THE ROLE OF EFFECTIVE LEADERSHIP STYLES IN CRISIS MANAGEMENT: A STUDY OF ERBIL, IRAQ

Ayoub Hasan
Business Administration Department,
Cyprus International University, Turkish Republic of Northern Cyprus
ayoubgalaly@yahoo.com

Husam Rjoub
Assist. Prof., Department of Accounting and Finance, Faculty of Economics and Administrative Sciences,
Cyprus International University, Turkish Republic of Northern Cyprus

Abstract
The main aim of the current study is to investigate the relationship between leadership styles and crisis management in the ministry of planning in Erbil. A quantitative technique used in order to pursue the objectives this research. 630 participants were involved in the survey. The findings revealed that the highest value among all leadership styles was charismatic leadership. The study suggested that charismatic leadership has turned out to be rigorous in latest decades and that firms growth tactics usually request modifying during crisis time. The findings of the current study will have a reference value for government institutions and particularly the ministry of planning in Erbil to find appropriate employees for the charismatic leadership style during crisis time.

Keywords: Charismatic Leadership, Transformational Leadership, Transactional Leadership, Crisis Management, Iraq

INTRODUCTION
The significance of leader’s capability and skill is to manage crisis and move from current financial situation and a society built on the linear and logical, to financial situation and a society built on the inventive and creative. Leaders of governments, managers and leaders of business
corporations and large organizations permanently make crucial decisions and expect good results in achieving the objective that they have in mind. Permanently, decisions are taking to give an order, to solve a problem to manage a crisis or to deal with many unsuccessful results. Mostly important is to take the good right decision understood by all parties involved and leading to good results. The good right decision is linked to leadership. Accordingly, it is strongly advised to manage less and lead more in order to deal or to solve any problem or any crisis. This study concentrates on the leadership styles and its relationship with crisis management.

Leaders usually consider as factor of encouragement of leader’s followers. Leadership have an important role in sustaining effective performance. For instance, followers who are aware of the relationship among firm’s performance and the objectives and values of the firm or organization, they rise their efforts in positively participating towards the organizational objectives. Leadership have the role of backbone in creating culture of an organization. Leaders are usually articulate organization culture by creating the beliefs, leading the proper member behaviour and reinforcing punishment and rewards. On the other hand, in today’s world, the organizations work to make a team as their primary step to overcome these crises that might be damaged the organizations in the future.

Many previous academic scholars have conducted researches in the field of leadership which distinguish the leadership concept with the management concept and their successes in enterprise to perform and produce developed outcome and efficiency. Numerous researchers and academician attempted to present the correct classification and description their essential functions and responsibilities through relying on an assortment of organization behavior perception and theories and translating to the real leading functions and activities. Organizational Behavior examines, leadership styles and managers according to their personality and characteristic, and assists replied to diversification, economic force, enhances labor’ abilities, assist balance work life, enhance consumer service and create an ethical environment in the workplace. Particularly OB concentrates on how managers are able to enhance efficiency and effectiveness, increase level of employee commitment, decreasing turnover within the organization, increasing level of employees’ satisfaction, and customer satisfaction. Furthermore, OB presents and shows the direction and plan for leaders and particularly for managers to select the correct and appropriate styles that is the best suit to organization’s values to obtain and achieve organizational goals and personal objective. Consequently, it can be factual to state that, it is a perception that investigation of the influence an individual labor and group of labors and the organization chart have on behavior internally that counterpart their goals to accomplish a health environment and an ethical environment. Firms are searching for leader who has a certain vision to inspire their follower, at the same time
they have transformational quality of leadership and charisma to set and sell their vision to their followers. Moreover, the factual effectiveness of leader can be a consequence of providing the right behaviours; numerous authors and academician acknowledged that employee might have a fairly consistent or standardized awareness of leader's behaviour or vision (Arnold & McKay, 2013). One of the most important objectives in the establishment of public sectors is to render the maximization of profit and to increase its market value. While at one side the public sector realizes this objective, at the other side they contribute to the development of the country and the prosperity of the civilizations. However, the public sector operating under risk and uncertainty may encounter with difficulties from time to time. These difficulties that the public sectors encounter may arise from within their own structures, as well as from the negativities in the general economic conditions of the country. In this study, the concept of leadership and crisis were investigated in detail, due to the fact that the increase in the frequency of occurrence of the leadership and crisis and the negative effects on the public sectors at different dimensions. The surrounding of the public sectors is continuously changing and rendering them to face with numerous dangers. The chance of survival of the public sectors not able to find timely and correct solutions to such dangers, lacking the skill of solving the problems encountered and not able to take the necessary precautions for not encountering the solved problems in the future is diminishing. The way of getting rid of the crises without damage or at least with minimum possible damage is to be prepared for crises. This in, turn, necessitates the presence of certain early warning systems within the public sectors agencies that are able to perceive the crises signals without the realization of the said crises. Crisis management is the environmental activates to overcome any risks that may impacts on a person, businesses or any organizations. It is obvious that crisis management has is appeared as a new management principles. The importance of crisis management is to guide managers to deal with uncertain and unpredictable occurs within organization and help them to make a better plan for improving their productivity and achieving high quality of performance (Apprey, et al., 2014). Furthermore, according to (Tsuchiya, 2015), crisis management is the procedure by which an association manages a significant occasion that undermines to damage the association, its partners, or the overall population.

This study discusses that if the leaders of Kurdistan failed to address and solve the current financial crisis, therefore the government should find the best suitable leader who fits the current situation in order to manage crisis or leaders should be able to change their current leadership styles or leadership characteristics to the best match with the current situation. This study subjected to three main leadership styles which are transformational leadership style, transactional leadership styles and charismatic leadership style.
LITERATURE REVIEW

According to (Kargas, & Varoutas, 2015), leadership refers to capabilities of a person that could influence the rest of the group of people to achieve an goal or set of goals. Therefore, the abilities and competences that a leadership demonstrates to affect a group of people to obtain a vision or a created set of objectives, additionally, leadership is concerning duplicating with transform and vision creation for inspiring individuals (Cruz-Milán, et al., 2016). Furthermore, as debated by (Felix, et al., 2015) for the success of the leadership it is significant to recognize that, it is considered as a social development as well as it is important to recognize how an individual acts and fees. According to (Bipath, 2012), it engages showing the path that will motivate individuals to work enthusiastically through creating harmony forward to goal accomplishment. It is factual to explain that, leadership effectiveness within an organization relies on how individuals perform and act concerning of objectives accomplishment fruitfully, and for this aim, a successful leaders those who are able to provide value, by determining the best suit to the situation (Jong, et al., 2016). Meanwhile, a successful style of leadership targets to determine what the organization’s future looks like to be and assist in bringing together individual with leader’s vision and affect each individual to achieve organizational vision regardless of the all barriers (Jordan, et al., 2016). Furthermore, the functional method involves that, leadership happens according on four significant actions: ability to adapt the change, being committed to the organization and organizational vision, setting the direction, establishing organizational mission (Lai, et al., 2016).

In relation to leadership concept researchers and many scholars have decided to establish definitions regarding a manager and management in order to find the right ways to present evidence for approaches to leadership effectiveness (Bipath, 2012), argued that managers use an authority and implement the vision and the strategy provided by leaders, coordinates and staffs the organization and deals with the day-today problems. The followings are some of leadership styles: transformational leadership as one of the essential leadership style according to (Martin, 2015), is an important performance provided by the leader to inspire the followers to desire group’s interest upon individual interest and the leader gives attention to the interests of their followers. Transformational leader inspires the individuals by showing and directing them to the correct path, demonstrating each follower’s duties and inspiring them with positive attitudes. Ghafoor, et al., (2011) stated that there is a positive and significant association between leader member exchange and transformational leader. Numerous previous researches have focused on differentiation between transactional and transformational leader. Transformational leadership focus on individual’s growth, leader who has impact on individual’s issue by screening and investigating previous issues in modern method and leader who
motivates individual with positive attitudes. According Shah, et al., (2011), stated that the transactional leaders direct individuals by clarifying each individual’s responsibilities and roles in order to attain organizational goals. Furthermore, Ghaffor, et al., (2011) stated that the transactional leadership helps the individuals to determine and identify duties to each follower to accomplish organizational objectives.

According to (Khan, et al., 2013), transactional leader establishes objective and targets, in order to certify the success; they converse activities clearly, and bring into line the assets with the collaboration of employees to attain the objectives which eventually encourages the employees. Earlier researchers, (Podsakoff, et al.,2000) and (Bass et al., 2003), proved the significant association between individual’s behavior and transactional leadership also, positive association between individual’s attitude and transactional leaders. Several present researches (Walumbwa et al., 2008; Rubin et al., 2010), as well proved the significant association between transactional leadership and OCB. Transformational and transactional leaders are not differing from each other; however, they are not similarly significant (Machumu and Kaitila, 2014). Lastly, according to (Soneni & Moreen, 2015), charismatic leadership as person who has an impact on followers though his/her use of symbols, stories, and images in order to achieve at extraordinary stages. Charismatic leadership has a vision of successful future for their followers. Furthermore, charismatic leaderships are willing to sacrifice everything in order to show their commitment. Previous studies such as (Örgev, 2013), showed a positive association between charismatic leadership and organizational performance. Furthermore, (Akan, 2013 ) and (Apprey, et al.,2014) have also confirmed that charismatic leadership positive relationship with OCB. Also (Lee et al., 2010), showed results from other researches that confirmed that charismatic leadership have significantly impact on OCB. Shamir et al. (1993) explained that, inspired followers by charismatic leadership are able to attain positive results though determination, comprehensive and identification toward organizational objectives. (Voon, et al., 2011), showed empirical studies that confirmed the positive relationship between charismatic leadership and OBC, furthermore several studies identified charismatic leader’s characteristics, one of the studies mentioned four main charismatic leader’s characteristics, first characteristic is taking risk in order to attain the vision, leaders are look after followers needs, and leaders show unordinary behaviors.

Crisis is an unplanned transformation process, rendering the entire organization into a state of dissolution by threatening its assets, goals and resource, creating tension among the member of the organization due to uncertainties and time pressure, as well as covering a limited time period for removing or minimizing the effects via necessary precautions. According to (Canhoto, et al., 2015), crisis is the situation in which the basic structures, norms are affected.
negatively due to unexpected developments. According to (Minh Ly-Le, 2015), the crisis is simply an important state of imbalance, destroying the normal activities of the public sectors. This period is one that threatens the short and long term goals of the organization, necessitates rapid response and at the same time limiting the decision making period for the response and most important of all surprising decision making units with its presence. In this way, the crisis can also be defined (Cooley & Cooley, 2011), situation arriving at the critical stage, the transformations requiring rapid conformance and the results and reflections of an unorganized and unplanned event on the entire public sectors. According to (Nilsson, et al., 2016), the crisis is a tension creating situation threatening the top goals of public sectors even sometimes threatening its existence and requiring rapid response, as well as a situation where the prediction and prevention mechanisms become inadequate.

According to (Balios, et al., 2016), It is not a correct approach to define all the negative conditions experienced within the organizations as crises. For example, a public sector leadership predicting next year’s inflation to be much less than the current year may encounter difficulties on the contrary and this situation may be defined as crisis. When crisis is viewed as leadership problem, the entire financial difficulties that do not render the existence of the organization dangerous and that do not render its situation imbalanced cannot be regarded as crisis. It is not correct to call the common problems of the leadership leading to diminished moral and motivation (putting the organization and the leaders into trouble, disability to collecting correct and complete information, presence of communication problems and varying expectations of the employees) as crisis.

While the crises may frequently come step by step by giving warning signals, it may as well be encountered as a result of certain sudden events. In this frame, the crises can be divided into two categories as sudden crisis and continuing crisis (Mouna & Anis, 2016): These are inclusive of the sudden spoiling and imbalance of the situations negatively affecting the employees, leaders, investors, consumers, suppliers, public opinions, organization revenues and outcome, without any warning to the organization leaders. According to (McIntosh & Ferretti, 2015), the crises may sometimes arise from the internal inadequacies of the organization. In other word, the situations such as the rigidity of the organizational structure, communication deficiencies and incapability of the managers may arise as crisis factors. A second important reason for the encountering of crisis in leadership is the inadequacies and problems within the leadership styles. Numerous internal factors of a leadership can be listed as factors that may carry the leadership to failure and even to crisis.
Research Hypotheses

H1: There is a significant affect of transformational leadership on Crisis management
H2: There is a significant affect of transactional leadership on Crisis management
H3: There is a significant affect of charismatic leadership on Crisis management

METHODOLOGY

Research Design

The researchers used a quantitative technique to test this study. A questionnaire used to collect necessary data. According to (Kumar, 2005) this study can be described as a cross-sectional study, based on the number of possible contacts out of the chosen study population.

Sampling

A sample design is a plan for attaining certain sample from a provided population. Sample design refers to the procedure or method the researcher is willing to accept in choosing items for the sample. Sampling is “the process of selecting a few (a sample) from a bigger group (the sampling population) to become the basis for estimating or predicting the prevalence of an unknown piece of information. The research used random sampling method to find out the relationship between leadership styles and crisis management. Sampling elements therefore have to be representative for the main population. The mentioned random sampling was carried
out in locations in the ministry of planning in Erbil. A total of 800 questionnaires were distributed in the ministry of planning, however 630 questionnaires were received and being completed properly and the data were collected through in hard copies.

**Questionnaire**

The researchers adopted questionnaire from earlier studies to test the current study. The questionnaire has been validated by earlier researchers to be ideal for measuring, the questionnaire modified from (Gill, et al., 2011, Sadeghi and Pihie, 2012, Murphy & Ensher, 2008, Flynn & Staw, 2004, Hinkin & Tracey, 1999, Judge & Piccolo, 2004). The questionnaire consisted of two main sections; the first section included five personal information questions for each participant such as; age, gender, level of education and participant’s position, the part two of the survey compromised of 102 items for all variables. The study is investigating the three leadership styles (transformational leadership, transactional leadership and charismatic leadership) as independent factor and crisis management as dependent factor. The participants were asked to rate how important each item are according to the five point ordered scales, ranging from 1= strongly disagree to 5= strongly agree.

**ANALYSIS AND FINDINGS**

The main aim of this research is to analyse the relationship between leadership styles and crisis management. As it mentioned previously total of 630 participants were involved in completing the questionnaire. The respondents were requested to rate how important they perceived each item on five point ordered scales. All data were analyzed by using SPSS version 20.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational leadership</td>
<td>.76</td>
<td>37</td>
</tr>
<tr>
<td>Transactional leadership</td>
<td>.66</td>
<td>26</td>
</tr>
<tr>
<td>Charismatic leadership</td>
<td>.68</td>
<td>28</td>
</tr>
<tr>
<td>Crisis management</td>
<td>.712</td>
<td>30</td>
</tr>
</tbody>
</table>

Table (1) presents the reliability test for three independent variables and a dependent The Alpha for transformational leadership styles = .760 > .6 (Kothari, 2004) this means that 37 items used for transformational leadership style were reliable, The Alpha for transactional leadership styles = .660, this means that 26 items used for transactional leadership style were reliable. The Alpha for charismatic leadership styles = .680, this means that 28 items used for charismatic
leadership style were reliable and the Alpha for crisis management = .712, this means that 30 items used for crisis management were reliable.

Table 2. Correlations Analysis

<table>
<thead>
<tr>
<th>Factors</th>
<th>Pearson Correlation</th>
<th>Crisis Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational</td>
<td>Pearson Correlation</td>
<td>.662*</td>
</tr>
<tr>
<td>leadership</td>
<td>Sig. (2-Tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>630</td>
</tr>
<tr>
<td>Transactional</td>
<td>Pearson Correlation</td>
<td>.526*</td>
</tr>
<tr>
<td>leadership</td>
<td>Sig. (2-Tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>630</td>
</tr>
<tr>
<td>Charismatic</td>
<td>Pearson Correlation</td>
<td>.629*</td>
</tr>
<tr>
<td>leadership</td>
<td>Sig. (2-Tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>630</td>
</tr>
</tbody>
</table>

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

Table (2) presents the correlations between three independent variable and dependent variable. It was found that transformational leadership style has significant correlation (r=.662*; p<0.01) with crisis management. Concerning the strength of the linear relationship is moderate between transformational leadership and crisis management. Furthermore, transactional leadership style has significant correlation (r=.526*; p<0.01) with crisis management. Concerning the strength of the linear relationship is moderate between transactional leadership and crisis management and charismatic leadership style has significant correlation (r=.629*; p<0.01) with crisis management. Concerning the strength of the linear relationship is moderate between charismatic leadership and crisis management.

Table 1: Coefficients

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Coefficients</th>
<th>t-value</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charismatic leadership</td>
<td>.529</td>
<td>9.455</td>
<td>.000</td>
</tr>
<tr>
<td>Transactional leadership</td>
<td>.046</td>
<td>6.929</td>
<td>.000</td>
</tr>
<tr>
<td>Transformational leadership</td>
<td>.426</td>
<td>8.208</td>
<td>.000</td>
</tr>
<tr>
<td>R²</td>
<td>.642</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F value</td>
<td>374.202</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: Crisis Management
Table (3) present the findings of multiple regression analysis, it was found that charismatic leadership has significantly predicted crisis management (Beta is weight 0.529, p<.001) this indicates that charismatic leadership will have a direct positive association with crisis management, transactional leadership has significantly predicted crisis management (Beta is weight 0.046, p<.001) this indicates that transactional leadership will have a direct positive but weak association with crisis management and transformational leadership has significantly predicted crisis management (Beta is weight 0.426, p<.001) this indicates that transformational leadership will have a direct positive but weak association with crisis management. Furthermore, it was found that the value of R square = .64 this indicates that 64% of total variation in crisis management has explained by the three styles of leadership (charismatic leadership, transformational leadership and transactional leadership), also the F value for the three styles of leadership (charismatic leadership, transformational leadership and transactional leadership) as independent variable =374.202 (374.202>1) this indicates there is a significant relation between three styles of leadership (charismatic leadership, transformational leadership and transactional leadership) and crisis management.

DISCUSSION
The highest value among all leadership styles was found to be charismatic leadership. (Bipath, 2012), discussed that leader’s vision characteristic ought to leave of personal style and try to make the most excellent to convince all to be member, and the leadership style mostly with leader’s vision characteristic will make appropriate strategies within timeframe. (Jong, et al., 2016), stated that leader’s vision characteristic) motivating and coaching employees could drive leaders to present carefully their leadership style. (Jordan, et al., 2016), argued that leader’s vision characteristic would have the role of tactician, which is, and management during crisis should to take the leader’s vision characteristic as the core. As for administration, leadership contents ought not to be restricted only to explaining different styles or caring staffs and productive effectiveness. (Lai, et al., 2016), presented that leaders should have the power of leader’s vision characteristic further to their leadership style if supposing to lead an organization during crisis to the maintainable operation and administration. Consequently, (Bipath, 2012), discussed that leaders should make vision as the core of the leadership style and get benefits of the communication and integration to efficiently execute the practice and management during crisis. At the time an organization experiences crisis, the way that charismatic leaders with personal risk characteristic deal with such crisis establishes new values, new norms, and exposes significant assumptions. Crises are particularly important in creating a culture and transmission because the reason is the emotional association during such eras raises the
strength of learning. For instance, a firm faced bankrupt, the reason behind bankrupt is over engineered, also the firm’s products are so expensive. The firm tried to maintain by producing lower quality of products in order to be able to remain competitive in the market area. Later on the market area required high quality products based on customer’s demand, this firm was not able to produce better quality of the product to protect itself from bankrupt. Crises about matters of internal integration could also expose and embed the assumptions of leader. The best time to control an organization is when performances of insubordination took place. Thus much of the culture of an organization is based on hierarchy, power, authority, and power. For instance, Olsen visibly and frequently exposed his assumption that he didn’t believe that he recognized best based on his understanding and motivating behaviour when followers discussed with him.

Charismatic leader’s sensitivity to follower characteristic one of the most understated yet most powerful methods in which founder’s assumptions become embedded and continued is the practice of choosing new members. For instance, Olsen supposed that the best method to shape an organization was to employ very clever, tough, independent individual, articulate, and then assign them lots of responsibility. Another example by Ciba-Geigy employed very clever person who should be suitable into the culture that had developed over a century.

Previous studies supported the study is in line with about the national culture. Indonesia has a score of 46 low-to moderate masculinity. This suggests that low levels of encouragement to produce high performance or a strong-organizational culture. If the traditional culture is not formed into a powerful organizational culture that fit the global business environment, the organizational culture had no effect on organizational performance. This study is also consistent with the "dysfunctional culture, dysfunctional organization capturing the behavioural norms of organizational culture and drive performance". He found that a charismatic leader with sensitivity to follower’s characteristic has significant effect on organizational culture improvement during crisis.

According to (Martin, 2015), Leaders' unconventional behaviour characteristic is the main aspect that defines the growth in organizational performance in crisis time, this type of characteristic arises from some group dynamics, the practice to affect others as well as a mechanism in accomplishing organizational goal in crisis time. When we usually go into an organization will be able to see the difference between each organization with various leaders. The phenomenon that we enter in an organization, for instance employee behaviours, team workers, integrity, and so on, all of those reflect the leadership and leaders of that organization. Organizational culture also is the main aspect for innovation, creativity, knowledge management, and leadership. Leaders' unconventional behaviour characteristics, in numerous researches have shown empirically and theoretically, as the main aspect enhancing
performance of an organization. Organizational culture, based on Schein is the concept of creating on three levels: values, artefacts, and basic assumption, based on the symbols that apply. According to the viewpoint of organizational learning, Leaders’ unconventional behaviour characteristic is the simple assumptions that have been created before, and as a direction of behaviour for individuals of the organization regarding of problems.

CONCLUSIONS
The rapid transformations experienced in economy and other external environment conditions and certain negativities present within the structure of the organization may drag the management into extraordinary situations named as “crisis”. When it is considered that the crisis is the situations that can be affected and even end the activities and presence of the organization, it is essential to take the necessary precautions accordingly. This study mainly discussed the relationship between the leadership style, the crisis management in the ministry of planning in Erbil, and also inspected whether interaction between certain leadership characteristic and crisis management. Research results showed that charismatic leadership has turn out to be rigorous in latest decades and that firms growth tactics usually request modifying during crisis time. Thus, an organization is more enthusiastic comparing with individual who is carrying the charisma and has ability to modify and transform firms’ tactics and culture and facilitate the firm to be more flexible to exterior environmental needs at the time of crisis. The crisis is the chaotic situations that the organizations and the society can encounter and create chaos. On the other hand, there is not any method that can thoroughly prevent the possibility of crisis. When the crisis in question is a natural disaster, knowing this beforehand and foretelling the results is impossible at least for knowledge. The step to be taken to be prepared against crisis and the results to be created, to take necessary precautions to develop early warning systems and to get rid of the crisis with minimum damage by managing the chaotic situation created by the crisis. The other precautions utilized against crisis, on the other hand, were dismissal of personnel reduction of expenditures and ceasing of investments. However, certain organization went too far in such applications by disregarding the future. Certain other organization on the other hand, by regarding that the crisis is only temporary, have prepared themselves to their reanimation period without discontinuing investment. The most important issue to be mentioned regarding this subject is that the easiest way of getting rid of crisis is the necessity of taking the necessary precautions at the organization prior to the occurrence of crisis.
IMPLICATIONS FOR FUTURE STUDIES

According to the research findings mentioned previously, there is more to uncover on the subject of leadership styles and crisis management in the ministry of planning in Erbil. A bigger sample size and including all the key races in Erbil would provide support. The findings of this study will be beneficial for the field of culture studies for instance culture diversification and its relationship with leadership styles, moreover the researchers suggested further studies to be conducted in the field of cultural issues with the relationship with leadership styles to find out whether culture will have an effect of accepting certain leadership style.

REFERENCES


