not test leadership in isolation; rather, they assess the collective ability of teams to operate effectively, adapt rapidly, and co-create solutions under pressure. Team dynamics emerge as a critical determinant of success in such volatile and high-pressure contexts. Good leaders understand that no individual, regardless of expertise, can handle a complicated organizational issue in isolation. Thus, creating and maintaining high-performing teams, particularly in emotionally charged and time-sensitive environments, constitutes one of the most important duties in crisis leadership.

Successful team building in crisis situations extends beyond mere role assignment or working group formation. It means encouraging psychological safety, building inclusive and trustworthy environments, leveraging diverse perspectives, and supporting group accountability. Therefore, cooperative leadership is a strategic instrument for

coordinating organizational activity in conditions of uncertainty (Edmondson, 1999; Drath et al., 2008).

4.3.1 Psychological safety and trust building

Psychological safety—the widespread conviction that team members may speak out, take risks, and admit mistakes without fear of punishment or mockery—constitutes a foundational element of team resilience (Edmondson, 1999). Psychological safety in a crisis context—when knowledge is changing, emotions are running high, and stakes are high—allows fast learning, open communication, and constructive disagreement—essential components for agile reaction.

Empathic listening, open communication, and inclusive actions help leaders create psychological safety. They affirm the feelings of team members, accept doubt, and promote inquiry. This fosters a climate in which people feel appreciated and empowered rather than marginalized or silenced.

Another fundamental component is trust. Interpersonal and leadership trust enhances collaboration and coordination within teams. Reliability—doing what one says—competence—demonstrating knowledge in action—and benevolence—showing concern and moral purpose—help to create trust (Mayer et al., 1995). Leaders who are visible, consistent, and honest during crises foster both organizational and interpersonal trust.

These factors collectively enhance organizational adaptability in times of crisis, as high-trust, psychologically secure teams are more willing to disclose important information early, question erroneous beliefs, and provide creative ideas.

4.3.2 Cross-functional collaboration and team adaptability

Crises frequently disrupt conventional organizational boundaries and call for interdepartmental, unit, and even outside partners working together. In contemporary organizational contexts, cross-functional collaboration is a necessity rather than an optional advantage. But, uniting people from several functions, cultures, or hierarchies may generate communication barriers, power imbalances, and competing goals. Good leaders deliberately shatter silos and encourage cooperative teamwork. To guarantee complete decision-making and execution, they create agile "response teams" or crisis task forces composed of representatives from key functional areas such as operations, human resources, finance, communications, and legal.

These cross-functional teams require clear communication channels, aligned objectives, and well-defined roles. Leaders should define the team's goal and organization, help to prioritize alignment, and ensure the availability of common resources and information. Daily check-ins (stand-ups), quick feedback loops, and iterative planning are among agile approaches that help improve collaboration and minimize bottlenecks (Highsmith, 2002).

Furthermore, crises call for flexible team effort—the capacity to change procedures, reassign responsibilities, and fluidly shift leadership according to expertise and situational demands. Leaders have to create a culture of shared responsibility wherein team members feel ownership of the team's goal and are empowered to take initiative autonomously.

4.3.3 Empowerment, motivation, and resilience within teams

Empowering teams during a crisis is essential not only for sustaining performance but also for maintaining morale and promoting employee retention. Empowerment entails granting autonomy, encouraging idea generation, and recognizing individual and collective achievements. Empowered employees are more inclined to think imaginatively, participate emotionally with the company's recovery, and go beyond official duties (Thomas & Velthouse, 1990). Motivation in crisis contexts is shaped by both external and internal factors. While external incentives such as job stability could be important, inner motivation, driven by purpose, belonging, and influence, tends to show more strength. Consequently, leaders must emphasize the significance of the team's work, align individual tasks with the organization’s broader mission, and publicly acknowledge effort and tenacity.

Resilience functions it is not only an individual trait but also a collective team-level capacity. Resilient teams demonstrate real-time learning, effective recovery from setbacks, and emotional composure under pressure. Studies indicate that team resilience may be developed by means of contingency planning and shared mental models; reflecting constructively following failures; humour and emotional comfort under pressure, and even with uncertainty, celebrate tiny victories (Alliger et al., 2015). Leaders serve as emotional anchors, modelling calm and confidence and supporting open expression and adaptable thinking, hence developing resilience. They closely monitor indicators of weariness or burnout and change responsibilities or provide psychological support as required.

In conclusion, crisis leadership is driven by teams operating as the engine of adaptability. Investing in psychological safety, cross-functional cooperation, and

employee empowerment enable leaders to guide their company not only through the immediate crisis but also toward long-term cultural strength and adaptability. Collaborative crisis leadership entails distributed authority, attentive listening, and the activation of collective intelligence, transforming fragmented reactions into cohesive, coordinated answers. Thus, the crisis leader is not a solitary figure, but a facilitator of resilient teams capable of translating strategic plans into effective action through trust, structure, and shared commitment.

5. The impact of diversity and inclusion in crises leadership

Diversity and inclusion (D&I) are now fundamental foundations of good leadership in the modern organizational scene rather than marginal concerns especially in crisis situations. As global crises become increasingly complex, transnational, and socially interconnected, leaders are expected to address not only economic and operational disruptions but also challenges related to identity, equity, representation, and psychological safety within their organizations. In light of this, diversity and inclusion become strategic leadership skills rather than simply moral obligations.

This chapter highlights that inclusive and varied leadership teams are better equipped to respond with agility, empathy, and creativity, hence influencing leadership effectiveness in crisis situations. Studies indicate that diversity, across dimensions such as gender, nationality, ethnicity, age, culture, and cognitive background, brings a greater range of viewpoints, problem-solving strategies, and emotional understanding to the decision-making table (Shore et al., 2011; Nishii, 2013). When combined with inclusion—the deliberate, active effort to guarantee all views are heard and valued. As a consequence, diversity becomes a strategic asset rather than a source of fragmentation or inefficiency.

Furthermore, inclusive leadership practices are particularly critical in crisis situations characterized by uncertainty, anxiety, and institutional pressure as they help to preserve employee trust, unity, and performance. Leaders who actively promote an inclusive environment are more likely to enhance psychological safety, reduce the consequences of marginalization, and mobilize group intelligence during high-stakes decision-making processes (Edmondson & Lei, 2014; Prime & Salib, 2014). From this perspective, inclusive leadership is not merely grounded in ethical principles but also

operationally effective, improving the ethical validity and operational resilience of crisis response initiatives. However, integrating D&I into crisis leadership presents specific challenges and difficulties. Especially under pressure, companies frequently encounter entrenched structural and cultural barriers that restrict inclusiveness. Crisis scenarios might intensify pre-existing inequities, marginalize underrepresented populations, or lead to decisions that unintentionally prioritize uniformity and compliance over diversity and dissent. These challenges can weaken leadership effectiveness and amplify the vulnerabilities that crises tend to expose.

Three primary parts make up the framework of this chapter. Examining the advantages of diversity and inclusion in crisis leadership is the first part that looks at how varied teams may promote resilience, innovation, and improved decision-making under duress. Ranging from cognitive bias to institutional inertia is the second part which looks at the obstacles and constraints companies and executives face trying to implement inclusive leadership amid crises. The last part offers a case study (Starbucks Case) showing how various and inclusive leadership strategies have influenced organisational crisis responses both favourably and unfavourably.

This chapter intends to show that in crisis leadership, diversity and inclusion are not secondary concerns but rather basic facilitators of adaptive, ethical, and efficient organisational action by combining theoretical literature with practical experience.

5.1 Benefits of diversity and inclusion in crises leadership

Including people with different backgrounds and points of view on leadership teams has long been associated with more creative ideas, a better decision-making process, and better team performance.

In a crisis scenario, characterized by greater uncertainty, emotional strain, and less margin for mistakes, the need for diversity and inclusion (D&I) becomes even more evident and clear. Research shows that having varied leadership allows organisations to strengthen their integrity , legitimacy, and resilience, while also improving crises response capability (Shore et al., 2011; Hunt et al., 2018).

Talking about diversity, it refers to the representation of a wide range of demographic and cognitive features, such as gender, race, ethnicity, culture, age, and functional knowledge. Conversely, inclusion involves the development of an organisational environment that fosters a sense of respect, appreciation, and empowerment among individuals of all backgrounds, thereby enabling them to make meaningful contributions. Combined, these two concepts encourage inclusive leadership, a leadership approach that intentionally leverages diversity to cultivate organisational strength and group intelligence, particularly in times of pressure (Nembhard & Edmondson, 2006; Prime & Salib, 2014).

5.1.1 Enhanced problem-solving and decision-making

Among the most often mentioned advantages of diversity in crisis leadership is the ability for improved cognitive processing and higher decision quality. Diverse teams are more likely to approach problems from several angles, question prevailing beliefs, and avoid groupthink—a phenomenon especially harmful in crisis situations where time constraints and stress may drive leaders towards conformity and risk aversion (Nemeth, 1986; Rock & Grant, 2016).

Individuals from diverse backgrounds contribute distinct experiences, cognitive heuristics, and interpretative frameworks to the analysis of a given event. This allows a more accurate risk assessment, a wider investigation of possible scenarios, and a more

creative solution formulation (Page, 2007). In situations where fast adaptation and creative thinking are vital—such as public health catastrophes, technology failures, or reputational scandals—this variety of cognition becomes a vital tool. Furthermore, inclusion guarantees that diverse perspectives are not merely present but also heard and included in the process of making decisions. Inclusive environments that support opposing opinions and allow more in-depth discussion have been shown to strengthen collective judgement and enhance group resilience (Nishii, 2013).

5.1.2 Greater empathy, emotional intelligence, and social awareness

Crises should not be viewed merely as strategic events; they are deeply and profoundly emotional and human experiences. In such contexts, employees, stakeholders, and consumers often look to leadership for reassurance, acknowledgment, and empathetic engagement. Diverse leadership teams—especially those that mirror the demographics of their companies or communities—are often better suited to comprehend and relate to a wide range of emotional experiences and social identities.

Inclusive leaders usually tend to demonstrate heightened emotional intelligence, cultural awareness, and sensitivity to the psychological dimensions of crisis. These traits are critical for designing psychologically safe environments in which people may interact with change, voice concerns, and show vulnerability. Psychological safety is a fundamental aspect to resilience, especially in high-stakes settings, according to Edmondson and Lei (2014). Moreover, inclusive leadership emphasizes the concept that no individual should be left behind during crisis response. Such an approach conveys a commitment to justice, empathy, and equity, factors that bolster morale, alleviate anxiety, and stop the alienation of currently underprivileged people (Brimhall, 2019). Leaders who

are sensitive to the emotional and identity-related dimensions of crises are thus positioned to lead with greater authenticity and perceived legitimacy.

5.1.3 Strengthened organizational reputation and stakeholder trust

Diversity and inclusion (D&I) also act as strategic tools in the field of external communication and reputation management in a society where stakeholders are more aware of concerns of social justice, equity, and representation. Organizations characterized by diverse and inclusive leadership—particularly when such commitment is evident both in principle and practice—are more likely to be perceived as trustworthy, ethical, and socially responsible (Roberson, 2006; Catalyst, 2020).

This view becomes even more important during emergencies. Organizational responses are examined by stakeholders—including the media, investors, and communities, not solely for their operational effectiveness but also for their ethical orientation and inclusiveness. Leadership teams that demonstrate transparency, consider multiple stakeholder perspectives, and steer clear of tone-deaf communication are more likely to maintain legitimacy and restore reputational capital following a catastrophe.

Moreover, different leadership can assist spot and prevent reputational issues connected to prejudice, cultural insensitivity, or exclusion. In crises involving racial, gendered, or socio-political aspects—such as discrimination scandals, public protests, or ethical violations—these are especially crucial.

5.1.4 Improved team engagement, creativity, and adaptability

Internally, inclusive leadership increases employee involvement, inventiveness, and adaptability—all of which are very vital during organisational upheaval. Teams that

feel appreciated and empowered are more inclined to go the additional mile, stay loyal during uncertainty, and provide suggestions for steering the crisis.

Research indicates that organisations that prioritise inclusivity exhibit increased discretionary effort, diminished attrition intentions, and a more robust attachment to common objectives (Shore et al., 2011; Deloitte, 2017). In times of crisis, these types of outcomes can result in improved coordination, stronger relationships, and a greater capacity to embrace change.

Inclusion enhances companies by improving their capacity for critical thinking during crises, facilitating learning from errors, and acquiring new skills. Getting other points of view, by acquiring diverse perspectives on events, leadership decisions, and recovery techniques enhances this understanding. Diversity and Inclusion facilitate effective crisis management and foster innovative strategies for organisational enhancement post-disaster.

Diversity and inclusivity in crisis leadership provide several multifaceted benefits. Diversity and Inclusion (D&I) boost decision-making, foster empathy, strengthen stakeholder confidence, and promote organisational learning, so amplifying resilience and agility. In dynamic situations characterised by ongoing uncertainty and elevated stakeholder expectations, diverse and inclusive leadership is not only favourable for the organizations, buti t is essential.

Nonetheless, in such environments where organisational cultures or processes resist to inclusivity, these advantages may be reduced or limited. Consequently, the following part will examine and look into more detailed at the barriers and problems that may hinder the successful realisation of these benefits.

5.2 Challenges and barriers to diversity and inclusion in crises leadership

Despite growing recognition of the benefits of diversity and inclusion (D&I) in crisis leadership, the actual implementation of inclusive practices, particularly in high-stakes, time-sensitive scenarios, remains difficult. Crises may increase organizational tensions, highlight power dynamics, and restate prevailing values that may marginalize minority voices or support the legitimation of exclusionary behaviour. Crises can expose structural weaknesses and leadership blind spots that hinder inclusive leadership in practice, even in companies with progressive diversity policies. This section investigates the several obstacles hindering D&I's integration and influence in response to organizational crises. These challenges include internal organizational dynamics, cognitive and cultural prejudice, systematic inequalities, symbolic diversity, and the inclination towards centralization and risk aversion under pressure. Designing interventions that go beyond tokenism (the practice of making a superficial effort to appear inclusive of minorities, without actually committing to effective change) and toward genuinely inclusive leadership practices, particularly when they are most needed.

5.2.1 Crisis-induced centralization and the reassertion of hierarchy

Crisis by definition creates urgency, uncertainty, and high stakes—all of which can set off a centralisation of power and decision-making. Organisationally speaking, this usually implies that leaders try to regulate complexity and reduce risk by returning to hierarchical control systems and top-down approaches. Although this urge can seem reasonable, particularly when fast coordination is required, it creates a major obstacle to the implementation of inclusive leadership by usually sidelining different views and

flattening organisational conversation at the very time when cognitive variety is most useful.

The prevailing logic of command-and-control leadership usually reappears during crises. Leaders focus choices inside a small inner circle of "trusted" advisors, typically made up of those already well-placed inside current power structures. People from under-represented groups typically lack access to these elite informal networks, so their dependence on pre-existing social capital and closeness to authority promotes historical trends of exclusivity and homogeneity (Eagly & Chin, 2010). Crisis can therefore undo gains achieved on diversity and inclusion when inclusion is deprioritized in favour of perceived efficiency, continuity, and control.

Furthermore, the demand for rapid, decisive action in a crisis might lead to organisational behaviours that unconsciously choose familiarity over diversity. Studies in social psychology reveal that people under pressure exhibit more reliance on cognitive heuristics—mental shortcuts usually including homophily, or the preference for interacting with those similar in identity, background, or thought process (McPherson, Smith-Lovin, & Cook, 2001). In group dynamics, this implies leaders could look to colleagues they naturally "trust," frequently depending on common experiences or demographics, thereby unknowingly strengthening exclusion and disregarding important viewpoints from beyond that limited circle.

Centralization's consequences extend beyond those present at the table; they also influence decision-making procedures. Cultures of cooperation, consultation, and distributed authority—qualities that are challenging to preserve under the severe time limits and psychological strain of a crisis—help inclusive leadership to flourish. Leaders could ignore participatory procedures that are otherwise promoted in more stable times,

seeing them as inefficient or perhaps dangerous. This marginalises various contributions not only from ethnic minorities but also from non-dominant functional areas, regional teams, or junior employees who might provide important ground-level insights.

The reassertion of hierarchy under crises also tends to limit the range of questions being answered, therefore defining the problem within a purely operational or technical viewpoint. Leadership that excludes equity-centered points of view would likely lead to crises being understood and handled in ways that either ignore or worsen pre-existing disparities. Decisions concerning workforce cuts, safety policies, or communication tactics, for instance, could overlook the distinct effect on underprivileged workers, hence strengthening rather than correcting systematic inequalities (Mor Barak, 2015).

It is also crucial to understand that this trend of crisis centralisation is not merely cultural but frequently institutionalised via crisis management procedures. Many companies depend on pre-scripted emergency response plans created without a viewpoint of diversity and inclusion. Although they are helpful for logistical coordination, these systems usually lack advice on representative decision-making, psychological safety, or inclusive participation. Consequently, well-meaning but antiquated procedures could unintentionally mute or ignore non-dominant viewpoints at the very time they are most required.

All things considered, while the impulse to centralise decision-making in crises is natural, it usually sacrifices fair results and inclusive leadership approaches. Leaders who are not aware of this conflict run the danger of reinforcing current power relations, reducing their strategic field of view, and alienating important contributors inside their companies. Inclusive crisis leadership must include deliberate systems for distributed

input, varied representation on crisis teams, and policies that oppose the pull of hierarchical reflexes if it is to offset this.

5.2.2 Cognitive bias and cultural blind spots

Decision-making under high-pressure crisis situations usually becomes more intuitive, emotionally charged, and reactive. Although this could enable quickness and agility, it also opens up rich ground for cognitive errors and cultural blind spots—both of which can seriously compromise diversity and inclusion initiatives. Even leaders who are committed to inclusive principles among leaders remain vulnerable to unintentional cognitive patterns that affect how they interpret complex social dynamics, assign trust, and evaluate alternative perspectives of certain ideas, during high-stakes events. (Kahneman, 2011).

Among the most common dangers is implicit prejudice, which is the automatic and unconscious connections individuals form about groups depending on stereotypes, socialization, and past experience (Greenwald & Krieger, 2006). These prejudices tend to be more apparent during crises when leaders are under pressure to respond and time for thinking is short. For instance, behaviours perceived as assertive and authoritative in male leaders may be misinterpreted as emotional or aggressive when presented by women, reflecting gendered biases in perception.

Such misunderstandings might result in unfair treatment, lost chances for involvement, or exclusion from important dialogues.

Besides implicit prejudice, crises often trigger cultural cognition and ethnocentrism—wherein individuals interpret events through the narrow lens of their own cultural standards and expectations. In international or multicultural companies, this can lead to the predominance of a single communication style or problem-solving method,

often to the disadvantage of creativity or contextually appropriate choices. For instance, leaders used to direct criticism and individualistic societies may miss or misread important concerns more indirectly or collectively in other cultural contexts. (Thomas & Peterson, 2017).

The ongoing confirmation bias, in which leaders choose information that supports their pre-existing beliefs and ignore or downplay material that questions them, is another significant danger (Nickerson, 1998). In D&I settings, this can lead to the marginalisation of new or contrarian viewpoints—especially when they originate from those already structurally disadvantaged. While crises sometimes call for paradigm changes, cognitive inflexibility might keep leaders from seeing the need for new lenses or more expansive readings of the circumstances.

Furthermore, those in leadership positions may find these prejudices undetectable as they may perceive their decision-making processes as fair and impartial. These prejudices remain uncontested without reflective tools or processes for responsibility, therefore supporting patterns of exclusion under the illusion of neutrality. Even well-meaning leaders may fail to acknowledge how identity, power, and systematic inequality form both the perception and the effect of crisis reactions. Such omissions reflect cultural blind spots—failures to recognize how systems of inequity operate inside organizations and influence and affect outcomes drastically.To effectively address these barriers and obstacles, inclusive leadership must incorporate systematic mechanisms to identify and mitigate bias, moving beyond reliance on individual awareness alone.

Such mechanisms may include structured dialogue practices that intentionally incorporate marginalized perspectives, inclusive feedback systems, cognitive debiasing strategies, and decision-making audits. Furthermore, it calls for cultural humility, a

constant dedication to acknowledging one's own blind spots and active study of identity, power, and intersectionality in times of upheaval.

5.2.3 Structural and institutional barriers to inclusion

Although most of the conversation on inclusive leadership emphasizes personal behaviours and interpersonal relationships, a significant portion of the challenge lies within the structural and institutional frameworks of companies themselves. These barriers are often embedded in organizational processes, leadership development pipelines, and cultural norms that persist irrespective of individual intentions. These systematic constraints can become more obvious during crises, periods in which agility and resilience are prioritized, thereby exposing the underlying capacity, or incapacity, of the organization to execute on its professed principles of diversity and inclusion.

A primary institutional barrier is the under-representation of marginalized communities within important leadership roles. Though especially concerning in crises when strategic decision-making becomes increasingly centralized, yet the presence of diverse perspectives at the leadership level remains limited and low, even within companies that promote diversity hiring initiatives and different programs.

Studies indicate that although D&I is getting more attention, promotion and succession routes still tend to be unclear and prejudiced, depending mostly on informal networks and subjective evaluations of leadership "potential" (Ely, Ibarra, & Kolb, 2011). This results in a leadership pool that is not representative of organizational diversity and, in times of crisis, might lack the lived experience or social awareness required to relate to impacted people or communities.

Another significant obstacle lies in crisis response systems and organizational policies that lack inclusive design principles. With little to no regard for equitable

consequences, inclusive engagement, or culturally competent communication, most crisis procedures emphasize operational continuity, regulatory compliance, and external risk reduction. For instance, although many companies neglected to include inclusive flexibility policies in their crisis preparation, remote work rules during the COVID-19 epidemic disproportionately harmed women and carers. Similarly, mass layoffs or restructuring choices frequently overlook how vulnerable people in the workforce—frontline workers, contract workers, ethnic minorities—will be adversely affected (Thomas & Hardy, 2011).

Moreover, maintaining structural obstacles is much influenced by institutional culture. Unspoken policies, historical customs, and prevailing leadership archetypes that link confidence with assertiveness, objectivity with detachment, or competence with compliance to existing standards help to normalize cultures of "sameness" in many companies (Mor Barak, 2015). In ordinary operations, these principles are never challenged; in a crisis, however, they grow more inflexible as leaders fall back on known authority patterns. This often results in the marginalization of voices that do not "fit" the prevailing cultural mold, regardless of their ability or knowledge.

Bureaucratic slowness and the politics of risk management help to embed even more resistance to structural change. Crisis times usually produce a significant emphasis on control, legal responsibility, and reputational defense. In this environment, attempts to involve other stakeholders or change power structures could be viewed as unimportant or perhaps harmful to organizational stability. D&I initiatives could thus be postponed or given less priority; this strategy not only delays development but also aggravates inequalities and undermines confidence in leaders (Dobbin & Kalev, 2016).

Lastly, many companies lack the tools and responsibility systems required to monitor the inclusiveness of their crisis responses. In the absence of disaggregated data, impact assessments, and structured feedback from diverse employee groups, leaders cannot determine whether their decisions have been equitable and fair or whether inclusion has been meaningfully practiced rather than merely stated or declared.

To break down these barriers, organizations must embed inclusion within the core framework of crisis leadership and response. This includes equitable scenario preparation, inclusive decision-making processes, varied representation in crisis teams, and mechanisms of accountability enduring beyond the immediate emergency. Only by aligning and matching organizational systems with inclusive ideals can leadership meet its dual expectations of operational excellence and social responsibility in times of uncertainty.

5.2.4 Crisis messaging and the risk of performative inclusion

Public communication during crises is especially important in the digital era for forming views of leadership ability and ethical standing as organizational openness is both sought and examined. However, this great exposure also causes a difficult conflict between genuine inclusion and performative diversity—the process of signaling inclusive principles without actually incorporating them into action. Many companies feel driven to react publicly during crises touching on sensitive societal concerns as racial injustice, gender-based violence, or health inequalities. But, when these reactions lack internal consistency, the outcome is usually performative messaging that erodes trust, engagement, and legitimacy (Ahmed, 2012).

Performative inclusion refers to instances in which organizations express solidarity, adopt inclusive language, or highlight diverse images, while failing to enact

structural reforms, cultivate inclusive practices, or engage in meaningful internal dialogue and discussion.

This disparity becomes particularly evident when the leadership groups making such comments are homogeneous or when the actual experiences of employees' conflict with the official narrative. Often called the "credibility chasm," the disparity between words and deeds can lead to reputational damage, employee disenchantment, and charges of hypocrisy (Ashikali, Groeneveld, & Kuipers, 2020).

The need to provide a prompt reaction often drives companies to use generic, depersonalized language—what academics call "diversity speak"—that seems inclusive but is really ambiguous, non-committal, and lacks responsibility (Sampaio, 2020). Although such comments could meet short-term public relations objectives, they often neglect the underlying reasons of inequality and exclude those most impacted by the catastrophe in crafting the message or approach. As a result, performative messaging supports symbolic inclusion, whereby underprivileged people are recognized rhetorically but are excluded from significant decision-making.

Overuse of under-represented people as symbolic representations is yet another example of performative inclusion during crises. In such situations, individuals of different ethnicity, LGBTQ+ workers, or others from other under-represented backgrounds are often asked to represent their whole group, show up in public-facing materials, or join "diversity committees" without being given the authority to have real influence over policy or structural change. This not only causes emotional exploitation and tokenism but also contributes to what academics call the "minority tax", the unequal load on marginalized people to address systemic issues they did not cause (Purdie-Vaughns et al., 2008).

Furthermore, when communication strategy and diversity efforts are separated from one another, the risk of performative inclusion increases significantly. In many organizations, crisis communication is handled exclusively by public relations teams without prior consultation and speaking with internal diversity officers, employee resource groups (ERGs), or frontline staff. This disconnection often produces polished yet inauthentic responses that fail to reflect internal realities, further marginalizing already vulnerable employees.

To avoid these traps, organizations ought to view inclusive crisis messaging as a strategic function of inclusive leadership rather than a separate communications tool. Authentic crisis communication starts within; it requires engaging with those directly affected, acknowledging harm, taking responsibility for mistakes, and making specific, practical promises. It also calls for open reporting, observable results, and regular follow-through. In the absence of these elements, inclusion efforts risk becoming not only performative but also detrimental and harmful, as it undermines the confidence it seeks to create.

5.2.5 Psychological and emotional labor of marginalized leaders

Crises are, by definition, emotionally taxing events, typically characterized by elevated stress, rapid change, reputational risk, and significant outcome uncertainty. For leaders from under-represented or marginalized communities, however, the psychological burden of a crisis is not only heightened but also qualitatively distinct in nature. While also negotiating the unseen labour of identity-based stress, representation, and emotional caregiving that is never recognized in official leadership requirements, these individuals are supposed to lead through the same turmoil as their colleagues (Settles et al., 2019).

Emotional labour, as originally conceptualized and described by Hochschild (1983), refers to the effort required to regulate one's emotional expressions in alignment with organizational expectations. For marginalized leaders, this job is exacerbated by what has come to be called "identity work under pressure" (Roberts, 2005): the struggle to represent one's group, control perceptions, and reduce stereotypes while operating under crisis circumstances. These leaders are not only expected to fulfil institutional standards but also to reflect resiliency, serenity, and genuineness for others who share their social identity.

In crises involving race, gender, or broader social inequities—such as acts of discrimination, public unrest, or sexual harassment scandals—marginalized leaders are often thrust into informal roles as cultural intermediaries, emotional anchors, or mediators.

They are frequently sought for interpretive insight, supposed to provide emotional reassurance, or requested to reflect the inclusive ideals of the organization's inclusive values in internal and external communications. Although occasionally empowering, these duties are usually taken on without sufficient acknowledgement, tools, or assistance. Consequently, these cumulative demands contribute to what is known as the "minority leader tax"—a drain on emotional and cognitive resources that heightens susceptibility to burnout (Williams, 2021). Marginalized leaders also may experience great pressure to perform flawlessly as they worry their errors will be seen as reflections of their identity group rather than individual failings. Known as "stereotype threat," this effect can reduce cognitive function and raise anxiety, particularly for leaders negotiating hostile or politically heated settings (Steele, 1997). The ongoing need to demonstrate legitimacy combined with personal exposure to the emotional material of the crisis produces a double

bind: either exhibit strength and risk invisibility, or express emotion and risk being branded unsuitable to lead.

Moreover, many organizational continue to idealize leadership styles that prioritize stoicism, rationality, and emotional detachment—qualities historically associated with dominant, often Western and male, leadership standards. Marginalized leaders who lead with empathy, sensitivity, or cultural understanding may find their style misconstrued or undervalued, even when such techniques are more successful during crises (Eagly & Chin, 2010). Under-represented leaders may be further isolated by this discrepancy between leadership standards and inclusive leadership behaviours, which would cause internal struggle and reduce psychological safety.

The cumulative impact of this emotional labour is not only personal; it is institutional. When different leaders are unsupported in these positions, the system not only runs the risk of losing them via attrition or disengagement but also fails to institutionalize the inclusive leadership skills they provide. Ignoring this concealed work, companies strengthen exclusion and limit their leadership archetype, thus missing the chance to increase their crisis leadership potential in the long-term.

To address these challenges, inclusive leadership systems have to provide room for emotional authenticity, psychological support, and shared accountability as core expressions of inclusive values. This covers active sponsorship, mental health services, peer affinity groups, executive coaching, and guaranteed access to such support systems. It also calls for acknowledging and praising the unseen efforts marginalized leaders make as core components of good crisis leadership rather than as extracurricular activities.

5.3 Case study: Starbucks and the 2018 racial bias incident

The 2018 Starbucks crisis is a turning point for grasping the pragmatic interaction between leadership, diversity, inclusion, and organizational well-being during high-stakes, reputationally sensitive situations. The company's multi-dimensional reaction to an incident of racial profiling in one of its stores provides rich material for examining how inclusive principles are challenged, and sometimes strengthened, under public criticism.

5.3.1 Leadership response and framing the crises

On April 12, 2018, two Black men were detained in a Philadelphia Starbucks after being denied access to the restroom while waiting for a business colleague.

Widely disseminated and recorded, the incident sparked great media attention, allegations of racial prejudice, and broad public outcry. Describing the event as a "reprehensible outcome," ex CEO Kevin Johnson quickly apologised publicly and took personal responsibility for the leadership failure that let it happen (Starbucks, 2018).

Starbucks' method was unique in that it framed the problem as symptomatic of systematic and cultural failings inside the business rather than as a one-time error. Johnson underlined the importance of corporate self-examination instead of blaming the individual store manager, acknowledging that Starbucks had “failed to meet our own standards.”

This strategy showed and exemplified a kind of inclusive and transformative leadership in which crises is not addressed just by containment but rather as a springboard for cultural reflection and organizational development (Bass & Riggio, 2006). This posture also facilitated and opened the door to the early involvement of diverse

stakeholders—including civil rights leaders, community activists, and workers—early in the rebuilding effort.

By framing the event as an organizational failure rather than a personnel issue, Starbucks shifted and changed the narrative from blame to learning. This set the stage for a more participatory and values-based model of leadership throughout the recovery process.

5.3.2 Embedding diversity and inclusion into the crises response

Starbucks took the unusual step of shutting more than 8,000 U.S. locations for a whole day to hold a racial bias education seminar, hence affecting and involving almost 175,000 employees. This initiative represented one of the most visible and large-scale corporate responses to a racial prejudice event

Developed in conjunction with authorities including Bryan Stevenson and Sherrilyn Ifill, the project was not marketed as a one-off solution but as a component of Starbucks' broader commitment to long-term cultural transformation.

Video narratives, self-reflection activities, and guided group discussions emphasizing unconscious prejudice, systematic inequality, and interpersonal responsibility rounded out the course. Its size, immediacy, and focus on human-centered education set this project apart. Starbucks leadership recognized that addressing racism required more than policy compliance—it demanded empathy, vulnerability, and sustained engagement in reshaping organizational norms.

At the same time, Starbucks revised and changed internal policies, including changing its "Third Place Policy" to guarantee that all individuals could access seating and restrooms without making a purchase.

It also established an outside advisory panel to supervise the equity projects of the business and started publishing public diversity reports—actions indicating an attempt to institutionalize inclusion beyond merely symbolic gestures. These activities emphasize a basic issue: inclusive leadership during crises must not just react to the present occurrence but also challenge and change the organizational processes that enable exclusion in the first place (Mor Barak, 2015).

5.3.3 Internal culture, employee well-being, and psychological safety

In addition to its external communication strategy, Starbucks placed significant emphasis on fostering psychological safety and emotional support for its employees throughout and following the crisis. Recognizing that the event had created major internal tension, especially among staff members of colour, the company trained managers to facilitate constructive and sensitive conversations surrounding race, identity, and inclusion. Baristas and store managers were encouraged to engage in critical self-reflection regarding their roles, implicit biases, and lived experiences with diversity. This process served as a stress test for the organization’s internal culture. This called for both emotional labour and faith in the company's dedication to real transformation. Starbucks made room for what Amy Edmondson (1999) calls "learning behaviour" by means of open communication and validation of employee experiences, a characteristic of psychologically secure companies.

Furthermore, Starbucks executives showed emotional intelligence, openness, and consistent communication—traits linked to strong and inclusive leadership amid uncertainty (Goleman, 1998). Instead of promoting a top-down story, they let local talks that let workers feel heard and valued drive morale and cultural unity. This emphasis on employee well-being matched the company's long-standing belief in calling employees

"partners," so strengthening a common feeling of purpose and belonging even in the middle of reputational damage.

5.3.4 Limitations and critical reflections

Despite the breadth of Starbucks' response, concerns were raised regarding its depth and long-term sustainability. Some critics contended that one training day could not efficiently destroy systematic prejudices ingrained in the operations of a worldwide corporation. Others questioned whether Starbucks' predominantly white executive leadership team possessed the legitimacy or cultural competence to lead a transformation centered on racial equity.

Furthermore, academics in the field of organizational justice have pointed out that projects motivated by public relations risk rather than ongoing internal practice would not create genuine inclusion (Ahmed, 2012). When businesses express progressive ideas without integrating structural responsibility, the idea of "performative inclusion" remains a threat. Starbucks, meanwhile, worked to dispel this impression by integrating longer-term plans including equality audits, advisory councils, and open data sharing. These indicate a shift toward systemic transformation, even if progress remains ongoing and uneven.

5.3.5 Lessons for crises leadership and inclusion

In the end, the Starbucks instance emphasizes both the complexity and promise of guiding inclusively during crises. It shows that diversity and inclusion are not distinct from crisis leadership but rather fundamental to the rebuilding of trust, the enabling of learning, and the shaping of long-term cultural resilience.

Rooted in accountability, fairness, and employee dignity, the company's choice to emphasize principles over image, to acknowledge error instead of shifting blame, and to drive both symbolic and structural transformation represents a leadership style. This strongly matches contemporary ideas of adaptive, servant, and transformational leadership, all of which emphasize responsiveness, ethical clarity, and the raising of group well-being (Northouse, 2021).

The Starbucks case thus provides a road map for how executives should embrace inclusiveness not as a danger but as both a strategic and moral imperative, particularly for companies negotiating future crises, especially ones with sociocultural or ethical aspects.

6. Well-being and resilience for leaders in crises

6.1 Importance of well-being and resilience

Leader well-being and resilience have become more important in organizational crises as they help to shape the efficacy, ethics, and sustainability of leadership reactions. Well-being and resilience are now generally acknowledged as strategic abilities affecting how leaders handle pressure, process information, interact with others, and lead companies through upheaval, far from being personal health-related individual characteristics. This section investigates how leadership studies conceptualize well-being and resilience, examines why they are relevant in crisis situations, and then analyzes their impact on both individual leadership performance and collective organizational functioning.

6.1.1 Defining well-being and resilience in leadership

Well-being in leadership settings is a holistic condition of psychological, emotional, and relational health rather than just the absence of mental or physical disease. Particularly relevant to crisis leadership, Ryff (1989) points out important elements of psychological well-being include self-acceptance, environmental mastery, meaningful relationships, and purpose in life. Leaders operating in chaotic settings must not only keep their own sense of coherence and stability but also be emotional lighthouses for their colleagues (Goleman, Boyatzis, & McKee, 2013). Leaders' declining well-being frequently results in less cognitive flexibility, poor judgment, and less interpersonal involvement, all of which harm crisis resolution.

Resilience, on the other hand, refers to the ability to recover from challenges, adapt under pressure, and preserve emotional and functional stability in the face of difficulty (Bonanno, 2004). Modern leadership research underlines resilience's dynamic, developable quality in contrast to ancient views that saw it as a natural trait (Harland, Harrison, Jones, & Reiter-Palmon, 2005). Resilient leaders in crises contexts are not those who ignore difficulties but rather those who can be mentally present, learn from failures, and recover without compromising their long-term leadership ability. This perspective fits with the idea of psychological capital (PsyCap), a construct including hope, efficacy, resilience, and optimism (Luthans et al., 2007), which has been demonstrated to forecast good crisis performance.

6.1.2 The cost of leadership without well-being

Lack of well-being in leadership positions during crises can have profound repercussions not only on the individual but also on the broader functioning of the organization. Neglecting their psychological health, leaders may find themselves emotionally drained, depersonalised, and less effective at work—all signs consistent with burnout syndrome (Maslach & Leiter, 2016). This condition comprises the leader's ability to empathize, to actively listen, and to be agile in their decision-making processes. Particularly in crisis circumstances, the stakes of such dysfunction are quite significant. Emotionally exhausted leaders are more likely to show cognitive rigidity, adopt reactive rather than strategic approaches, and finally disengage from inclusive team dynamics.

Research indicates that cognitive overload brought on by stress reduces executive function and compromises the leader's capacity to prioritize, communicate openly, and foster trust—fundamental elements of efficient crisis leadership (Boyatzis, Rochford, & Taylor, 2015; Weick, 1993). Emotional contagion processes also imply that a leader's

stress level can directly affect the mood and performance of their teams (Barsade, 2002), hence generating a cycle of shared emotional exhaustion that compromises group resilience.

Furthermore, the performance-driven culture in many companies still rewards overextension and self-neglect in leaders, so supporting the idea of the heroic, tireless figure who sacrifices personal needs for the survival of the company. This model is not only unsustainable in the long run, but also fundamentally in conflict with the core demands of sustained crisis management, which prioritize continuity, emotional intelligence, and adaptive leadership (Avery & Bergsteiner, 2011).

6.1.3 The strategic role of leader resilience in organizational recovery

By facilitating consistent, values-based leadership across the many stages of a crisis, leader resilience helps to drive organizational recovery. Resilient leaders convert crises into learning opportunities by drawing positive insights from hardship, supporting others without collapsing under pressure, and keeping their heads up during uncertainty (Sutcliffe & Vogus, 2003; Hannah & Lester, 2009). By doing this, they manage to control the current crisis as well as guide the cultural and strategic adaption of the company over the long run.

Resilient leaders are especially effective at handling paradoxes, balancing urgency with empathy, decisiveness with introspection, and short-term action with long-term vision. They enable companies to fight the slide into toxic stress cultures, when hyper-control and worry take the place of innovation and cooperation. Instead, resilient leadership develops what Lengnick-Hall, Beck, and Lengnick-Hall (2011) refer to as "resilience capacity," or the group capability of a company to withstand change and come out stronger.

This strategic function becomes most evident in organizations that interpret crises not solely as episodes of disruption but also as opportunities for renewal and reinvention. Leaders who demonstrate psychological resilience are more capable of facilitating post-crisis learning, supporting cultural change, and motivating employees to commit to purpose-oriented performance. From this perspective, resilience is not the antithesis of vulnerability but the ability to be vulnerable, flexible, and grow—a fundamental trait for every leader trying to lead people through uncertainty with integrity and vision.

6.1.4 The interdependence between leader well-being and team performance

Leaders' well-being affects team dynamics, motivation, and psychological safety in a ripple effect. Leaders function as emotional barometers; their capacity to be calm, optimistic, and present significantly influences how teams perceive and react to crises (Goleman et al., 2013). Teams led by individuals with great emotional control and self-awareness are more likely to keep morale, work together, and come with creative ideas for unexpected challenges (Kahn, 1990; Edmondson, 1999).

Furthermore, leader well-being facilitates genuine leadership behaviours including openness, humility, and relational consistency—qualities that foster psychological safety and trust within the team (Walumbwa et al., 2008). During emergencies, when anxiety and uncertainty may shatter team cohesion and compromise collective decision-making, this becomes particularly important.

Leaders experiencing emotional exhaustion or detachment might find it difficult to recognize the affective needs of their teams, potentially adopting distant or overly transactional behaviours precisely when empathetic and human-centered leadership is most essential and required.

All things considered, leadership well-being must not be viewed as a purely individual concern. Structurally and psychologically, it is intertwined with team performance, employee engagement, and organizational flexibility. Neglecting to support leaders' well-being and resilience constitutes not only a personal risk but also a strategic oversight that compromises the organization's systemic ability to navigate crises effectively.

6.2 Strategies for maintaining well-being

Although the need for well-being and resilience for leaders in crises is now well acknowledged, it is also very important to investigate the specific techniques that support their survival through time. Maintaining well-being during crisis circumstances calls for a proactive, organized strategy that addresses physical, emotional, cognitive, and relational aspects concurrently (Gilmartin & D'Aunno, 2007). Leaders have to go beyond ad-hoc coping mechanisms and develop durable habits that increase their ability to lead morally, inventively, and consistently across all stages of organizational upheaval. Grounded in empirical research and best practices, the following section describes important techniques for preserving well-being during crisis circumstances.

6.2.1 Developing emotional self-regulation and mindfulness

Deliberate development of emotional self-regulation abilities is among the most important tools for preserving well-being. Emotional control helps leaders to manage their internal reactions to stress, keep cool under pressure, and avoid reactive decision-making (Gross, 2015). By increasing cognitive flexibility, lowering anxiety, and promoting a non-judgmental attitude towards hardship, mindfulness practices—such as

focused breathing, meditation, and present-moment awareness—have been demonstrated to strengthen leaders' emotional resilience (Good et al., 2016).

Research shows that programs based on mindfulness may significantly lower emotional fatigue and encourage psychological flourishing among leaders (Reb et al., 2014). By incorporating brief daily mindfulness routines, leaders' increase their capacity to remain centred during crises, thereby facilitating more ethical decision-making, empathetic communication, and cognitive clarity. Moreover, mindfulness helps leaders to identify emotional triggers and cognitive biases before they compromise decision-making processes by means of metacognitive awareness.

The development of a mentality grounded on kindness and empathetic communication is another complimentary element to emotional control. Contemporary perspectives emphasize that for both human well-being and organizational resilience, kindness is a strategic tool rather than a superficial quality (Palma, n.d.). By triggering the production of serotonin and oxytocin—two chemicals connected to emotional stability and trust—practicing kindness helps to reduce stress and anxiety. Leaders who integrate kindness into their communication approach during a crisis promote more psychological safety, improve teamwork, and build emotional ties within their teams. Furthermore, kindness helps to offset the relational detachment modern communication tools often aggravate. Although technological developments have improved worldwide connections, they have also heightened social fragmentation, digital abuse, and emotional isolation. Leaders who intentionally foster kind, sympathetic interactions—both in-person and online—help to restore genuine connections and thereby strengthen emotional resilience throughout the company. In business communication, kindness means more human-centered approaches like permission marketing, wherein companies ask the

audience's approval to interact instead of sending out unwanted messages. Rooted in respect and attention, this strategy strengthens emotional involvement and fosters durable trust with stakeholders. Therefore, including kindness into everyday leadership practices and communication plans constitutes not just a moral decision but also a practical need for promoting emotional well-being and group resilience.

6.2.2 Setting boundaries and managing energy

Deliberate control of time, energy, and psychological boundaries represents another important tool for preserving well-being in crisis leadership. Often, crises place unreasonable expectations on leaders, therefore promoting a culture of overwork, hyper-availability, and self-neglect (Shanafelt & Noseworthy, 2017). The absence of clearly defined boundaries may result in emotional numbness, decision fatigue, and chronic weariness—all of which undermine a leader's long-term effectiveness.

Practices include prioritizing critical tasks and activities, delegating wisely, and deliberately planning recuperation times during the day constitute good boundary management. Studies indicate that maintaining performance depends more on energy management than on time management alone; leaders who balance times of intense concentration with intentional recovery activities—such as physical movement, social connection, or reflective breaks—demonstrate higher levels of cognitive functioning and emotional control (Loehr & Schwartz, 2003).

Furthermore, boundary-setting requires leaders to show their staff appropriate behaviours, so indicating that the organizational standard is sustainable performance, not continuous overexertion. Leaders who respect their personal boundaries and inspire others to do the same contribute to building strong work cultures that can survive crisis circumstances without burning out.

6.2.3 Building support networks and seeking feedback

Maintaining well-being throughout crises is not an individual pursuit; it is heavily supported by relational support structures. Leaders who actively develop personal and professional support networks are more capable of handling stress, obtaining diverse perspectives, and keeping emotional equilibrium (Carmeli, Brueller, & Dutton, 2009). Isolation—whether self-imposed or structurally reinforced—greatly heightens leaders' susceptibility to burnout and judgment mistakes.

Studies on executive resilience underline the need for peer coaching, mentorship partnerships, and private advisory groups that provide leaders with opportunities to share challenges, seek guidance, and receive emotional support (Kets de Vries, 2011). Asking regular feedback from trusted colleagues and teams for input also helps leaders to keep self-awareness, to uncover blind spots, and ensure to remain aligned with changing and evolving organizational dynamics.

Especially, the creation of psychologically safe environments—where leaders can express vulnerability without fear of judgment—improves emotional recovery and encourages adaptive learning (Edmondson & Lei, 2014). Building and maintaining genuine, reciprocal connections is therefore not secondary to the well-being of leaders but rather a main protective element in properly managing crises.

6.2.4 Practicing reflective leadership and meaning-making

The continuous exercise of reflection and meaning-making represents a last vital tool for maintaining a leader well-being under crisis circumstances. Leaders who routinely participate in reflective activities—journaling, organized debriefings, or guided

self-assessment—improve their ability for emotional integration, strategic recalibration, and value-driven action (Ashkanasy & Daus, 2005).

Reflective leadership is the practice of consciously processing emotional responses, examining decision-making procedures, and learning from both successes and mistakes by means of careful time allocation. This strategy fosters a growth mindset (Dweck, 2006), allowing leaders to frame crises not as threats to identity but as opportunities for development, innovation, and moral clarity.

Leader resilience is further shaped by the process of meaning-making—that is, the intentional pursuit of purpose and coherence amid adverse circumstances. Research indicates that leaders who can contextualize their crisis experiences within broader narratives of contribution, service, or change report greater degrees of post-traumatic growth and ongoing involvement (Tedeschi & Calhoun, 2004). Reflective leadership, as a consequence, not only improves quick coping but also contributes to the long-term psychological and organizational recovery following catastrophes.

6.3 Case study: Uber's cultural and leadership crises

The crisis Uber Technologies Inc. encountered in 2017 provides a striking case study to illustrate the critical crossroads of leadership, organizational culture, well-being, and resilience. Uber's dramatic decline from one of Silicon Valley's most admired businesses to a company suffering from cultural toxicity and leadership scandals emphasizes the great effects of ignoring psychological safety and ethical leadership. Examining Uber's crises provides insightful analysis of how organizational rehabilitation and viability depend on transformational leadership and a concern for well-being.

6.3.1 Background of the crises

Founded in 2009, Uber has a strong aim to shake up the conventional transport sector. Led by co-founder and CEO Travis Kalanick, the business followed a fast worldwide development plan marked by a "growth at all costs" attitude (Isaac, 2017). Innovation, risk-taking, and a very competitive corporate culture drove Uber's early success, but, uncontrolled versions of these same qualities caused severe internal instability and dysfunction.

Uber's internal culture started to come apart openly by 2017. A watershed event occurred when Susan Fowler, a former Uber engineer, released a thorough blog post exposing systematic sexual harassment, discrimination, and institutional apathy towards employee complaints (Fowler, 2017). The disclosures revealed other problems, including regulatory avoidance schemes, intellectual property conflicts, and abusive management practices by sparking a flood of probes, litigation, and public outcry (Scheiber, 2017).

These crises culminated in a massive exodus of top executives, plummeting employee morale, and widespread reputational damage. Both shareholders and the broader public lost confidence in the organization, which became widely associated with a toxic and fear-driven internal environment. Ultimately, during mounting pressure from the company’s board of directors, Travis Kalanick was compelled to resign from his role as CEO (Wong, 2017).

Uber's decline underscores a fundamental leadership failure: the disregard of human-centered principles, ethical duty, and employee well-being. The company's quest for supremacy without a corresponding commitment to cultural health made it susceptible to internal breakdown and external reaction.

6.3.2 Leadership failures and their impact on well-being

The leadership approach established under Kalanick gave outcomes and loyalty first priority over ethics, compassion, and psychological safety. The internal motto "always be hustlin'" reflected a culture that celebrated overwork, accepted wrongdoing, and promoted conflict instead of cooperation (Isaac, 2017). Employees experienced an environment of dread, mistrust, and emotional tiredness as leaders failed to act against wrongdoing or promote inclusive behaviours.

Studies show that settings without psychological safety—where individuals fear repercussions for voicing concerns—tend to be disengaged, stressed, and less creative (Edmondson, 1999). Uber's workplace reflected this; employees reported experiencing mental anguish, chronic fatigue, and alienation, which contribute to poor performance and high turnover (Newcomer, 2017).

Employee well-being was affected in several ways. Burnout led to cognitive weariness, which lowered workers' potential for innovative problem-solving and raised error susceptibility. While moral injury, caused by ethical disputes inside the company, further damaged trust, while emotional detachment compromised loyalty and cooperation (Maslach & Leiter, 2016). Furthermore, the lack of attention to diversity and inclusion by the leaders increased systemic inequalities. In particular, female employees and members of underrepresented and minority groups were disproportionately affected, as their complaints were usually ignored or downplayed. By suppressing different perspectives and adaptive ability, such exclusionary policies weakened not just individual well-being but also organizational resilience (Shore et al., 2011).

Uber's leadership failures thereby highlight how neglecting the psychological and ethical aspects of leadership may undermine organizational structures, destroy morale, and impair the capacity to react appropriately to external crises.

6.3.3 Transformational leadership and cultural renewal

Following Kalanick's resignation, Uber faced the tremendous task of restoring both internal trust and external credibility. Appointed CEO in August 2017, Dara Khosrowshahi set out on a transformational leadership path meant to radically change Uber's culture, leadership style, and stakeholder engagement practices (Gelles, 2017).

Redefining Uber's company values was an important first step. Khosrowshahi threw away harmful phrases highlighting conflict and replaced them with values stressing honesty, respect, teamwork, and responsibility (Conger, 2018). This re-articulation of values provided a framework for cultural revival and indicated a clear departure from the past. Khosrowshahi also gave staff well-being top priority by means of real policy modifications.

Training courses on unconscious bias and harassment avoidance were put into place. Internal reporting procedures were made more open and reliable; mental health support services were increased. To promote employee voice, open communication forums were established, hence strengthening psychological safety and supporting a feeling of belonging (Forbes Coaches Council, 2017).

Importantly, Khosrowshahi demonstrated and showed emotional intelligence and vulnerability as key traits of his leadership approach. He showed authentic leadership, a major element in rebuilding trust, by publicly admitting Uber's previous errors and committing to both personal and corporate development. Uber's growing funding for diversity and inclusion projects was another major change. Promoted to leadership were

under-represented groups; fresh standards for diversity measures were set. These initiatives were not only symbolic; they were an operational plan to improve organizational adaptation, innovation, and resilience in a competitive, complicated market (Shore et al., 2011).

By means of these initiatives, Khosrowshahi guided Uber towards a leadership style combining ethical governance, emotional well-being, and systematic inclusiveness—three fundamental components required to maintain healing and empower next resilience.

6.3.4 Lessons learned: resilience, inclusion, and sustainable leadership

Leaders negotiating organizational crises will find great insights in the Uber disaster. Firstly, the instance illustrates that organizational culture and leadership are inextricably linked. Through their actions, priorities, and reactions to adversity, leaders either form, strengthen, or destroy the emotional and ethical environment. Neglecting well-being, inclusivity, and ethical behaviour makes cultures fundamentally weak; they may be successful in the short term but not in the long run.

Secondly, organizational resilience is not attained by mere toughness but rather by creating conditions that promote psychological safety, genuine involvement, and group flexibility (Sutcliffe & Vogus, 2003). Uber's first fall was predicated on a fragile, fear-driven culture unable to support learning or cooperation under stress.

Thirdly, transformational leadership, characterized by empathy, transparency, and ethical commitment, is essential for rebuilding trust after crises. Khosrowshahi's method shows that leadership renewal has to include more than just words; it calls for regular, obvious deeds that realign organizational processes with freshly expressed principles.

Finally, the Uber instance emphasizes that a strategic core asset is well-being, not a secondary issue. Companies that methodically include ethical leadership, inclusivity, and employee well-being into their systems and procedures are not only more human—they are also more creative, flexible, and sustainable in the face of future uncertainty.

Ultimately, Uber's journey from cultural breakdown to slow recovery demonstrates that resilience is a group effort enabled by leaders who understand that organizational success and human development are linked.

7. Conclusion and future directions

With a specific focus on how leaders adapt their styles, handle emotional and cultural dynamics, and foster organizational resilience, this thesis has investigated the diverse and complicated function of leadership in periods of organizational crises. This study has highlighted the interaction between transformational, servant, and situational leadership strategies and their ability to negotiate upheaval with vision, empathy, and inclusiveness by combining theoretical insights with real-world case studies such as Starbucks and Uber. In doing so, it has confirmed that leadership is a deeply human endeavor that has to include emotional intelligence, ethical behaviour, and a dedication to well-being, not merely a result of technical knowledge or decision-making power.

For most companies, crises have become part of the normal working environment rather than unusual disturbances. Today's leaders are always asked to decide under uncertainty, manage fear and confusion, and keep harmony in unstable settings, ranging from public health crises to digital scandals and socio-political upheavals. Leadership is not only challenged but also reinvented in such settings. The findings of this thesis suggest a crucial shift in leadership thinking—one that recognizes vulnerability, welcomes variety, and prioritizes the psychological safety of individuals as a strategic objective.

The remainder of this last chapter points out major opportunities for future academic studies and describes the most significant theoretical and practical takeaways from this study.

7.1 Key takeaways

Among the most significant findings from this study is the understanding that effective leadership in crises is not only a question of reactive strategy or charismatic

authority. Instead, effective crisis leadership is based on relational, ethical, and emotional skills that enable leaders to change their approach, safeguard employee well-being, and harmonize organizational ideals with human needs (Northouse, 2022; Avolio & Gardner, 2005). Leadership that ignores these aspects only intensifies the consequences of crises both inside and beyond the organization.

Examining three main leadership styles—transformational, servant, and situational—revealed that, despite their distinct features, they all have fundamental traits that support strong leadership. Transformational leadership offers vision and emotional involvement, hence motivating followers to overcome their short-term concerns and align with long-term company objectives (Bass & Riggio, 2006). Emphasizing humility, trust-building, and the empowering of others, servant leadership promotes inclusive workplaces in which diverse perspectives contribute meaningfully to problem-solving (Greenleaf, 1977). Situational leadership highlights the adaptability of the leader in response to shifting needs and contexts, a vital skill when navigating crises characterized by uncertainty and rapid change (Hersey & Blanchard, 1988).

Importantly, all three approaches emphasize communication, empathy, and psychological safety, supporting the notion that resilience is not an individual quality but a collective capacity that can be developed by means of leadership techniques (Edmondson & Lei, 2014). A common thread across the material examined was the focus on employee well-being. Those that give emotional and psychological health—both their own and that of their teams—top priority are better able to handle stress, build confidence, and keep performance going over time (Luthans et al., 2007; Maslach & Leiter, 2016).

This finding was particularly highlighted and demonstrated through the case study analysis. Starbucks's response to the 2018 racial discrimination event showed how

inclusive leadership strategies and team cohesion investments could restore confidence, support organizational values and enhance community relationships. By contrast, the Uber case showed how toxic leadership may negatively affect organizational performance, public image and employee morale. However, Uber also demonstrated that even after severe systematic failures, cultural change and leadership renewal, anchored in empathy, inclusion and openness, can restore resilience (Gelles, 2017; Conger, 2018).

Moreover, it was shown that including well-being as a strategic priority—instead of a reactionary or symbolic gesture—fundamentally influenced how organizations reacted to crises. Leaders who recognize and react to the emotional aspects of crises are better able to create the confidence required for coordinated action and group adaptation (Boyatzis et al., 2015). Therefore, well-being should be ingrained in every facet of organizational culture as well as in leadership development.

In the end, this thesis supports the idea that crisis leadership is about presence, humility, and responsibility rather than heroics or control. Successful crisis leaders are those who pay attention not just to systems and performance but also to individuals—their fears, hopes, and needs—and who see crises as an opportunity to reassert ethical ideals and organizational purpose.

7.2 Recommendations for future research

Although this thesis has relied on many academic viewpoints and practical examples to investigate leadership in crisis situations, several topics still need further research and provide rich ground for future study. These suggestions are meant to increase both academic knowledge and practical application in the changing domain of crisis leadership.

First, long-term studies on the ongoing consequences of leadership initiatives emphasizing well-being and inclusiveness are urgently needed. Although many companies carry out cultural campaigns or short-term training in the wake of disasters, limited research has been done on the long-term effects of such initiatives on organizational health, performance, and trust. Longitudinal case studies would assist in identifying if leadership strategies based in psychological safety and empathy result in observable changes in resilience over time.

Second, further study is required on how digital communication and distant leadership contribute to the preservation of well-being during crises. The COVID-19 epidemic revealed that virtual leadership brings opportunities as well as challenges for trust, involvement, and connection. Future research should investigate how digital leaders operating in hybrid and virtual settings might promote resilience, emotional intelligence, and team cohesiveness (Dinh et al., 2014). Remote work is becoming a permanent aspect of many organizational frameworks, so this is particularly important.

Third, cross-cultural comparative research would improve knowledge of how different national, regional, or organizational cultures influence leadership responses to crises. Depending on prevailing beliefs, power dynamics, and communication norms, leadership behaviours that encourage resilience in one setting may not be as successful as in another (House et al., 2004). Knowing these variations will enable global companies to create crisis response plans and culturally relevant leadership development initiatives.

Fourth, future studies should investigate how behavioural psychology and neuroscience should be included in leadership development. Emerging areas of interest include how stress affects leaders' cognitive and emotional capacity and how self-control, mindfulness, and neuroplasticity might be used to foster leadership resilience. Empirical

research connecting neuroscience with leadership behaviour might produce fresh instruments to assist leader well-being and enhance decision-making under strain (Good et al., 2016; Boyatzis et al., 2015).

Lastly, it is still vital to investigate further gender, racism, and intersectionality in leadership under crisis. Although this thesis addressed diversity and inclusion, particularly in the Starbucks and Uber instances, a more focused study is required to grasp how leaders from underrepresented backgrounds feel and react to crises, and how inclusive leadership frameworks might be institutionalized across industries.

All things considered, the increasing complexity of the world scene calls for an equally sophisticated and nuanced approach to leadership study. Future research can help to create organizations that are not only more resilient but also more ethical, inclusive, and psychologically sustainable by adopting multidisciplinary approaches and giving human-centered values first priority.

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