

**Modern Day Leadership: Are we getting the business leaders that we deserve?**

**Abstract**

Recent workforce disruptions including work relocation, machine learning, and widespread layoffs, have increased the challenges that business leaders face. These disruptions to the workforce have highlighted the importance and challenges of leadership. To understand how the dramatic workforce changes are affecting the roles and requirements of business leaders, we collected data from senior business leaders about how they navigated and, in many cases, transformed their organizations through crisis. We also interviewed senior business leaders about what is needed to guide the modern organization. Based on these learnings, we formulated explanations for how senior business leaders can be successful, particularly during times of upheaval. The combination of learnings allows us to consider how senior business leaders can learn from crises to positively affect organizational performance for the long-term and what organizations can learn about senior business leaders during challenging times.

## 1. Introduction<sup>1</sup>

The global health and economic disruptions in recent years, and the expected disruptions associated with artificial intelligence (AI) present daunting challenges for how to lead employees toward common goals at a time when employees are increasingly displaced from a shared workplace (Collings, Nyberg, Wright, & McMackin, 2021). The environmental disruptions coupled with the disfunction of many high-profile senior business leaders raises questions about what makes for strong leadership in modern organizations. For instance, what does the future workplace look like when 10% of Russell 1000 firms engaged in layoffs in the last few years and in many circles, there is terror that AI will substantially displace the workforce? This changing workforce, along with dramatic changes that are reshaping industries (e.g., technology, energy) increases the strain on senior business leaders to lead effectively. We use lessons learned from senior business leaders during the COVID-19 pandemic to develop ideas about what it takes for senior business leaders to drive an engaged and productive workforce during times of extraordinary uncertainty.

There is a strong need for learning more about how senior business leaders deal with crisis management (Bundy, Pfarrer, Short, & Coombs, 2017); in a world that seems to be experiencing perpetual upheaval, we focus on the behaviors that senior business leaders should engage to optimize organizational success in times of uncertainty – lessons that we learned through examining leadership behaviors during the COVID-19 pandemic. By extrapolating positive and negative lessons, we contribute to explicating when and why some senior business leaders do better in

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<sup>1</sup>During the 4<sup>th</sup> international conference of the HR Division, the honor of sharing the stage with Kgomotso Mopalami, Jaap Paauwe, and Denise Rousseau was surpassed only by the incredible hospitality of our hosts at North-West University, South Africa. The conference was filled with extraordinarily thoughtful conversation and unique perspectives. The current paper stems from Anthony Nyberg's remarks as one of the keynote presentations and is based on lessons research stemming from work with David Collings (Trinity College Dublin), John McMackin (Dublin City University) and Pat Wright (University of South Carolina); co-authors on this article.

challenging times. Consequently, based on lessons learned from senior executives intimately involved in crisis response we provide lessons to inform senior business leader development.

## 2. Leadership Research History

Starting with Yukl's (1989) definition of leadership as "to include influencing task objectives and strategies, influencing commitment and compliance in task behavior to achieve these objectives, influencing group maintenance and identification, and influencing the culture of an organization." (p.253), we simplify and summarize this comprehensive definition to focus on leadership in formal organizations to consider *senior business leaders as those who guide and influence people to change our organization from the "as is" to the "to be."* In doing so, we differentiate business leaders (those helping organizations evolve) from managers (those helping maintain the status quo). In this way, this monograph shares what we learned to be best practices for those who need to guide and influence employees to make organizational changes.

Leadership research has received extensive attention. For instance, there have been reviews about leadership and generations at work (Rudolph, Rauvola, & Zacher, 2018); leadership and contextual factors (Oc, 2018); leadership and creativity (Hughes, Lee, Tian, Newman, & Legood, 2018), servant leadership (Eva, Robin, Sendjaya, Van Dierendonck, & Liden, 2019), individual differences in leadership (Zaccaro, Green, Dubrow, & Kolze, 2018), and morality and leadership (Lemoine, Hartnell, & Leroy, 2019), among many others. Hence, we will not spend time reviewing prior leadership research other than to say that there is plenty of research; but, despite the plethora of leadership research, a review in 2010 by Glynn & Raffaelli, which covered all empirical leadership studies in the *Academy of Management Journal*, *Administrative Science Quarterly*, and *Organization Science* from 1957 to 2007), concluded that while nearly 4% of empirical articles are devoted to leadership there remains a lack of consistency in leadership theories.

Some of the challenges of reaching clear conclusions about leadership likely stem from problems with collecting empirical data from senior business leaders – it is much easier to collect data from employees who are lower in organizations (e.g., what many might call managers more than senior business leaders) both because there are more managers in any setting than senior business leaders and because organizations are often more willing to share data about issues that occur at lower levels of the organization. Also compounding the challenges of reaching clear, agreed upon conclusions are that there are untold number of leadership books and articles that are based on one-off case studies that make it difficult to have confidence in the conclusions. So, given the plethora of pontificating, but inconsistent conclusions, we wondered if we could learn something about leadership during times of crises because challenging times exacerbate, highlight, and accelerate employment relationship changes (Ployhart, Shepherd, & Strizver, 2021).

*Data Collection and Analysis.* We employed an abductive methodology (e.g., Bansal & Corley, 2012; Locke & Golden-Biddle, 2002; Pratt, Sonenshein, & Feldman, 2020). Data collection occurred at the height of the COVID-19 pandemic. Data were collected by a mix of approaches, including video journals, semi-structured interviews, and group discussions. We targeted senior HR leaders and Board Members because they have first-hand knowledge of critical decisions and processes that drive the employee-employer relationship (Nyberg, et al., 2017).

*Interviews and Discussions.* Near the start of the COVID crisis we began to speak with senior HR officers in the US and Europe regarding how they were addressing challenges to the workforce (Table 2, Figure 1). In April 2020 we began formally collecting data from leaders at the epicenter of the crisis. The key element of our data collection involved weekly video journals. To determine questions, we first conducted eight semi-structured interviews with senior HR leaders (all direct reports to their respective CEO) of Fortune 100 firms, six of whom were leading their

organization's COVID-19 response team. Interviews were semi-structured (appendix A). We then asked approximately 150 senior HR leaders from 3 academic centers that are associated with two major universities to participate in video journaling. 39 HR leaders, who report directly to the CEO or their direct reports, 11 of whom were leading their COVID-19 crisis response teams, addressed weekly questions over 12 weeks. The organizations collectively employed close to two million employees. 19 were US based and 20 were based in Europe.

Initial questions focused on four principal components of the changes occurring: 1) Role changes, particularly regarding time management and prioritization, 2) Lessons learned, including thoughts on how these lessons would inform future workforce management, 3) The degree of executive leadership team (ELT) alignment, and 4) Emotional response (Table 3 for questions and sample responses). Participants addressed these issues between April 17 and July 3, 2020. Once we reached saturation (Trotter, 2012) on a particular question, where the theme was explored in detail and new concepts or themes were no longer emerging, we updated some questions. Weekly responses were collated through an app designed for mobile ethnography developed by Indemo. Weekly, the app prompted respondents to upload a video or text response to questions. Responses were transcribed, resulting in 850 pages of text.

In addition to weekly journals, we held a roundtable discussion with ten senior HR leaders (nine from Fortune 100 firms) on April 23, 2020. We also held a group discussion on June 4, 2020, with seven directors of Fortune 500 firms (five had been CEOs) to understand the issues from a board perspective, and an additional two-hour roundtable discussion with 56 senior HR leaders (predominantly Fortune 500 firms) on June 11 to discuss their reactions to the crisis.

Our overall analytic approach is best characterized as abductive, reflecting the multiple iterations between our empirical data and theory (Ferraro & Beunza 2018, Van Maanen, Sørensen

and Mitchell 2007). The recursive interchange between data and emerging conceptual insights led to the creation of new theoretical ideas (Eisenhardt & Graebner 2007; Gioia, Corley & Hamilton 2013; Van Maanen et al. 2007). Our analysis involved ongoing conversations among the author team around emerging theory and was continuously refined as analysis progressed (Dubois & Gadde 2002). When we saw unexpected findings, we sought theoretical explanations and, consistent with our abductive logic, considered alternative explanations in identifying the most plausible one (Bryant & Charmaz 2007; Ferraro & Beunza 2018).

The video diary analysis is rooted in Braun & Clark's thematic analysis (2006). This recursive process creates both flexibility and soundness of theory and methodology. Our analysis involved continuously iterating between the full transcribed data, codes extracted, and analysis of the data. First, we identified themes at a semantic level. Here, we focused on concepts that the participants explicitly articulated. This process involved becoming familiar with the data by reading through the entirety of the transcriptions several times. Then, we created descriptive first-order codes in the participant's words (Gioia, Corley & Hamilton, 2013). Each transcribed video entry, depending on length and content, had up to ten first-order codes.

In the second stage, we identified second-order codes reflecting categories that we developed to reflect themes, relationships, and patterns between potential categories (Saunders, Lewis, & Thornhill, 2009). These second-order codes were analyzed for further merging and splitting of categories to adequately capture the essence of first-order codes and to avoid over-generalizing (Grodal, Anteby, & Holm, 2021). Consistent with our methodological approach, our conclusions should be considered starting points that ultimately represent core theoretical predictions (Ferraro & Beunza 2018; Van Maanen, Sørensen & Mitchell 2007). In the final stage, the author team interpreted the significance of the identified patterns and sought broader meaning

regarding the implications for the future of work, especially considering existing theory.

Throughout this process, we repeatedly referenced interview transcripts to ensure our developing interpretation and understanding accurately represented the data (Petriglieri, 2015).

Our resulting conclusions about senior business leadership lessons fit into two broad categories: Poor leadership behaviors and modern or good leadership behaviors.

### **3. Poor Leadership Behaviors: “under stress, we regress”**

In the category of poor leadership behaviors, four areas stand out as being particularly dysfunctional (Table 1). Going into the idea of examining what great leadership means, particularly from the perspective of a board of directors, we assumed that it would focus on financial outcomes. That is, boards of directors would point to financial outcomes as the primary indicator of leadership quality; hence, poor financial returns would indicate poor leadership. However, this very much proved to be a false assumption. Instead, we saw four clear behaviors that boards considered poor leadership: *failing to engage and retain top talent; failing to communicate strategy, showing too much arrogance, and lacking courage*, usually as exhibited by an unwillingness to make decisions.

#### **3.1 Losing Top Talent.**

One of the clear indicators of poor leadership was the inability to retain top talent – at the top management team (TMT) level and throughout the organization. For instance, senior business leaders who failed to live the organization’s values or show benevolence toward employees who were truly at risk, were more likely to lose valuable employees (Steinbach, Kautz, & Korsgaard, 2021). In contrast, senior business leaders that espoused valuing employees, and modeled values, were quicker to focus on employee safety. During the early days of COVID-19, for instance, this led to rapidly initiating actions to protect employees from physical and financial harm. Those who focused more on pure financial outcomes, in contrast, struggled to decide how to cope with

employees and were quicker to engage in unpaid furloughs and lay-offs. Likewise, embedded values increased senior business leaders' trust in their employees to act appropriately. For instance, policies often exist to prevent employees from taking advantage (e.g., abusing sick-leave policies) or to monitor employees (e.g., timecards for entering and exiting). However, many senior business leaders said that the crisis necessitated relinquishing some control. Instead, a successful strategy was to trust employees to do the right thing; something much easier to do when there were clear, embedded values. These senior business leaders reported that communicating that the company trusted employees to act in accordance with the company's values meant most employees did. They also noted that it would not have been possible to act as quickly under previous monitoring levels.

### **3.2 Failing to Communicate Strategy**

An unwillingness to communicate strategy, both to employees and to the board was another major indicator that a senior business leader was not performing well, and this was exacerbated in times of high uncertainty. Such uncertainty can lead to anxious shareholders (e.g., volatile equity prices), employees (e.g., increases in sick leave), customers (e.g., panic buying), and communities (e.g., business closures). When a strategy is not communicated clearly and convincingly, employees, and other stakeholders, make assumptions that are often worse than the reality (Cascio, 2002). Effective communication, particularly in times of uncertainty, requires clear, active methods for quickly sharing information (Buheji, Ahmed, & Jahrami, 2020; Cascio & Boudreau, 2010).

*Negative communication approaches.* Ineffective communication approaches were characterized by senior business leaders' attempts to control information flow by communicating infrequently and only when assured of having all the information – something that rarely occurs during a crisis. We were told that such communication styles, which had served some well in their careers, failed during the crisis and instead led to greater turmoil and employee unrest. Senior

business leaders who were unable to communicate well, or with empathy were particularly exposed. In one example, a CHRO described persuading their CEO to record a communication video which the CHRO lamented as coming across as a “hostage video” in terms of the tone.

### **3.3 Showing too Much Arrogance**

It is unclear if arrogance itself is a problem or if it just leads to poor outcomes (e.g., failure to listen, not trusting others with decisions, believing that one’s own counsel is sufficient).

*Need for control.* For instance, we repeatedly learned of organizational challenges occurring when senior business leaders believed that they were singularly capable of making decisions. Senior business leaders who wanted to control every decision required HR leaders to spend more time coaching other senior business leaders (e.g., handling difficult conversations with their reports, discussing skill gaps, providing guidance, sharing feedback, etc.). Such senior business leaders who needed to control everything often struggled with feeling like they needed to be able to immediately fix everything on their own, something that is impossible in times of substantive uncertainty.

*Failing to listen.* Similarly, senior business leaders who exhibited too much arrogance were also those who failed to listen to their executive leadership team (ELT). This was particularly challenging when there was less agreement among ELT members. For instance, the murder of George Floyd created emotional reactions from many employees who could more easily relate to being treated unjustly by police, but many majority employees, including executives, often did not naturally sense the crisis nature of the murder. This disparity created substantive misalignment among ELT members and as importantly severe communications problems between many ELTs (who are often relatively homogeneous) and most employees. Senior business leaders who failed to listen to their employees were slow to understand or adapt to the changing environment.

Failing to actively seek feedback led to many challenges. For instance, senior business

leaders noted their surprise at how often messages were not received as intended, despite the frequency of sending these messages, but only through receiving employee feedback could they recognize that the messages were not being received as intended.

### **3.4 Lacking Courage**

One of the biggest negative behavioral characteristics for poor senior business leaders, which is often hidden during times when growth is inevitable (e.g., rising economy, growing customer demand, etc.) is a lack of courage, usually exhibited by an unwillingness to make difficult decisions. Such senior business leaders were characterized as constantly demanding more and better information and worried about making bad decisions leading these people to either postpone decisions or to insist that more people provided input. This latter scenario, described to us as senior business leaders who become overly timid in making decisions, meant that decisions were slowed, and organizational reaction time then necessarily lagged their competitors.

## **4. Good Leadership Behaviors**

While it was easy to see poor leadership behaviors. There were also classifiable good leadership behaviors and below we describe nine such behaviors (see Table 2).

### **Continuous Communication**

Every senior business leader who discussed positive outcomes discussed the need for continual two-way communication, something critical when negative views spread quickly (Yu, Sengul, & Lester, 2008). When senior business leaders engage in clear communication, including a willingness to receive and act on feedback, employee engagement is likely to increase. Consistent with research showing the difficulty of communicating during a crisis and the need for consistent messaging (Stachowski, Kaplan, & Waller, 2009), and the value of clear two-way communication (Paraskevas, 2006), organizations now have the additional challenges of employees having different

locations, languages, experiences, local laws, and even different news influences. It was also clear that the more effective senior business leaders recognized the importance of listening to employees. In one example, a CHRO in responding to employee mental health challenges resulting from isolation, sent video messages about taking care of oneself (e.g., yoga). Subsequent feedback that the videos worsened video burnout, led to alternative approaches to improving employee wellbeing.

### **Alignment & Consistent Messaging**

One of the more important actions involved establishing and maintaining ELT alignment. Conflicting views emerged within ELTs regarding how serious the disease might be and for how long it might impact employees and customers. This resulted in some senior business leaders questioning its dangers, particularly early in the crisis. In some companies there was strong alignment among the ELT during the early part of the crises around protecting employee and customer health. In these situations, senior business leaders remarked on the resilience of the senior business leaders to come together during the crises around this shared value of safety, even when they previously had substantial differences of opinion. Companies that navigated the crises well reported that ELTs were aligned around focusing on a wide group of stakeholders.

For example, in keeping with stated values, one organization created a 100% remote workforce and guaranteed employment with zero layoffs. The decision was based on senior business leaders choosing to prioritize employee safety (physical and financial) over profits in alignment with the organization's stated values. Such actions meant that even employees who were unable to work (e.g., some were unable to perform when not in person) continued to receive full pay. Some organizations exceeded government recommendations and requirements, moving quickly to get employees working remotely. Often, this was rooted in protecting employees.

In contrast, organizations exhibiting ELT disagreement were slower to react and more likely

to prioritize shareholder financial concerns at the cost of other stakeholders. For instance, senior business leaders shared examples of knowingly placing employees at risk to reduce financial impact. In one example, after COVID-19 transmission dangers became clear, a CEO continued sending salespeople door-to-door. He stopped only when required by regulation. Another senior business leader outlined how her organization opted for cost savings rather than providing personal protective equipment to those working in infectious situations. Such actions are questionable for several reasons and are often based on desires to protect short-term shareholder value while ignoring long-term effects on other stakeholders (Reilly, Souder, & Ranucci, 2016). Many of these organizations delayed moving employees to remote settings until legally required to do so.

The reluctance to transition to a remote workforce (when it was possible), was generally described in language based on costs and productivity. The justifications were not unreasonable. For instance, one senior business leader explained that the organization did not have the financial resources to support employees working remotely nor the kind of work that could be done well remotely. Another claimed that given the government subsidies, laying-off low wage employees would benefit employees who could make more money by staying home. However, for the most part, those organizations that pushed employees to continue coming into the office, even when governments were saying that it was unsafe, appeared to be those whose senior business leaders failed to embody their own organization's stated values.

### **Lose Bad People, Retain and Hire Good People**

We have learned that one way to measure the quality of senior business leaders is based on how well they retain their great employees and how well they lose their poor or disruptive performers. For instance, board members, of Fortune 500 firms shared that one of the better ways to evaluate CEOs involves the quality of the people who are staying and leaving. Whether through

intentional removal (e.g., firing) or creating a climate whereby poorer or more disruptive (e.g., those with poor attitudes) employees choose to leave, it is still a good sign. In contrast, if the senior business leader is surrounded by employees (e.g., the ELT) who underperform or contribute to a poor organizational culture, then this is a strong negative signal about the senior business leader. It may be that the senior business leader is a poor judge of talent; in modern organizations where talent is a critical differentiator and the complexity of most organizations means that most senior business leaders must rely on others, this can be a crippling problem. Alternatively, it may also be that the senior business leader recognizes the people problems, but lacks the ability to make the difficult, but important decision to remove the people that need removing. In either case, it is problematic for the organization and a bad sign about the senior business leader's abilities.

Similarly, a senior business leader that retains or hires great people is surrounding herself with better quality human capital that can facilitate success, and creating a stronger environment where employees throughout the organization can see who does well (Nyberg et al., 2019). Thus, from both a practical perspective of having great people and a signaling perspective about who is selected, senior business leaders who surround themselves with the right people both place themselves in a better position for success and appear to be stronger senior business leaders than senior business leaders who do not surround themselves with such quality. Our research has also made clear that having the best people does not necessarily mean just the collection of the highest human capital individuals, but rather stronger individuals who also work well on a team, and teams, particularly at the highest levels that work well together (Essman & Nyberg, 2023).

### **Drive Culture & Exude Values**

Firm values (i.e., the activities that occur within a firm that espouse what is right or wrong, good or bad; Gehman, Trevino, & Garud, 2013) have meaningful employee effects (Barnard, 1938).

These employee effects include job satisfaction, commitment, and turnover (Edwards & Cable, 2009; Ostroff & Judge, 2007), meaning that the firm's values affect the make-up of the workforce. For instance, employees change firms to find fit (Kristof, 1996), or a better match (Weller, Hymer, & Nyberg, 2019). Hence, particularly in times of great uncertainty, the firm's values (and how they are exhibited) impact who is attracted to a firm, who joins, who stays, and how work is performed.

Much has been written about how senior business leaders (particularly those in the C-suite) portray the values of the firm (Hambrick 1987; Hambrick & Finkelstein, 1987), and there is an increasing recognition that the processes by which firm values come to imbue a firm are broader than just the CEO or founders (Gehman, et al., 2013). Keeney (1992) proposed that values should be central to senior business leaders' decision making but values statements must be converted, in a process involving key stakeholder groups, into objectives that reflect consistency of responses to the question "why is this important?" As crises arise, statements become a reference point for leadership decision making. Firm values, which are activated by senior business leaders, have powerful effects on employees' self-concepts (attitudes) and behavior through self-regulation (Lord and Brown, 2001). Gehman, et al., (2013) posit that values become embedded in the firm through four processes: the manner that firms (a) deal with concerns, (b) turn concerns into actions, (c) demonstrate values through actions, and (d) promote the firm's values through communication.

The shared values of the firm, encapsulated in the organization's culture and climate, has substantial influence on the organization's success (Schneider, Ehrhart, & Macey, 2013). Values are considered embedded when they are reflected in the firm's structures and systems (Greenwood & Hinings, 1988), or when they are shared to a degree that members can anticipate others' actions, behaviours, and expectations (Bourne & Jenkins, 2013; Maierhofer, et al., 2003). Having clear, agreed upon values prior to the crisis, made it easier for the CEO and the ELT to focus on what was

truly important in making decisions, meaning that the values provided a hierarchy to approach decisions when there were no clear answers and ever-changing information. Companies with embedded values were able to adapt more quickly.

The speed at which organizations moved to a remote workforce initially hinged on the ability of employees to work remotely as well as employee safety. Naturally, many organizations that were deemed “essential” continued to require employees to come to work locations (e.g., nurses). However, many senior business leaders had flexibility, depending on location and function, to decide who could or could not work in the office. An enduring concern among senior business leaders involved apprehension about reduced employee productivity. Many senior business leaders were (and continue to be) concerned that employees would not be as productive when working remotely. Embracing a firm’s own values has substantive implications for how firms interact with their workforce, which strongly affects their ability to decentralize and make quick decisions.

In contrast, without embedded values, managers were without guideposts, leaving them to rely on central decision making, which is less effective when changing circumstances require rapid responses. Regression to centralization under stress is common (Bourne and Jenkins, 2013; Staw, Sanderlands, & Dutton, 1981), and lower status members are likely to defer to more senior business leaders during stressful times (Driskell & Salas, 1991). Consistent with research showing that as complexity increases, the efficacy of centralization declines, greater complexity suggests that subsidiaries will be less efficient when there is less decision-making autonomy (Nohria & Ghoshal, 1994), something that was more common when company values were not embedded.

It became clear that firms that focused more attention on the values of the firm and communicated those values more effectively were able to address more consistently and rapidly employee concerns. Likewise, the consistent application of values helped employees understand

why firms were engaging in specific actions and understand better what the values of the firm truly mean and how they can be applied to daily concerns.

### **Engages ALL Stakeholders**

The crisis helped senior business leaders understand that boards (and shareholders) are increasingly open to prioritizing all stakeholders (rather than only shareholders). Stakeholder management has long, particularly in the US, been primarily a matter of supporting financial stakeholders driven by a managerial mindset often described as shareholder capitalism (Mitchell, Agle, & Wood, 1997), traditionally the most powerful stakeholder, while discounting potential long-term concerns of employees, customers, and communities. However, focusing on shareholder short-term financial interests can increase costs to wide-ranging stakeholders (Kaufman, 1993). For instance, it is understandable that during economic crises companies must protect viability by preserving cash (Gibbs, 1993), but this can lead to cutting labor as a first step to reducing costs (Cascio, 2002; Gerhart & Trevor, 1996). Short-term focus on shareholder financial interests affects other stakeholders too. Companies can inadvertently harm employees, customers, and communities. For example, our interviews and surveys revealed that at a time of growing community desperation, many companies cut local investments, even before cutting dividends, advertising, or sponsorships.

Senior business leaders noted that the crisis clarified a need for companies to focus on a wider group of stakeholders. The same traps that lead managers to invest with shorter-than-optimal horizons are also evident when managers assess benefits and costs (Souder, Reilly, Bromiley & Mitchell, 2016). Senior business leaders expressed the view that, paradoxically, the crisis helped focus longer-term thinking by highlighting a need to avoid false fiscal prudence where short-run shareholder cost savings are over-emphasized while long-term costs to other stakeholders (e.g., employees, customers, communities) are ignored.

The concern about how much emphasis to focus on different stakeholders is likely to persist. Stakeholder theory suggests that, in making decisions, managers “adopt as the unit of analysis the relationship between a business and the groups and individuals who can affect or are affected by it” (Freeman et al., 2010, p.5). These authors argue that, far from being driven by altruism, a broader stakeholder approach optimizes long-run firm performance. Although discussed more frequently over the past decade, the recent crises highlighted the importance of a broad stakeholder approach.

It has been argued that two dominant value cultures permeate North American firms. One is short-term and primarily driven by economic gain and the other longer-term (Russell, 2001). The different approaches of how firms applied their values to all stakeholders during the crisis sends clear messages about how much the firm believes and chooses to act on its own firm values.

For instance, one recently appointed CEO of a major, international, medical equipment manufacturer shared with us that his board expects him to discuss the firm’s engagement with all stakeholders; something that his predecessor was not expected to provide. This CEO expressed confidence that firms (including his own board) are now focused clearly on broader stakeholder issues, but the former Board Chair immediately joined in to say “Let’s wait and see what happens the first time the firm misses earnings.” This exemplifies the tensions that firms are facing between living their values and fulfilling their financial responsibilities.

### **Exemplify Trust**

The continually evolving situations, made it harder for central management to remain in control. A critical element in times of great change is for employees to feel trusted and this must emanate from senior business leaders (Whitener, Brodt, Korsgaard, & Werner, 1998). That is, for employees to deeply trust their senior business leaders, these leaders must also trust their employees (Brower, Lester, Korsgaard, & Dineen, 2009), and this trust between employees and senior business

leaders requires an ongoing, continuous, reciprocal investment (Korsgaard, 2018).

However, an unexpected benefit of remote work is that employees felt more trusted and more autonomous when organizations had to rely on employees to make decisions on their own and this led to higher employee engagement. Some of the challenges with remote work manifested in strained communication and a decreased ability to monitor or control employee actions. Regression to centralization under stress is common (Staw, Sanderlands, & Dutton, 1981) because lower status members defer to more senior colleagues during stressful times (Driskell & Salas, 1991) and thus it takes more effort and trust to decentralize decision-making during a crisis. However, when managers trusted employees, the organization was able to become more agile and make decisions more rapidly and enact those decisions more quickly than had occurred prior to COVID-19.

Organizations that responded quickly and positively, such as giving employees the benefit of the doubt regarding remote work (e.g., relaxing monitoring requirements, guaranteeing financial support) received substantial benefits in terms of greater sentiment and attachment (Steinbach, et al., 2021). In contrast, organizations that failed to trust employees, were reluctant to allow them to make their own decisions, for fear that they would make bad decisions, and this led senior business leaders to either postpone decisions or to insist on ever more information for each decision. Such delaying actions had negative consequences because in times of change, delaying too long to make decisions can have meaningful consequences. When trust was high, senior business leaders were more inclined to provide freedom to act, it led to some remarkable outcomes (e.g., bringing a completely new app to market within a weekend). This led many senior business leaders to remark that now that they have seen it is possible, they want to broaden lessons from the crisis to establish long-term changes.

### **Aspirational**

In recent years, a new trend appears to be emerging or perhaps returning. Specifically, we

employees crave having senior business leaders that are aspirational. This means that employees want their senior business leaders to be able to create a clear picture of how the organization will achieve great success and do great things. It is common to now hear about how employees want to join a company with a strong vision and mission for making a difference in society. Great senior business leaders can share a vision and explain how through the organization's success, this will make the world a better place. An aspirational senior business leader creates a vision for the future that motivates employees to strive for excellence that can help align the efforts of employees to focus on a coordinated outcome. Through setting a clear purpose, one that is bigger than the individual achievements, also helps senior business leaders drive an organizational culture that can then help reinforce the attitudes, beliefs, and behaviors that the organization desires.

Being aspirational can also mean helping employees understand the larger organizational intentions. Once a higher aspiration is engrained in the organization's culture, senior business leaders are more free to empower employees to help drive attainment rather than being mere order takers. When senior business leaders empower employees and trust them with greater autonomy, they are then also necessarily delegating greater responsibility to employees, which further allows employees to develop new skills. Such empowerment also means that employees will take greater ownership and accountability for their role in helping the organization achieve its highest ambitions. Getting employees striving together toward this higher order outcome, while providing employees with greater autonomy is also likely to increase employee job satisfaction, commitment to the organization, and overall better performance (Spreitzer, 1995).

### **Agility**

Senior business leaders identified *agility*, or how well senior business leaders and companies, were able to adapt to changing information and feedback as a key to success. For

example, one retail company limited their opening hours to minimize employee exposure. However, employee feedback indicated that the decision resulted in the same number of customers, but in a condensed timeframe making stores more crowded and thus actually increasing employee exposure. Using this information, the company quickly reversed its decision. The action of both implementing the changes (and then reversing them) were actions that the senior business leader reported he would not have guessed was possible prior to the crisis. However, having seen that this type of quick response is possible, the board and the ELT want to stay more agile.

Agility is most often discussed at the firm level, but recent research (e.g., Petermann & Zacher, 2020; McCann & Selsky, 2012; Van Dun & Wilderom, 2016) highlights the roles of senior business leaders and employees in developing firm agility. Values facilitate agility by being the central shared reference point linking senior business leaders and employees, especially during turbulent times (McCann & Selsky, 2012). Values-based leadership enabled senior business leaders and their employees to adopt more agile behaviors during the crisis. At the level of individual senior business leaders, the importance of personal agility was recognized not only for the crisis but for future leadership. For instance, resilience, a core underpinning of personal agility, became recognized as a key leadership attribute despite being rarely discussed prior to the pandemic.

Our data also revealed that values drive another agile characteristic, decentralized decision making. Regression to centralization under stress is common (Staw, Sanderlands, & Dutton, 1981) because lower status members are likely to defer to more senior colleagues during stressful times (Driskell & Salas, 1991); it takes more effort to decentralize decision making during a crisis. A common refrain from our respondent involved the speed with which successful companies responded when their people were free to act, and they highlighted that this was in conjunction with decentralized decision making. Consistent with research showing that as complexity increases, the

efficacy of centralization declines, greater complexity suggests that subsidiaries will be more efficient with greater autonomy and flexibility (Nohria & Ghoshal, 1994).

Hence, lessons from the crisis highlight that shared values can guide organizations by minimizing divergent interests and enhancing mutual interdependence (Schaubroeck, Lam, & Cha, 2007; Meglino, Ravlin, & Adkins, 1989). Shared values provide a model for all employees to act (Kouzes & Posner, 1993). For instance, those firms that espoused valuing employees, and who had senior business leaders that modeled the values, were quicker to focus on employee safety as a guiding principle. This led to rapidly deciding to initiate doing all that was possible to protect employees from physical and financial harm.

### **Authentic & Approachable**

Modern senior business leaders are finding an advantage in being perceived as authentic and approachable. Employees increasingly want to see their senior business leaders as real people, meaning that employees want to know that their senior business leaders make mistakes, have hobbies, and families. In the same vein, employees want to be able to interact with and approach their senior business leaders. Even in the largest companies, there is an increased belief among employees that they, the employees, ought to be able to contact their most senior business leaders directly with any and all questions and suggestions.

Creating an environment where senior business leader seem authentic and approachable leads to greater leader credibility and an enhanced employee trust in leadership (Whitener et al., 1998). Senior business leaders who exhibit authenticity and approachability, who then subsequently increase their perceived credibility with employees are also believed to communicate more clearly and to make decisions that appear ethically based (Dirks & Ferrin, 2002).

Such senior business leaders also seem to be able to drive higher employee engagement,

which in turn leads to higher productivity, lower turnover, and a stronger culture (Harter, Schmidt, & Hayes, 2002). This occurs when greater trust and rapport can be developed between leadership and employees throughout the company. Such increases in trust lead to reduced conflict and makes organizational relationships more sustainable. The increased trust and confidence in leadership that is facilitated by employees perceptions that the senior business leader is genuine can then also lead to greater employee satisfaction, which can subsequently increase the organization's reputation and the stability of the organization (Holtom, Mitchell, Lee, & Eberly, 2008).

One additional area that is receiving greater attention in recent years, which can help facilitate senior business leaders being perceived as authentic and approachable is the senior business leader's use of humor (Aaker & Bagdonas, 2021). Sharing a sense of humor helps make us seem more approachable. Humor is also associated with appearing more genuine and smarter. When used well it can help senior business leaders defuse tense situations and create stronger feelings of camaraderie between senior business leaders and subordinates. Humor also influences employees to feel closer and have greater respect for senior business leaders. Like all tools, however, humor too must be used carefully. The power difference between senior business leaders and those that report to them can quickly turn words and actions by a senior business leader that were intended to be humorous into something that appears mean or degrading.

Of course, creating such a perceived approachability comes with challenges as employees can feel too much familiarity with senior business leaders leading to a reduction in the perceived organizational structure. This can lead to inefficient communication, effectively wasting the time of senior business leaders. For instance, one C-suite leader shared the story about how an employee in a small market sent her an email complaining (and demanding) that the snacks in a meeting location be changed to be healthier. One has to wonder if that employee ever bothered to ask their own

immediate supervisor, someone who could make a meaningful and quick change, about the topic.

### **Courageous**

One area of leadership that was highlighted during times of substantial upheaval and uncertainty was the role of courage among senior business leaders. Employees, particularly in challenging times, want their senior business leaders to be willing to make difficult decisions.

Senior business leaders who demonstrate courage (e.g., willing to make difficult decisions even when unpopular or when outcomes are uncertain) are more likely to be able to initiate action, particularly in challenging times. Such senior business leaders are also more likely to overcome resistance to change due to a willingness to make challenging decisions (something that is often recognized by employees) and an ability to stand-up and explain why their actions, even if unpopular, are in the organization's best interest (Armenakis & Bedeian, 1999).

Courageous senior business leaders are also more likely to take on risk to foster innovation, and to do so in ways that recognize that attempts will not always be successful. Through these actions, senior business leaders can create safer environments making it easier for employees to present innovative ideas. In this way, senior business leaders can encourage experimentation, even when such experimentation has high chances of failure, and through these risks can help organizations achieve greater long-term sustainability (Anderson, Potocnik, & Zhou, 2014).

Courageous actions by senior business leaders can also help build employee trust and loyalty. If the courageous senior business leader is also willing to communicate decisions with subordinates openly, the transparency will help enhance trust among employees. This may be particularly appreciated by employees if those actions are recognized as being performed in an ethical manner that can help create a culture in the organization of integrity (Dirks & Ferrin, 2002).

The benefits accruing to a senior business leader who is perceived to be courageous are

magnified during periods where employees perceive that they are going through some form of crisis. In crisis situations, senior business leaders who can exhibit decisiveness (often associated with courage) will be more likely to make timely decisions, which can curtail the crisis from escalating. Such senior business leaders can also be stabilizing, which allows everyone else to calm down and focus on the tasks that need to occur. Those senior business leaders who are courageous are often the senior business leaders who are also willing to take an honest look at where things stand in the organization, including what went well and what went wrong – it is only through such honest self-assessment that the greatest growth can occur (Wooten & Dushek, 2011).

In contrast, senior business leaders who always wanted more and better information before making the difficult decisions for fear of making the wrong decision were often paralyzed. They would postpone tough decisions under the excuse of wanting ever more information. Something that can be a never-ending challenge when situations are changing rapidly meaning that the information that is available is also likely to change rapidly. Such senior business leaders, who became overly timid, were sometimes surprising to other members of the senior leadership as those now recognizably timid senior business leaders had not been exposed in those ways during stable environmental situations. This realization led some of the senior business leaders that we spoke to wonder how such challenging environments might be simulated to better understand which senior business leaders were ready to rise to higher levels and which might crumble.

### **Bonus for the Rest of Us: Be Good Shock Absorbers**

As we were examining what makes good and bad senior business leaders, particularly in the context of challenging, dynamic environments, it became clear that the responsibility lies with all of us and that most of us are somewhere in middle management. For example, the department chair is responsible for the department, but to the Senior Associate Dean and/or the Dean. Likewise, a

program director may be responsible for the program, but to the department chair, etc. Thus, we learned that a valuable action that most of us can take is to be good “shock absorbers.”

The shock absorber model is used to highlight the importance of helping filter information from above (e.g., absorbing some of the negative information that may come from above, but is not relevant or helpful for those whom we are responsible, and may even be detrimental). For example, if a manager is admonished due to upper management’s dissatisfaction with a particular project, the "shock-absorber" manager can reduce the burden on employees by avoiding directly passing along upper management’s admonishment and instead help translate that disappointment into employee feedback that can help employees grow, perhaps by emphasizing positive aspects of performance while outlining targeted areas for improvement. Similarly, in the face of budget reduction conversations, the "shock-absorber" manager can help to mitigate team anxiety by working to understand the total impact and focusing communication on actionable strategies rather than merely passing through potential draconian hyperbole that upper management may have declared.

Simultaneously, good “shock-absorber” managers ought to amplify information that the manager’s subordinates may have that would be useful for senior business leaders to make informed decisions. For example, if a manager’s employees believe that a project is untenable and these are the employees with the best ability to judge the viability of the project because they are the ones implementing it, then a good "shock-absorber" manager needs to help amplify that information to upper management in a way that conveys to upper management what needs to happen to make it viable (e.g., more resources, extended deadline, etc.). Similarly, the "shock-absorber" manager needs to be able to recognize, highlight, and convey to upper management, potential long-term employee repercussions on productivity and turnover, if that manager is seeing employee challenges that upper management may not be aware. Without such amplification, upper

management, and thus organizations, may be blindsided by potentially substantial and enduring challenges that could have been prevented with early warnings.

### **Theoretical Opportunities and Future Research Questions**

Our findings lead to additional leadership questions. For example, in addition to research regarding how best to implement the nine “good leadership” behaviors, in Table 3, we highlight ten leadership questions that addressing would benefit researchers and practitioners. These questions arise from our findings and were vetted in discussions with senior leaders. Consistent with the theme of this special issue, we worked with senior leaders to check that our findings resonated with what senior leaders believe is meaningful and to gain their input about potential future questions.

Additionally, our research creates opportunities for extending theoretical perspectives. For instance, our findings may be most relevant psychological contract theory and human capital resource (HCR) theory. The role of psychological contract theory has long helped explain the relationship between employer and employee (Ho & Levesque, 2005). Psychological contract theory describes how an organizational exception should lead to increased employee appreciation, loyalty, and productivity to the organization (Rousseau, 1995). Shifting work situations, such as events that occur during substantial uncertainty, along with leader behaviors, initiate new psychological contracts that may not have been recognized and managed by the organization (Abdulsalam, Maltarich, Nyberg, Reilly, & Martin, 2021).

Likewise, changes in organizational practices and policies create changes in employees' beliefs about the psychological contract (Maltarich, Nyberg, Reilly, Abdulsalam, & Martin, 2017), leading to changing perceptions about contract violations (Rousseau & Parks, 1992). As senior business leaders revisit, abandon, or institute policies (e.g., around remote work), attention to the implications for existing psychological contracts will be needed. For example, our findings suggest

that even when value-driven communication was robust, employers faced resistance from employees about returning to work, even though this was the plan from the beginning.

Psychological contracts are informed by the social environment; hence, it is useful to rethink how such contracts may function as a direct result of senior business leaders. Similarly, as senior leaders differently navigate uncertainty (e.g., changes emanating from AI), employees' perceptions of what is owed to them as part of the working agreement will likely change and may expand to include external factors and dramatically changing boundaries.

Likewise, there are clear implications for considering the role that senior business leaders have in thinking about how aggregated human capital can be an organization-level resource (Ployhart, Nyberg, Reilly, & Maltarich, 2014) that can contribute to organization-level performance (Nyberg, et al., 2014). Recently, research has shown that converting human capital from the individual level to the organization level (HCR) requires social capital (Ray, et al. 2023a) and the role of senior leaders is likely a critical catalyst for identifying, selecting, attracting, and uniting that talent (Nyberg, et al., 2024). The importance of social capital in developing and maintaining HCR necessarily requires human interaction, and this is likely facilitated by senior business leaders. Likewise, the way senior business leaders motivate, and monitor employees and teams will likely affect the emergence of human capital to HCR and the resultant effectiveness of that HCR (Ray et al., 2023b); examining the role of senior leaders in these transformations will inform our understanding of how HCR emerges and how effective HCR can become.

### **Data Limitations**

We recognize that we suffer from four challenges that affect our ability to generalize lessons. First, the senior business leaders that we engaged were leaders who were willing to share information, and it is likely that these are leaders who generally believe that they are associated

with strong practices. Second, leaders who are thoughtful enough that they are willing to share ideas may also be leaders who are thoughtful in the workplace about the types of activities they engage. Third, even in the privacy of their own homes, and with promises of confidentiality, making videos may have restrained some from sharing egregiously negative perspectives. However, overall, we think that the lessons from these leaders are valuable and may suggest best practices more than would a truly random sample. Fourth, our sample consists entirely of senior business leaders and organizations based in North America and Western Europe. Hence, we need to be extremely careful about generalizing outside of these regions.

### **Conclusion**

Many senior business leaders remarked that seeing positive possibilities, they want to broaden lessons from the crisis to establish long-term changes. To this end, we share lessons about good and bad senior business leaders; lessons, that were highlighted during the COVID-19 crisis. Our conclusions were drawn from a unique opportunity to learn from and draw lessons about how senior business leaders in different industries, locations, working and regulatory environments responded to a crisis. However, these lessons do not appear to be isolated to crisis situations and rather the unique challenges faced during the COVID-19 crisis merely highlight and make more visible leadership lessons that likely endure beyond context. Each of these observations provides a glimpse into potential new areas of theorizing and new research possibilities, and points toward potential long-lasting changes to the employer-employee relationship. These insights culminate with the recognition that while there are many very good senior business leaders, there are many poor senior business leaders too, and poor senior business leaders can cause substantial harm to organizations, the people in them, and the societies that they reside. The good news is that the lessons that we highlight are not particularly novel or challenging, but inevitably require intention

and vigilance. This means that better leadership is possible and that we all have a responsibility to help foster better senior business leaders and to help remove those who do damage.

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<b>Poor Leadership Behavior</b>	<b>Description of Behavior</b>
Losing Top Talent	The inability to retain top talent is an indicator of poor leadership. So too, is retaining poor performing talent.
Failing to Communicate Strategy	A lack of clear and effective communication strategy, particularly during times of uncertainty, leads to poor leadership outcomes. Leaders who withhold information or communicate infrequently create environments of turmoil and unrest. Effective leadership requires transparent, empathetic communication that reassures and aligns stakeholders, including employees, customers, and the board.
Showing too much Arrogance	Arrogance in leadership can manifest as a need for control and a failure to listen, leading to poor outcomes. Leaders who believe they are the sole decision-makers often require more control, making it difficult to adapt during crises. Failing to listen or actively seek feedback can cause misalignment and communication problems throughout the organization.
Lacking of Courage	An unwillingness to make difficult decisions is a critical flaw in poor leadership. Leaders who demand excessive information or input before making decisions demonstrate a lack of courage, resulting in delayed actions and a slower organizational response compared to competitors. This behavior is particularly detrimental during times of uncertainty where decisive action is essential.

Table 1. 4 Poor Senior Leadership Behaviors

<b>Leadership Behavior</b>	<b>Description of Behavior</b>
Continuous Communication	Effective leaders prioritize continuous two-way communication, especially during crises. This approach not only prevents the spread of negative perceptions but also boosts employee engagement by showing a willingness to listen and act on feedback. Clear communication is crucial to ensure alignment and understanding across different locations and cultures.
Alignment & Consistent Messaging	Strong leadership involves establishing and maintaining alignment within the Executive Leadership Team (ELT) and ensuring consistent messaging. During crises, aligned ELTs demonstrate shared values, leading to better crisis navigation. Conversely, ELT disagreements can slow response times and send mixed messages.
Lose Bad People, Retain and Hire Great People	Quality leadership is reflected in the ability to retain high-performing employees and remove or encourage the departure of poor performers. This dynamic enhances the organization's culture and signals the leader's judgment and decision-making capabilities. Surrounding oneself with high-quality individuals and cohesive teams is a hallmark of effective leadership.
Drive Culture & Exude Values	Leaders who actively embody and promote their organization's values influence the workforce positively, affecting job satisfaction, commitment, and turnover. Values-driven leadership fosters a better match among employees, fostering a culture that attracts and retains talent, especially during uncertain times.
Engages ALL Stakeholders	Exemplary leaders recognize the importance of considering all stakeholders, not just shareholders. This broad focus helps avoid short-term cost-saving measures that harm other stakeholders and emphasizes the need for a stakeholder-centric approach in decision-making, aligning with modern stakeholder theory.
Exemplify Trust	Trust between leaders and employees is crucial, especially in remote work environments. Leaders who trust their employees to make decisions independently can enhance engagement and agility. High trust levels encourage rapid decision-making and implementation, capitalizing on benefits of decentralized control.
Aspirational	Leaders who are aspirational inspire workers by creating a clear vision of success and societal contribution. This approach aligns employee efforts towards a coordinated outcome, fostering a culture that reinforces desired attitudes, beliefs, and behaviors.
Agility	Leadership agility is key to adapting to changing circumstances and feedback. Agile leaders and organizations can quickly make decisions based on new information,
Authentic & Approachable	Modern leaders gain an advantage by being perceived as authentic and approachable, enhancing credibility and trust. This perception encourages open communication, decision-making that appears ethically based, and higher employee engagement.

**Table 2. 9 Good Senior Leadership Behaviors**

<b>Research Question</b>	<b>Description</b>
Impact of Communication Strategies	How do communication strategies of senior business leaders affect employee trust and organizational resilience. How do different communication styles resonate with different employees?
Role of Leadership Courage	How is courage perceived and received by employees? How does it exhibit itself and how is it received in times of less uncertainty?
Decision-Making and Organizational Agility	How do leaders' decision-making approaches influence organizational agility and adaptability?
Influence of Organizational Values	How do organizational values affect leadership effectiveness and the organizational decision making?
Authenticity and Employee Engagement	How does leadership authenticity and approachability affect employee engagement and productivity, trust and loyalty?
Leadership and Talent Retention	How do leadership behaviors affect top talent retention? How does the management of low or bad performers affect top talent?
Crisis Management Strategies	How do crisis management strategies affect long-term organizational performance and employee well-being?
Stakeholder Prioritization Impact	How does stakeholder prioritization affect organizational sustainability and stakeholder trust?
Balancing Decision-Making and Risks	How should leaders balance the need for rapid decision-making with the risks of acting on insufficient information?
Supporting Leadership Development	What mechanisms should organizations use to best support leaders in developing the skills necessary to navigate future crises?

**Table 3. 10 Senior Business Leader Research Questions Emanating from the Results Uncovered in this Study along with Conversations with Senior Business Leaders**