Leadership in situations of uncertainty

-a guideline for the leader

Bachelor thesis

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Abstract

Leadership is constantly of focus when discussing problems of all sorts. Throughout this study we assume that leadership is somewhat shaped after situation. Today the world is suffering from a global financial crisis, which has created a national uncertainty. We found it interesting to investigate the effects of external circumstances on leadership. We discuss possible guidelines for a leader to use when in situations of uncertainty such as in the current time. We decided to pose the following question; *what is to be reckoned with when developing a model that may be of use as a guideline when leading in uncertain times?*

This is a study of a specific office of a Swedish bank, situated in Gothenburg. Through interviews performed both personally and through telephone and with the help of e-mail correspondence we have investigated the conducted leadership in the office. We found that both external circumstances and personality traits of the leader have impacts on the employees of this study, and hence the conducted leadership. To understand the general view of these findings we have established a model, which we also used as an over-view of the studied office.

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1. Introduction

In this chapter we explain why we have chosen this particular subject to investigate. We will present the purpose and the main issue on which we base this study. The delimitations of the study will also be presented.

The current global financial crisis began in the United States of America, but has had effects of all sorts on numerous instances worldwide. Sweden has suffered on a national level of this crisis due the affects primarily on the export industry causing numerous people to lose their employments. This in turn has had consequences on other instances nationwide. The bank sector has been particularly exposed to the financial crisis worldwide and the Swedish banks are no exceptions. However, Swedish banks have managed the financial global crisis fairly well due to more cautions being taken when granting loans in comparison to the United States of America. As a consequence they have not been exposed directly to those financial products causing the problem. The years before the crisis were profitable for Swedish banks and due to this they had a considerable buffer to help overcome crucial times (Öberg, 2009)[1].

The employees of the banks suddenly found themselves working in an environment that is drastically changing by the day due to the crisis. These changes caused an uncertainty, which may have lead to a feeling of insecurity of the employees. We consider it fair to claim that hardly any employee can feel certain that he or she has an employment to return to the next day when times that are changing this drastically.

When an employee feels uncertain, he or she may develop an increased need of support from the closest leader. We therefore find it interesting to study leadership and investigate how a leader in a bank affected by the crisis may act. Does the leadership differ from times of more stable conditions?

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[1] http://www.bis.org/review/r090128d.pdf (2010-01-15)

1.1 Purpose

The purpose of this thesis is to investigate the leadership conducted in times of uncertainty. Our intention is to establish a model that may be of use as a guideline for a leader when leading in uncertain situations.

1.1.1 Issues

In order to respond to the purpose of this study, we have posed the following question:

- *What is to be reckoned with when developing a model that may be of use as a guideline for a leader when leading in uncertain times?*

1.2 Delimitations

We have chosen to investigate the impact the current uncertain times have on a specific Swedish bank. The focus of this study lies on the leadership conducted in a specific department situated in Gothenburg, Sweden. We have studied the leader of the department and some selected employees.

2. Theoretical framework

In this chapter we explain the theories of leadership selected for the study. The chapter begins with theories about leadership, organizations and the environment. The employees' role in leadership is discussed, and we also study the impact of the situation. Finally, a summary is formulated.

2.1 Leadership and the organization

The definition of leadership is not fixed, but stated in many different ways. To exemplify, two quite different definitions are established when leadership as a concept is discussed by Jackson and Parry. First, a definition stated by Stodgill in 1974 explains the concept of leadership fairly well. He claims "*Leadership is the process of influencing the activities of an organized group in its effort toward goal setting and goal achievement*"(Jackson & Parry, 2008, p 12-13). Worth emphasizing in this definition is that leadership is an interpersonal process between a person and a group; you cannot have leaders without followers. Secondly, a more colorful definition quite different from the one stated above is mentioned in Jackson and Parry's book and promulgated by Peters and Austin (1985) as: "*Leadership means vision, cheerleading, enthusiasm, love, trust, verve, passion, obsession, consistency, the use of symbols, and a numerous of other things… Leadership must be presented at all levels in the organization. It depends on a million little things done with obsession, consistency and care, but all those million little things add up to nothing if the trust, vision and basic belief are not there*" (Jackson & Parry, 208, p 13). An important issue to consider when discussing leadership is that the most effective leaders achieve a balance between concern for people, and concern for production. Further explained, a balance needs to be upheld between the double challenges of getting the job done, and looking after the welfare of the employees (Jackson & Parry, 2008, p 25).

2.1.1 Preferable characteristics for a leader

Leadership has been linked to certain personality traits in leaders, factors as conscientiousness, agreeableness, extraversion, and emotional stability (Jackson & Parry, 2008, p 35). Further characteristics for a leader are according to Yukl to be able to tolerate stress, possess self -confidence, be responsible for own actions, engage the

subordinates, and be able to plan for the future and to possess integrity, experience and knowledge. It is important to notice that the links between demonstration of leadership and personality traits have always been modest, even though research has been made that has shown a significant connection between leadership and personality traits. (Yukl, 2002, p 185-192).

2.1.2 The environment and the organization

Organizations are dependent on the environment in order to survive. This dependence is demonstrated in the relationship between the organization and other organizations. Interdependencies between organizations are essential in order to reduce uncertainty in the relationship. If one organization is more dependent of another organization, the other organization has the most power. This unequal power division creates uncertainty in the organization that is in a disadvantageous position. Pfeffer and Salancik claims that it is the fact of the organization's dependence on the environment that makes the external control of organizational behavior possible. The authors also claim that an organization can ease this dependence by critically measure the ability to survive without the resource that can only be available with the help of other organizations (Pfeffer & Salancik, 1978, p 39-61).

More or less all large organizations could be divided into four major subsystems that cooperate in order to run the organization. The organization should never be seen as a closed system; external effects such as laws or conjuncture influence and affect the organization just as well as internal changes. A change or an affect to either one of the subsystems affects in turn the whole organization. When all four subsystems function healthy and effectively the whole organization runs efficiently (Hersey & Blanchard 1982. p 6-7).

2.1.3 Behavioral analysis

In order to lead, it is important to know the behavior and to understand the past actions of the ones you are leading. By understanding the past actions, the leader is more able to forecast how his followers will behave in the future in similar situations. This understanding helps the leader to better respond to the behavior of his or her followers.

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It is important for the leader to have the ability to direct the behavior of his or her followers in the desirable direction. Moreover, it is often required to modify and change the behavior of the employees so that it better suits the organizational model. During the process of changing the behavior, it is sometimes crucial to impact the behavior in order to move in the requested direction. Managers always need to bear in mind that the predictions of the future behavior will never be 100 % precise so they should always meet situations somewhat flexible (Hersey & Blanchard, 1982, p 9-10).

2.1.4 Organizational motivation and Maslow's hierarchy of needs

Trying to understand the past of someone includes learning what motivates him or her and to what degree these factors motivate. Motivation is by definition "*the energizer of behavior and mother of all action*" (www.businessdictionary.com)[2]. Motivation, or to say the desire to work is stimulated both by internal and external factors. These are factors such as need, reward and value of accomplishing the goals and the expectations of him- or her-self (Ibid.). A personal motive or a need is satisfied after strength; the stronger the need the more activity is necessary to satisfy the need. To help explain different needs and their strengths the Maslow pyramid is used. Maslow claims there is a strict hierarchy of personal needs. First the more basic needs such as the ones of psychological nature (hunger, thirst and sleep), safety (security of the family, employment and oneself) and love/belonging (friendship and family) needs to be fulfilled. Only once they have been satisfied the higher and more complex needs of esteem (respect, self-esteem and confidence) and self-actualization (morality, creativity and problem solving) can be reached (Maslow, 1943, p 370-384). When satisfied, the need no longer motivates the behavior, instead one move upward in the pyramid to fulfill further needs. However, motives need to be continuously satisfied for the pyramid to be stable, and are therefore always changing in strength (Hersey & Blanchard, 1982, p 15-16).

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[2] http://www.businessdictionary.com/definition/motivation.html (2009-10-02)

2.3 The follower's role in leadership

There is a well-worn saying that "we get the leaders we deserve" (Jackson & Parry, 2008, p 60). This is a statement that encourages everybody involved to take an interest in, and play an active role in producing the most preferable form of leadership possible. The follower-centered perspective on leadership is important because it helps us to "reverse the lens" and encourages the followers not only to study the leadership of the leader, but also to study themselves and their part in the leadership practiced (Jackson & Parry, 2008, p 60). The way the leader is accepted by the follower could be explained by a special case of the social identity theory.

2.3.1 Social identity theory

In this particular study we interpret the social identity theory to be a theory that emphasizes the process in which the followers choose to accept their own leader.

The way social identity theory is constructed, the study of leadership begins with the group and not the leader. It proposes that the extent to which a particular group accepts a leader will depend on how "prototypical" he or she is to that group (Jackson & Parry, 2008, p 52). The definition of prototypical used is: "*someone or something that serves to illustrate the typical qualities of a class or a model*" (http://dictionary.reference.com).[3] The theory is based on the popular saying that "like attracts like". However, instead of the leader being attracted to a follower, the social identity theory claims that the followers accept their leader. Acceptance is made due to the resemblance between the leader and the followers. The word resemblance in the previous sentence is referred to how closely the leader represents the group's characteristics as well as its aspirations, values and norms (Jackson & Parry, 2008, p 52).

2.4 Leadership and change

The environment around an organization lays a constant pressure on a leader to further develop his or her skills in order to handle uncertain situations. Self-awareness and

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[3] http://dictionary.reference.com/browse/prototypical (2010-01-06)

maturity within oneself are required from the leader, skills that are very visible in success as well as in failure (Lind Nilsson, 2001, p 14).

In an environment as changing as the one we are living in today, the world outside the company is a very important factor that decides how the leadership can, and should be conducted. It is the individual ability to accept change coming from outside, as well as the capacity within the organization given to the leader that decides the possible outcome of his or her actions. That is, without the freedom of action within an organization, the capacity of the leader to accept change will not matter (Lind Nilsson, 2001, p 15).

As a leader and a human being, heritage, childhood surroundings, other people and the environment shape one's actions. All these factors together affect one's ability to lead and learn, and frame ones actions. The person herself is the one responsible for her own behavior, and everything she does, she does from her own interpretations of what is important to her as an individual. Hence, a person chooses her own actions, but within the frame interpreted by managers and employees, the organizational conditions and by the surroundings (Starrin & Svensson, 1994, p 75).

2.4.1 Leading in uncertain times

Leading an organization is a balancing act between pursuing the intentions and organizational goals and caring for the best interest of the personnel. Not rarely, the organizational goals include a change in the way things are performed in a company, which in turn affect the personnel who has to make a change in habits. For this reason, it is in the leader's role to be able to handle crisis in a human way, a way that involves self-knowledge and knowledge about human reactions (Lind Nilsson, 2001, p 30).
The role of a leader in uncertain situations is to meet the persons where they are, in their own turf. It is also important for the person in a leading role to handle the situation of crisis personally, to be able to provide support to those in need. To be able to do this, empathy is required (Lind Nilsson, 2001, p 30).

2.4.2 Empathy

Essential for the leaders ability to respond to his or her employees' way of dealing with change, is the leaders basic vision of how a person is supposed to react in the situation in question. If preparation is made beforehand (that is, if the leader has experience from earlier crises), it is easier to acknowledge and understand the possible areas where uncertainty may arise. This will enable for the leader to find the people involved and early on find a way to cope with the employees' reactions (Lind Nilsson, 2001, p 12).

Empathy is defined as the power of projecting one's personality into (and so fully comprehending) the object of contemplation and includes social skills, interest and understanding of another human (http://dictionary.oed.com)[4]. Most importantly, empathy includes not only verbal skills, but also the message transmitted by body language as well as movements of the eyes and the sound and the tone of the voice (Lind Nilsson, 2001, p 12).

2.5 Situational leadership

Supporters of the theory of a situational leadership argue that there is no "best" method of leadership. Instead it is a question about the most successful style for every situation (Hersey & Blanchard 1982 p 94).

2.5.1 Description of situational leadership

The theory of situational leadership discusses the follower, and his or her maturity as a moderator of the leadership. Basically, this theory claims that the leadership needs to be adapted depending on two different leader behaviors, and on four different stages of maturity of the follower (Hersey & Blanchard, 1972, p 50). The following grid is used as a survey to explain the theory.

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[4]

http://dictionary.oed.com.ezproxy.ub.gu.se/cgi/entry/50074152?single=1&query_type=word&queryword=empathy&first=1&max_to_show=10 (2009-10-20)

The arrow in the square demonstrates how situational leadership starts where the follower is immature, but grows towards a more relationship bound leadership as the maturity of the follower grows higher. Finally, the leadership reaches a state where the follower is completely independent.
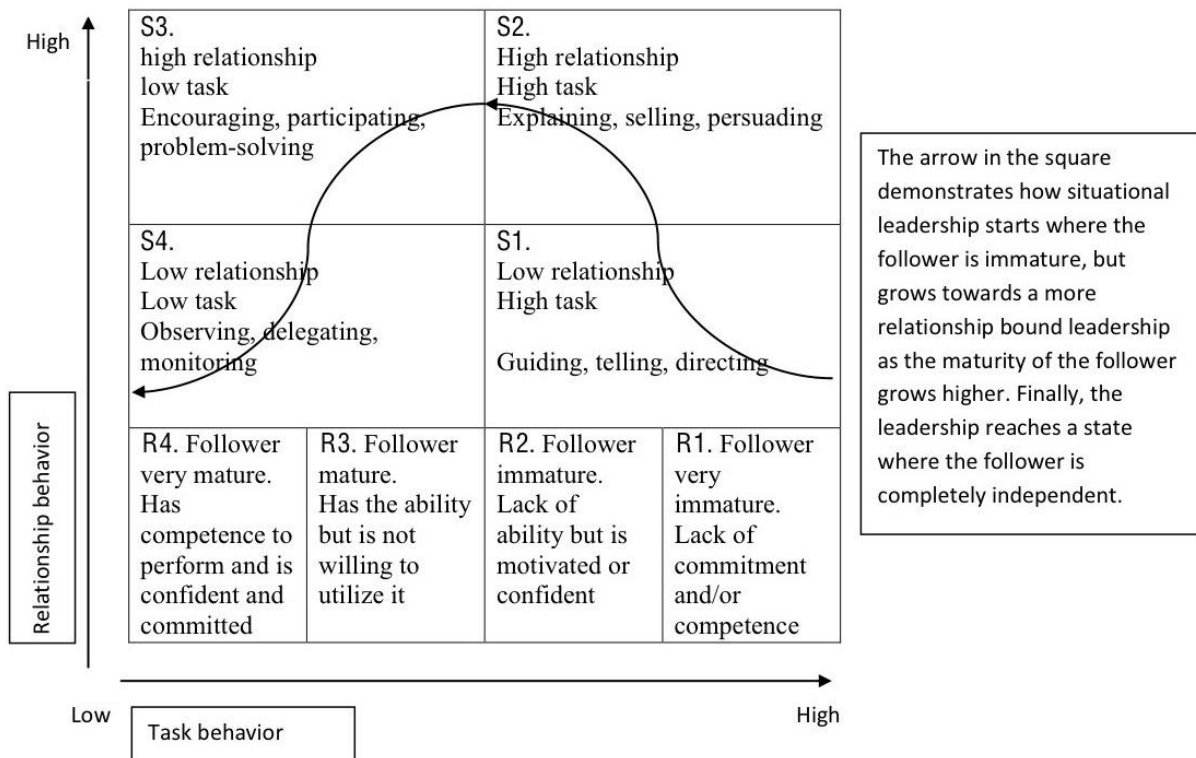
Figure 1. Model processed from Hersey and Blanchard´s theory of situational leadership

(1972, p 50)

The two behaviors of the leader are task management and relationship management. Both behaviors are measured on a scale from low to high. A leader who conducts leadership oriented towards task management lays main focus on explaining how, where and when tasks are to be completed. A leader with relationship management orientation on the other hand focuses on creating strong relationships and trust between the manager and the subordinates so that less instruction for performing the tasks is needed (Hersey & Blanchard, 1972, p 82-83). Managers utilize combinations of these two leadership styles depending on the situation. Effective or ineffective leadership style is a question of how well the leadership style fits with the given situation. However, it is not sufficient to only consider situation and style of leadership when measuring how effective a leadership style is. One should also consider the organizational environment the manager acts in. *High task and low relationship* (S1) may be use when an employee is new to the office. First clear instructions are needed to guide the subordinate in his or her future work task. *High task and high relationship* (S2)

may be used after some time, when the leader knows that his or her new employee is able to do the job alone but feels insecure. In this style it is important for the leader to reassure the employee of his or her ability. *High relationship and low task* (S3) is used by the leader when an employee has the ability needed, but does not show willingness to work. The leadership style in this square is demonstrated by a great deal of encouragement from the leader, and the leader should also participate in the work with the employee in order to increase his or her willingness to work. *Low relationship and low task* (S4) may be used when the leader knows that an employee is able to do a specific task and will do it in the best possible manner (Hersey & Blanchard, 1982, p 96-99).

To determine the maturity of the follower, Hersey & Blanchard refers to Chris Argyris´s Immaturity- Maturity Theory when stating that the maturity is determined by the ability and the motivation of the follower. Characteristics such as activeness, deeper and stronger interests, long-term perspective, awareness and control over self, and independence are said to increase the maturity. Characteristics that indicate immaturity are the opposite; passiveness, shallow interests, short-term perspective, lack of awareness of self and dependence. If a leader has a follower who is very immature (R1), the leader should most commonly take on a "telling style" of leadership (S1) in which he or she directly tells the followers what needs to be done, and how they should do it. In this "telling style" (S1), the leader takes no interest in his or her follower as a person. As a follower become more capable and more motivated (R2), the leadership should be conducted more as a "selling style" (S2), in which the leader will be able to keep the task pressure high, but can also begin to develop a good relationship with the employee. In the next stage of the theory, the maturity of the follower grows into higher motivation and higher self-esteem (R3). This means that the leader should take on a "supporting style" (S3), and by this devote his or her attention to relationship-building activities as a consequence to the follower's ability of taking proper initiatives. In the final stage, the follower has reached full maturity (R4), and the leader can take on a "delegating leadership style" (S4) (Hersey & Blanchard, 1972, p 50).

2.5.2 Consistent leadership in situations of uncertainty

In situational leadership, having a consistent leadership style means that the manager needs to consider every situation to see what leadership style is the most appropriate behavior for each situation. Consistent leadership means similar actions in situations of same kind in the future. It is easy to understand when thinking of parenting; a child needs different styles of parenting depending on the situation. When the child obey the parent, it is important for the parent to acknowledge this and reward and praise the child so that he or she will remember to obey in the future. Rewarding and praising the child when doing something bad will send mixed signals to the child, telling him or her that this bad behavior is in fact not as bad (Hersey & Blanchard, 1982, p 100).

2.5.3 Criticisms directed towards the situational leadership theory

The situational leadership theory is widely utilized, but it has shortcomings because of its limited empirical support (Papworth, Milne & Boak, 2008, p 593). Papworth, Milne and Boak also refer to Goodson et al. (1989) when claiming that additional research has offered mixed support. Goodson et al has studied a sample of retail chain employees and found that the S2 and S3 styles have resulted in the greatest level of follower satisfaction, regardless of the readiness level of the follower. The basic criticism of the theory is that the studies have little to do with the combination of the leader's behavior and the follower's maturity stage. Various studies confirm parts of the theory, but not the integrated combination of all factors involved. Furthermore, some studies have indicated that the model may have value for low- maturity individuals where the "telling style"(S1) is advocated. Other studies have, contradictorily, suggested that the S1, S2 and S3 leadership styles are generally more preferable (Papworth, Milne & Boak, 2008, p 593-595).

Yukl states in his article "Managerial Leadership: A Review of Theory and Research" that it is evident that the leader behavior is strongly influenced by the situation, but he also claims that the theory of situational leadership needs further development. The weakness found by Yukl in the theory is that it is too simplified when the only consideration taken concerning the follower is the degree of maturity and skill for the

specific task. He also states that the different styles of leadership are too stretched from each other, and that there exist combinations of the different styles (Yukl, 1989, p 262).

2.6 Summary of the theories

Firstly, general theories about organizations and the environment were studied in order to create a greater understanding of the concept of leadership. According to the theories, an organization should be seen as an entity consisting of smaller subsystems that are closely linked together. We interpret this to imply that the organization is dynamic. A change in one subsystem may in turn affect another subsystem or even the whole organization. Disturbance is due to both internal and external events. The environment is said to strongly affect the organization and the effects are demonstrated in interdependencies between different organizations.

Secondly, some preferable skills and characteristics of a leader have been recognized trough the findings of the existing links between leadership and certain personality traits. According to Jackson and Parry, traits such as consciousness, emotional stability and empathy are preferable. Yukl completes this statement by adding characteristics like knowledge of self and integrity among others. Thereafter we used the interpretation of the social identity theory to describe how the leader gain acceptance from the followers. The leader gain acceptances by possessing preferred personality traits and by making his or her beliefs reflect the beliefs of the group. Studies made by Lind Nilsson and Starrin and Svensson confirm the earlier stated fact that personality factors such as self- maturity and self- confidence are preferable in a leader. Starrin and Svensson further state that their surroundings and the outside environment shape all people. When this environment is changing, it is favorable to be in a confident state of mind.

When discussing leadership in this study, the followers´ needs have been taken into consideration by studying the theory about the hierarchy of needs developed by Maslow. An environment that is colored by uncertainty also affects the organization, which in turn has an effect on the employees.

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It is important for the leader to handle a situation of uncertainty with empathy in order to calm the employees. The uncertainty has raised a new situation that needs to be taken under consideration when performing the daily organizational tasks. Of the literature studied, Hersey and Blanchard's theory of situational leadership best explains the leader's need to adapt the leadership after each particular situation and employee. For this reason, we will further base the study on their theory. Their general theory about situational leadership is designed by the belief that leadership and the follower's maturity could be divided in to four categories, which are combined in to different leadership styles. The categorizing of the maturity degree is made by determining the follower's motivation to perform the tasks and by recognizing characteristics of the follower. Certain characteristics are said to indicate the different categories of maturity. The four leadership styles are categorized depending on internal situation. Figure 1 is used to explain the theory and will further be used as a base for the analysis when identifying what it is to be reckoned with when establishing a guideline for leadership in uncertain times.

3. Implementation of the study

In this chapter we will explain and justify the approach to meet our final goal. We will also present the method for the gathering of data for the study, and we will discuss issues such as operationalization, ethical aspects, and quality issues of this study.

3.1 Selection of research approach

The purpose of this thesis was to investigate the leadership conducted in times of uncertainty. We believe that a qualitative method is preferable for this study, and have therefore chosen to perform interviews in order to gain greater understanding of the area. To be able to understand the leadership, we interviewed six employees and *the leader*[5] of a specific bank office. The interviews held were a mix between in-person interviews, telephone interviews and correspondence over email.

3.2 Choice of interviewees and interview characteristics

The bank sector has been particularly exposed during the current financial crisis and we found it therefore interesting to study a national bank office. To narrow the study down we chose an office in Gothenburg, Sweden to study. Our first contact at the bank was *the leader,* and through him we got in contact with the others interviewees. The employees are chosen to represent the entire office. They differ in age, employment within the bank and relationship with the chosen leader. They all have *the leader* as their closest supervisor.

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[5] Italicized to indicate that it regards the leader of the office and not a leader in general.

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In the chart below all the interviewees are presented.

	Gender	Education	Position within the bank	Prior experience in banking	Type of Interview
The leader	M	University	Leader of the department	Yes, almost 30 years	In person
Interviewee A	M	University	Manager	Yes, almost 20 years	In person
Interviewee B	F	High School	Manager	Yes, more than 20 years	Telephone + email
Interviewee C	M	University	Custom manager	Yes, more than 30 years	Telephone
Interviewee D	M	University	Custom manager	Yes, numerous years	Telephone + email
Interviewee E	F	High School	Custom manager	Yes, numerous years	Telephone + email
Interviewee F	M	University	Custom manager	Yes, more than 30 years	Telephone + email

Chart 1. Presentation of the interviewees

An important issue in reference to the interviews is that they were performed in a way where the questions were proposed openly, and the interviewees understood that there were no correct or wrong answers. It was of paramount interest that we requested the interviewees' honest replies and had no expectations of their response, but would analyze the situation such as found. As a basis for the interviews, we concentrated on the explanation made by Kvale (1997, p 9), which calls an interview a professional conversation with a clear structure and a marked goal towards which the interview is led. With a qualitative method chosen as a basis of this thesis, we decided to realize the questions through the interviews as openly as possible. We had also the intention to merely guide the interviewees through the questions and leave as much space as possible to a chance of spontaneity of the questioned person. This way we felt that we would get as much out of the interviews as we possibly could, but still perform it within the frames of the professional conversation that Kvale explains. Unfortunately, with these questions answered through email we had not the same opportunity to guide the interviewees.

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3.3 Realization

We first contacted *the leader* trough telephone to introduce ourselves and decide date for the interviews. This conversation enabled us to tell him more about our study and why we would be interested in interviewing him. Further, we agreed to send him the questions beforehand in order to give the interviewees a possibility to prepare themselves.

The two main interviews were performed in Gothenburg on the 27th of October 2009. First we interviewed *the leader* and directly after we interviewed *interviewee A.* The interviews were held at their office in a conference room, where we were able to record the interviews. Only one interviewee at a time and us two authors were present in the room as the interviews were performed in order to hold an open and honest conversation.

During the interviews we shared the responsibility of asking relevant follow-up questions as the interview proceeded, whereas one had the major responsibility of making sure we received answers on all of the questions and the other one had the major responsibility of taking notes.

When performing a research study it is always an advantage to have knowledge in the studied area (Patel & Davidson, 2003, p 79). For that reason we studied literature (also used in the theory chapter and when designing the questions) about leadership, banking, crises in general, and more specific facts about the latest financial crisis to better be prepared for the interview and issues outside the question frame that might be discussed. We believe this helped us to create a fluent conversation.

Directly after having completed the interviews we summarized our observations and transcribed the outcome of the interviews. To gain perspective, we waited a few days to summarize the interviews, in order to better find what was of importance for our study. By this we believe our observations better reflects the reality

After the two interviews performed in person, we felt that the information received was somewhat misleading due to the very close relationship *the leader* shares with *interviewee A.* We therefore asked for a few more interviews with other employees at the office. One of these interviews was performed through telephone. Due to shortage of time concerning the remaining four interviewees we held a correspondence over email in order to receive their answers to our questions. However, we first spoke with them over the telephone so that we could introduce ourselves and the purpose of our study.

3.4 Designing the questions and operationalization

To initiate an interview it is preferable to begin with some relaxed questions, for example about the interviewees' background and how they attained the position they possess today (Patel & Davidson, 2003, p 74). The first three questions were therefore more of a general nature about the interviewees´ background and general views on leadership. After the first part has been completed and the interviewees are comfortable it is time to move on to the core of the interview and the more specific questions (Patel & Davidson, 2003, p 74). The last five questions were of a more specific nature about leadership conducted in crises. We tried to keep the questions short and fairly open so that the interviewees could interpret freely and talk from their own experiences instead of only give short replies. As much as possible we eliminated questions that where guiding, contradictory and negative. The two complete sheets of questions are provided in appendix one and two.

The result of this study depends on the statements of each interviewee. Our ambition was therefore to encourage the interviewees to talk freely from their own experiences. Similar questions were asked to *the leader* and the employees in an effort to obtain a greater understanding about the situation. Leadership is very abstract and is therefore hard to measure only by asking questions. Moreover the concept of leadership also has different meanings for different individuals. Early in the interview we therefore discussed the interviewee's own understanding of leadership in general. With a stated definition of leadership, we continued the interview and used this as a basis for the rest of the questions. Also, we put much effort in observing *the leader* and the people around him when receiving a tour through the office. This way we were able to sense a certain popularity of *the leader* and obtain a feeling of how the daily work was performed.

3.5 Ethical aspects

It was of great importance for us that the interviewees were well aware of our purpose. For this reason we began the interviews with a brief presentation of ourselves and the purpose of the study. Doing this the interviewees could better understand why they were chosen for the interview and we could also assure them of anonymity. We consider this to have helped motivate the interviewees to participate in the study. Moreover, we wanted to enhance the correctness of the result by minimizing the interviewees´ concern of having to reply in a certain way (Patel & Davidson, 2003, p 61; Ejvegård 2009, p 53). In line with Patel's and Davidson's suggestion we performed a pilot study before the interview with people who work within the bank sector but at different banks and offices (Patel & Davidson, 2003, p 58). Three people read the questions and gave feedback on what the interviewees may perceive as offending, or simply in another way than intended. All of their opinions and feedback were taken into consideration when making the final modification of the questions. The pilot study, we consider to have helped enhance the overall quality of the questions and the interviews since it eliminated potential misunderstandings beforehand.

3.6 Quality issues

Revising a case study for its quality is not merely a question about reliability and validity. These two concepts melt together and are difficult to distinguish from each other in references to qualitative studies (Patel & Davidson 2003, p 103). It is in our intention to hold the overall quality high in all parts of the research. To achieve high dependability, we have carefully recorded all phases of our process for the interested to see and further follow if interested in doing a similar study (Bryman & Bell, 2003, p 289; Patel & Davidson, 2003, p 106). We have also attached all the questions that we based the interviews on. During the interviews we used a recorder so that we could focus better on what and how the interviewees responded to the questions and by this raise the credibility of the study (Bryman & Bell, 2003, p 289). The recordings made it possible for us to listen to the interviews numerous times, so that the final summary of the result lies in accordance with the truth. Since we performed the interviews in Swedish, we are aware of the possibility of a smaller information loss when transcribing the interviews and translating them into English (Patel & Davidson 2003, p 104).

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All individuals are shaped by their upbringing, education and life experience (Merriam, 1994 p 178), and in the same way the two of us are also shaped by our lives. The conformability of a study increases when the researcher is less affected by personal values when analyzing and/or searching for and gathering information (Bryman & Bell, 2003, p 289). During the interviews we therefore strived to stay open-minded in the sense that we mostly let the interviewees tell their story from their own experiences. Since the two of us have less experience of leadership and of working during large crises, we tried not to take everything they told us for granted but instead have a rather critical attitude towards the given information when revising and analyzing the data. In order to analyze the data we created a structure of the theory (see chapter 2.6), which we later used as a base in the analysis chapter.

It is also important to take into consideration the fact that the only interviewees that we have met in person were *the leader* and *interviewee A*. We are aware of that e-mailing the questions beforehand to both of them may have had impact on their answers, and we understand that there is a possibility that *the leader* and *interviewee A* may have discussed the questions before the interviews. We are also fully aware of the fact that we may have interpreted the answers received trough e-mail slightly differently from the answers received in person. When receiving answers through e-mail, it is difficult to translate the feelings and true thoughts of the interviewee.

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4. Presentation of empirical findings

In the following section the result of the study is presented. Information was gathered from two interviews made in person, each one hour long, and from one interview over the telephone. In addition we held email correspondences with four interviewees in order to receive answers to our questions. Observations in and around the office were made through a tour of the office. We observed the organizational atmosphere, for example in the lunchroom as well as in the office landscape.

4.1 The office – department of large corporate business

The department of choice for this study is a relatively new department, which was started in 2003. It is situated in Gothenburg, Sweden and deals with large corporate business. Working at the office are a leader, two managers, twelve customer managers, a number of assistant customer managers and six customer supports. All employees at the office have prior experience in banking, but in different areas. Several of the customer managers are appointed from leading positions within the bank but from different offices. The main work tasks of the customer managers are to find and meet new clients and increase the value and relationship with existing clients. The assistant customer managers provide analytical material to the customer manager before meetings and negotiations with the clients. Each assistant manager supports two customer managers.

When the department was created in 2003 they built an office to house the department. The office uses an open plan structure with landscapes. Both *the leader* and all the employees take part in this open plan structure.

4.2 Findings from the interviews

4.2.1 Reflections about crises

All interviewees except *interviewee E* worked through the previous financial crisis that Sweden suffered from in the early 1990's. They all claimed that they could see a difference in the leadership performed during the previous crisis and the current one. A great deal of that difference lies in a deeper understanding and composure now

compared to before. The leaders within the bank were said to have been better prepared for what was to come and were also firmer in believing that this crisis will also pass, just as the previous one. It was mentioned that in times of uncertainty it possible to see how the focus of the whole organization shifts, and consequently the focus of all the closest leaders and departments. *Interviewee B* among others brought up positive outcomes of a crisis and referred to it as "a possibility to learn". Also mentioned were the need for minuscule control over every task, and the need of accepting the fact that good business may become bad business.

The leader's most important experience that he has brought from earlier crises is the understanding of the relationship between the outside world and the bank. The interviewees believe that they are still suffering from the crisis, and from their point of view they are still acting in times of financial uncertainty. But it was also mentioned by *interviewee C* that there is a belief that the worst part has already passed. However, focus maintains to be laid on the creation of strong relationships with the existing clients in order to increase customer value and prevent a possible loss of clients.

4.2.2 The perceived personality traits of *the leader* and the conducted leadership

The leader uses words like entrepreneurial spirit, optimism and positivity when asked to describe his personality traits. These are the main qualities he believes to have helped him to attain the role he possesses and to become the leader he is today. *Interviewee A* used similar descriptions of *the leader*, and *interviewee D, E and F* verified this and added openness and a great deal of social skill. *Interviewee B* mainly described *the leader* as a person who puts a lot of focus on the business and the clients, a statement that was confirmed by *interviewee C*. Furthermore it was mentioned by a number of the interviewees that *the leader* sends out much energy to the employees and by this motivates them to take proper initiatives and create better business opportunities. He was also described as *"a man of emotions"* and it is well known in the office that he can react very quickly and strongly to different happenings and never hesitate to show if he feels something to be good or bad. Given that they have worked together for a long time, *interviewee A* claims that he is the first one in the office to detect when something is

troubling *the leader.* When this happens he tries to solve the situation by finding something that triggers *the leader's* motivation and hence the ability to move forward.

Interviewee A´s statement demonstrates the openness in the leader's style of leadership where he claims that there are times when he himself and *the leader* have gotten into loud and harsh arguments. He also reckons that the two of them complement each other very well professionally, and as a consequence they have been able to build a strong collaboration over the years.

When observing *the leader* during the interview, we perceived him to be a very dynamic person with a vast deal of self-knowledge and self-confidence. He describes his leadership as very open and honest and he claims to lead preferably by setting examples. *The leader* refers to the leader-role as being more of a supportive character rather than an authority. The leadership conducted is seen both by *the leader* himself and the other interviewees as a trusting relationship. This is partly due to the fact that *the leader* continuously strives to hold an open and direct dialogue with the employees. As an example he described how he handled the situation when meeting concern from his followers of the possibility of losing their jobs. Upon asked, he claims that he was always honest, saying that for now no one has to go but in the future it might become an issue. Fortunately the office has still not had to discharge anyone due to the financial crisis. *The leader* considers his honesty to be an advantage because he can with this trait involve his followers in the daily operations and calm them in times of uncertainty.

Interviewee A sees the leadership as an inspiring process, where *the leader's* eminent self-confidence inspires and motivates him and the whole organization. According to *interviewee A,* the organization as well as individuals stands stronger with great self-confidence. Having this personal trait, an independence arise that will help facilitate decision taking and strategy setting. *Interviewee A* also described the leadership conducted as open and direct, similar to how *the leader* himself described it.

4.2.3 The employees and collaboration within the office

All the customer managers are appointed from other higher positions within the bank, and have therefore extensive prior experience and knowledge in banking. Many of them have had engagements as office managers and are therefore used to structuring their own workload and to be in charge over others. *The leader* openly titles the customer managers *"his divas",* and states that they are hard to manage and lead at times.

Descriptions like an open atmosphere, and close internal collaborations are used to describe the office. Further, *interviewee C, D, E* and *F* all confirm that the office climate inspires engagement and the taking of proper initiatives. All the interviewees believe that the relationships at the office have gotten closer due to the open plan structure. When receiving a tour of the office, we reflected on how the employees collaborated openly within the office.

When asked to describe their main personality traits and tribute to the office *interviewee A* claims that he is a team player who is very result orientated. *Interviewee B* claims that she has a lot of energy, is positive and shares her knowledge. She is also very enterprising, proven by the fact that she designed herself manager. As the department expanded a need for a manager over the customer support group was created when the leader no longer could manage them all. *Interviewee B* could not see anyone but herself to better suit for the position and therefore designated herself manger. *Interviewee C* mentions that he has great knowledge due to many years of working in banking. *Interviewee D* says that he is driven by will and engagement to the work. *Interviewee E* mentions that she is caring and outgoing. *Interviewee F* claims that he is very loyal, creative and independent. Common for *interviewee C, D* and *E* is that they all believe themselves to have a great deal of social skill. General for all are that they possess a good deal of social skills and are very independent according to their statements. They also claim to be very comfortable with the presumption of them constantly searching for challenges and improving their work situation.

4.2.4 Changes in the leadership due to the recent crisis

The most recent financial crisis have had a great impact on numerous of the clients; effects such as struggling to stay running, but also as a loss of trust in the financial system. This loss has to be regained by the bank through the customer managers. Given that *the leader* claims that he leads by setting the example, he often accompanied the customer managers to meetings with the concerned clients. He believed this to be a smart move in order to calm the clients and assure the customer managers that they had his support when negotiating. This is a reflection that *interviewee A* and *C* shares.

The bank, the office and its employees have felt an increased uncertainty due to the financial crisis. At certain times the general concern was so high that every coffee break was spent discussing and speculating about what might come. To meet the growing concern *the leader* saw opportunities to have spontaneous meetings while on a coffee break to inform everyone about the current status and to hopefully settle the concern. Besides these spontaneous meetings they have more structured meetings every other week. Both *the leader* and *interviewee A* state that there are no issues too small or too big to discuss.

The most recent crisis impacted on *interviewee A* to the extent of having difficulties sleeping. At this moment he claims to have needed a greater personal support from *the leader*. *The leader* answered this request of a change in the leadership by calling in extra personnel meetings. During these meetings all sorts of concerns where brought up to discussion, both professional and personal issues. *Interviewee E* and *F* also stated that they felt a greater need of support from *the leader* and wished for firmer rules and regulations during this time of uncertainty.

The leader believes that the financial crisis and the uncertainty have helped strengthen the overall relationships within the office. During times of uncertainty, decisions need to be firm and have to be taken rapidly. In order to succeed to do this, new groups have to collaborate, which compel the people working in the office to build new and strong relationships with each other. The work related focus is also shifted, which results in changes of the strategy and work structure. Long-term goals are set aside on behalf of short-terms goals. Consequently, the leadership performed by *the leader* has become more focused on the relationship with the employees rather than finding new clients

stated *interviewee C*. Further he believes that this is a compelled action instead of a conscious strategy.

4.2.5 Leadership based on situation

All the employees in this study state that there should be a shift of focus in the leadership conducted in times of uncertainty. However, the employees do not share the same opinion about the leadership in this particular study. *Interviewee B* claims that in times of uncertainty it is generally more difficult to keep an open dialogue with the employees because of the risk of having to discharge staff members. She also says that situations of uncertainty increase the workload for everyone, and claims it to be difficult to look forward and easy to get trapped in negativity. She does not mention *the leader* in this statement, but judging from the statement made by her colleagues *the leader* succeeds with the challenging task of maintaining his optimism and positivism even when times are unstable.

The leader definitely believes that leadership is somewhat shaped by situation. Times like today when operating in a global financial crisis, a different approach is needed compared to when times are more stable. Focus shifts to a basis on relationships, and easing and calming the followers' concerns are important issues. Although *the leader* claims that leadership changes by situation, he states to have his foundation in an open and honest leadership, and this foundation does not change depending on situation.

4.3 Summary of the empirical findings

The studied participants all have long prior knowledge of the banking sector and throughout their careers they gathered personal experience that has contributed to their personal maturities. The department of choice is fairly new and except for *interviewee A* and *the leader* no employees knew each other when they started to work there.

The leader was described as an emotional and optimistic entrepreneur. All employees agree that the leadership is of relational art, where the employees receive much freedom of action to perform their proper tasks. Due to the uncertainty brought from the crisis, a shift of focus on tasks had to be made which in turn implemented a shift of the

leadership. Some of the interviewees claimed to have been satisfied with the conducted leadership, whereas others who got affected of the uncertainty demanded a different leadership style. *The leader* managed to see this demand and could shift his focus, but not for all cases. *The leader* strongly believes that leadership is shaped by situation, but he claims that his rock solid ground of open and honest relationship does not change due to times of uncertainty.

5. Analysis

In this chapter we will present an analysis based on the findings from the study. We will follow the structure of analysis presented in the summary of the theory. We have further developed the theory of situational leadership, and in this modified version we include an analysis of; the personality traits of the leader, the external circumstances that impact on the leadership, the maturity of the followers, and the existing leadership.

5.1 The leader and his personality traits

The leader described himself, and was described by *interviewee A, B, D* and *F*, mainly as an entrepreneur and hence very focused on creating new business. Further terms *the leader* used to describe himself were optimistic, self-confident and positive. We perceived *the leader* to have a great deal of self-knowledge, which also was confirmed by the interviews with the employees. After being in contact with *the leader* several times we were able to affirm the statement he made about being positive and optimistic. We also perceived him to be very helpful, a finding that was verified by *interviewee D* when he stated that *the leader* is very concerned about his staff members.

While researching we came across studies that implied certain characteristics a leader should possess. These were among others: self-confidence, the ability to tolerate stress, engagement and experience. A self-confident and positive leader influences and inspires his or her followers to deliver. As a follower it is easy to listen to and to be affected by a leader who is positive and optimistic. Due to *the leader*'s long experience within leading positions in the bank sector, we have no reason to question his knowledge. We take for granted that he has experience and knowledge in banking and leadership, which in accordance with the theory by Yukl, a leader should have. Being an entrepreneur implies that a person is very driven, enterprising and creates new values of new products and services (www.ne.se)[6]. *Interviewee A* described this characteristic of *the leader* by confirming *the leader'*s need of constantly being triggered and challenged. He also claims that *the leader* transfers his entrepreneurial spirit to the others. When discussing this

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entrepreneurial trait with *the leader*, we could definitely understand that his engaging way of speaking inspires the employees to challenge themselves and to have the courage to take risks. This will in turn take the organization forward. We interpret the entrepreneurial side of *the leader* to have a negative effect on those employees that are of a different nature. This negative effect could cause *the leader* to give the impression of having little sympathy and understanding for the followers who are less like him.

We could see that the interviewees perceive *the leader* in slightly various ways. This lies in accordance with Starrin and Svensson, who state that different perceptions of the personality traits come as a consequence of the individual upbringings and backgrounds. They also claim that everything a person does, she does from her own interpretations of what is important and what is not. People value different happenings from its importance, and the importance is decided from what the person was brought up to believe and value. Consequently, the employees are affected differently by the personality traits of *the leader*.

5.2 The effect of external circumstances

We consider the external circumstances like for example a financial crisis to affect the stability of the organization. The change of stability will in turn affect the subsystems, the leader, and the employees, which will in turn affect the conducted leadership. Usually, similar effects of change in the stability can be seen in the leader as well as in the follower. By way of example, when business is good both the leader and the followers become more confident, and this allows the leadership to be based on a "supportive style" or "delegating style". Negative effects can occur in different ways due to uncertain times in the economy. The present-time global financial crisis has affected the bank sector by creating a vast uncertainty for those who work within this sector.

We believe that the pyramid of Maslow is to be reckoned with in situations of uncertainty. The Maslow theory demonstrates that the change in the needs of the followers due to the uncertainty in turn requires a change of the leadership. It is essential for everyone that is affected by times of uncertainty to obtain a sentiment of security. Uncertain times could imply that the pyramid dislodges and becomes unstable

due to a change in the needs of the employees. It is therefore important for *the leader* to keep the pyramid stable in all situations, and make sure that his employees feel secure and have a sense of belonging to the office. If a leader senses a shift in the needs of the employees, he or she should take a step back and reconsider the focus of the leadership. The office of study has employees who all are mature and ambitious which imply that they have high needs of self- esteem to satisfy when times are stable. Considering this, it is important for *the leader* to keep the basic needs in mind when leading his followers in times of uncertainty in order to keep the employees in a steady level of needs. The studied office has still not had to discharge anyone due to the current financial crisis which means that the most basic needs (psychological, feelings of safety and love/belonging) of the followers have been secured. To be able to achieve this sentiment of security, it is of great importance for the employees that *the leader* shows empathy and is open to answer questions. Not only questions of work related nature, but also those questions that may arise after work hours. We believe *the leader* to manage this task well in case of *interviewee A* in order to continue to satisfy his higher needs. We believe it to be similar for some of the other employees since *the leader* took the time to answer general concern and showed support by accompanying the customer managers to meet the clients. However, we detected some feelings of discontentment in some statements about the leadership. These statements imply that *the leader* has not, in all cases, considered the stability of the Maslow pyramid.

Papworth, Milne and Boat advocate that the leader should take on a flexible style of leading. This partly opposes the basic fact that a leader should lead consistently, and use the same style of leadership in similar situations. *The leader* claims to change his leadership style when required, but firmly adds that the basis of his leadership, which lies in openness and honesty are always the same.

5.3 The degree of maturity of the employees

The degree of maturity of the employees should be measured thoroughly to be fully correct. Unfortunately we could not further develop the maturity degree due to shortage of time and information, and we are therefore fully aware of the fact that some modifications of their placement in maturity degree may be necessary for a deeper

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research in the subject. However, we have made a rough estimation based on the information presented. The maturity analysis presented below is based only on the information gathered from the interviews, and we understand that this is not enough to make a final claim of their positions in the model. When preliminary determining the degree of maturity of the employees in this study we have used their statements given in the interviews. We have also taken into account the employees education and experience in banking.

The degree of maturity that we could detect does not differ much between the employees in this study. Judging from their answers, all employees are self-confident and in search for challenges to improve their work and advance within the company. It was also stated by *interviewee C, D* and *F* that the daily tasks are to be performed under a great load of proper responsibility and little interaction from *the leader*. *Interviewee E* adds that she has a great possibility of taking proper initiatives and *interviewee B* exemplifies this by designating herself manager.

All employees have great experience, an education and well-reasoned answers to our questions, and along with the discussion above we therefore position them all in the highest maturity stage that is of R4 (see figure 1) when the outside world is in perfect conditions and the office climate is stable.

When discussing the current time of uncertainty we found that *interviewee A* and *E* are those who most requested a greater support from *the leader.* During the worst times *interviewee A* said that he felt a need for stronger personal support from *the leader. Interviewee E* claimed to have wished for greater clearance. According to the theory of situational leadership this greater support from the leader means a decrease in the degree of maturity of the follower. *Interviewee F* said that more structure in the performance of the tasks would have been desirable but did not affect him appreciably. *Interviewee B* and *C* have also been affected by the uncertain times created by the crisis, but did not feel a growing need of support to the same extent.

5.4 The leadership of study

When discussing the leadership at the office we will proceed from the theory regarding situational leadership. We have used the model below when analyzing the conducted leadership and the people in the office of study. This model is the same one as presented in the theory chapter.
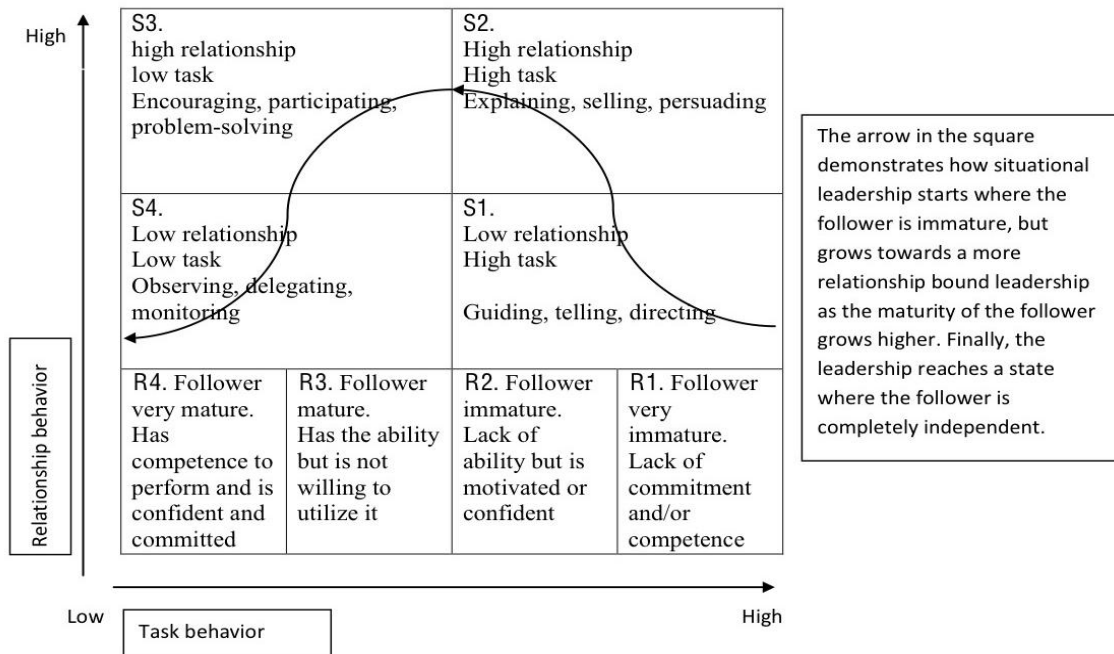

Figure 1. Model processed from Hersey and Blanchard´s theory of situational leadership

(1972, p 50)

As explained above we believe all the employees to possess a higher degree of maturity. When having mature followers the leader can, and should according to the theory, adapt either a "supporting style" (S3) or a "delegating style" (S4). In these two final stages of leadership styles, it is important for the leader to develop or have developed strong relationships with the followers in order to raise their self-confidence so they can become more independent when performing their individual tasks. *Interviewee B*, *C, D* and *F* claim that they lead themselves with little interaction from *the leader* who, in their cases, uses a "delegating style" (S4). This means that they have responsibility for their proper tasks being performed. *Interviewee A* and *E* also have similar responsibilities but we have placed the leadership of them closer to the "supporting style" (S3). We noticed that *interviewee A* and *E* to have a greater need of close contact with *the leader* in times

of perfect conditions. In the case of *interviewee A* we base this statement on the close relationship he has with *the leader* and the statement he made saying that they support each other. We interpret *interviewee E* to be in need of greater support since she has less working experience in comparison with the others.

The style of leadership is a result of the personality traits a leader possesses. *The leader* describes his leadership as very open and honest. He tries to be as honest as he possibly can towards his followers as well as interacting with them in the daily operations. Moreover he claims to adapt his leadership depending on situation. This could be an external event, degree of maturity of the followers or the relationships with followers.

We consider leadership to be a two-way communication. According to how we interpret the social identity theory in this analysis the followers choose to accept their leader depending on how prototypical he or she is to the group. This is based on the saying that *"likes attract likes"* and the beliefs of the leader should by this represent the beliefs of the group. We found many similarities between all the employees and *the leader* in backgrounds. We therefore consider *the leader* to have good insight and understanding of his employees. Also we found that his interests lie in the best interest of his personnel, and that his personality traits help reflecting these beliefs. We found that *the leader* possesses a great deal of empathy, and he demonstrates this by using his social skill to interact with his personnel and take interest in their daily work.

The leader has dynamic personality traits, which affect the followers and hence the leadership. Given that *the leader* is optimistic and self-confident he may raise the self-confidence of his employees by believing in them. This may create a change in the situation, and the leadership could move forward towards S3 and S4 in the conducted leadership. This is something that the theory about situational leadership does not consider. Sometimes the entrepreneurial side of *the leader* "takes over" and controls the leadership more than the follower's stage of maturity does. It is our opinion that it is natural when occurring occasionally and a problem if occurring more frequently. When *the leader's* entrepreneurial side takes over he may only see the possibilities for expansion of the business instead of caring for his followers. In these situations there is a risk of needing to step backwards in order to regain the maturity of the follower and

the balance of the leadership. It is the responsibility of *the leader* to take a step backwards to revise the situation and adapt the leadership when needed. The leadership would need to shift backwards towards S3 if it started with a follower with the maturity degree of R4.

In times of uncertainty, the freedom of action a leader usually receives is restrained. It becomes more difficult for the leader to be flexible. *Interviewee B* describes this with the example of an increasing internal workload. *Interviewee* C states in his interviewee that the leadership conducted by *the leader* has changed due to the crisis, and the focus of the leadership now lies more on regaining internal stability instead of finding new business. When applying this to the theory of situational leadership, it would imply a shift of the leadership towards a higher task behavior (S1 and S2).

5.5 Situational leadership, modified version

When discussing situational leadership and trying to apply it on the office, we found that the theory was insufficient. Hersey and Blanchard do not discuss affects of personality traits in the theory of situational leadership; neither do they discuss the impact of external circumstances. Papworth, Milne and Boak along with Kandalla and Krishman also noticed the lack of impact of personal traits of the leader in the theory about situational leadership. Additionally Yukl declared that leadership is clearly based on situation but that the situational leadership theory by Hersey and Blanchard is too simplified. Because of these statements and our own findings we decided to expand the theory with external circumstances and personal traits of the leader, which we demonstrate in the model below.
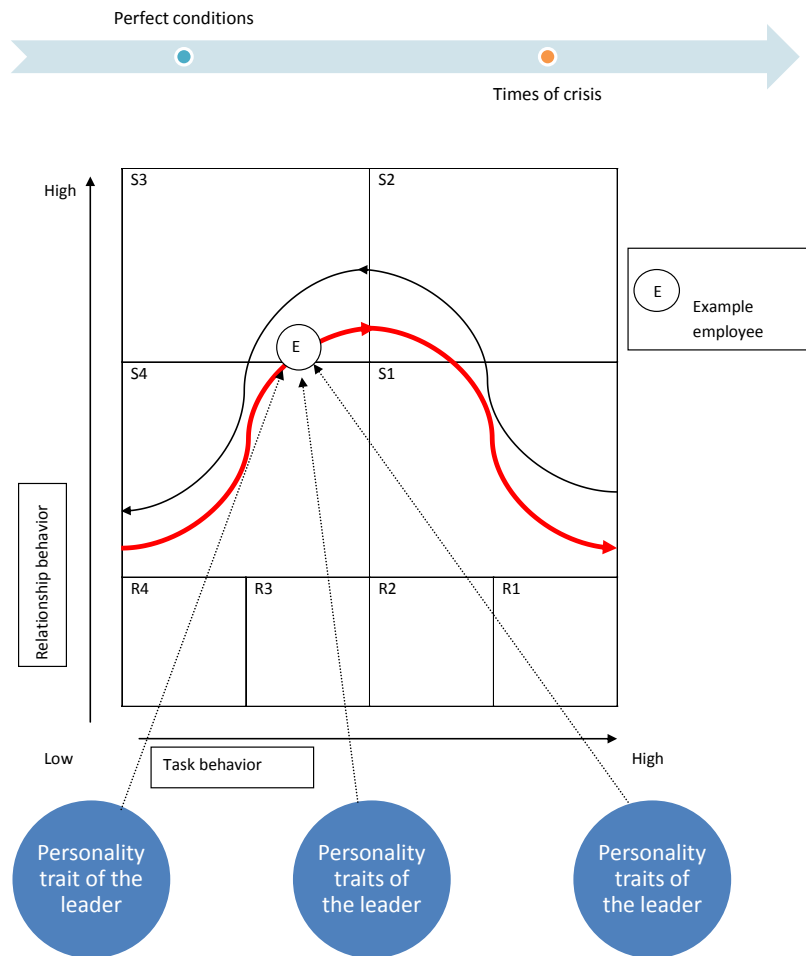
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Figure 2. Modified version of situational leadership

The basic grid in this model is identical to the one developed by Hersey and Blanchard. It shows that the relationship behavior and task behavior of the leader should be adapted to the maturity of the follower. The squares of R1- R4 denote that there are different degrees of maturity of the follower. The squares of S1- S4 denote leadership styles of combinations of relationship behavior and task behavior. Both relationship behavior and task behavior reach from low to high as is indicated by the arrows.

The line above the model shows how situational leadership is affected by the external circumstances. It also shows that the follower's maturity is more likely to be less developed in times of crisis than in times when the outside world is in perfect condition. When analyzing the people in the office of this study, we noticed that in times of uncertainty the maturity of the follower has a tendency of moving backwards. We base

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this statement on the finding of an increased need of support from *the leader*. Because of this finding, we decided to add a red arrow pointing backwards in the model, in order to indicate the followers´ decreasing maturity.

From our study we found that personality traits of a leader may impact on an employee, which is why we illustrate this in the model by adding circles demonstrating personality traits of the leader. The arrows pointing from the circles demonstrate that the employee is affected by the trait. We claim that these personality traits may have both positive and negative effect on the employee. A positive effect may help the employee to increase his or her degree of maturity and hence move left on the arrow. A negative effect of the personality traits would in contrast create a decrease in the maturity degree and move the employee right on the arrow. We claim that a personality trait may have different affects on different employees. We base this analysis on the statement made by Starrin and Svensson saying that all individuals being shaped by their upbringing, education and life experience which impact on the way one perceives the surrounding (Starrin & Svensson, 1994, p 75). Due to this it is important for a leader to notice his or her traits, and evaluate how these affect each employee.

Our opinion is that this modified version could be used generally. In order to use the theory the first thing to do is to measure the degree of maturity of the employees and thereafter position them in the correct square (R1-R4). The degree of maturity indicates to which of the four leadership styles that is most preferable for the leader to adapt. Secondly, the personality traits of the leader that are of importance for the employees have to be identified. Finally it is important to reflect over if and how these traits impact on each employee.

5.5.1 Analysis of the office using the modified version of situational leadership

In the model below we have used the modified version of situational leadership and applied it to the office in this study in order to establish a guideline for *the leader* when leading in uncertain times.
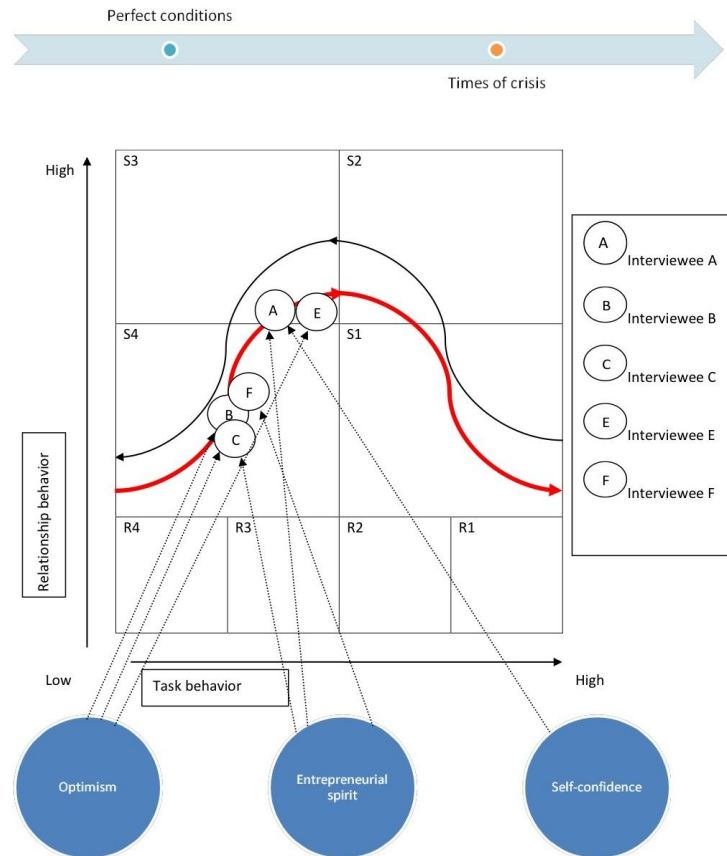
Figure 3. Modified version of situational leadership, applied to the office of study

When analyzing the employees in accordance to the model, we found that all of them are in maturity stage R4 when external circumstances are normal. We have not received enough information about *interviewee D* to make an appreciation about his degree of maturity in times of uncertainty. He is therefore not presented in the modified model but his statements are used in order the raise the trustworthiness of the study. To clarify, we do believe that *interviewee D* is of the highest maturity degree when times are normal, just as his co-workers in this study. Now however, as the department is in a state of uncertainty, we believe that the interviewees have become more dependent on the role of *the leader.* We found that *interviewee A* and *E* are those who most requested a greater support from *the leader*, and that is why we have placed them in maturity stage of R3 but close to R2 and in leadership style S3 but close to S2. Further arguments are the close relationship between *the leader* and *interviewee A*, and the fact that *interviewee E* she has less experience of work related crises. *Interviewee B, F* and *C* have also been affected by the uncertain times, but not to the same extent. Therefore we placed them in

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maturity stage R3 and in leadership style S4, away from the point where the time line shows perfect conditions. Furthermore we placed all of the employees in the model on the red arrow as to show their decreased maturity.

Below the grid we added the personality traits of *the leader* that we found to be of greatest importance for the employees. Our analysis confirmed three recognized personality traits of *the leader* that are optimism, entrepreneurial spirit and self-confidence. After interviewing we also found that these traits have different effects on the employees. All employees that are demonstrated in this study we found to be positively affected by the personality traits of the leader. This means that when affected by these traits the employees can increase their maturity, which in turn causes them to move left on the arrow in Figure 3.

As demonstrated in the model above, *interviewee A* is influenced and inspired by the entrepreneurial spirit and self- confidence of *the leader* but did not mention optimism to be of relevance when discussing the leadership. On the contrary, *interviewee B* claimed optimism to be the personality trait of highest importance. She did not mention the other two personality traits as characteristics that have impact on her. When *interviewee C* discussed the traits of the leader, he mostly spoke about the focus on the business and the constant optimism. We consider these to be the traits that mainly affect him. We saw that *interviewee E* is affected by the leader's optimism due to her referring to him as a creative leader. We could not detect traces of the other two traits in her description. We interpret that the entrepreneurial spirit of *the leader* mainly influences *interviewee F* since he described *the leader* as an aggressive businessman.

6. Conclusions

In this chapter we draw conclusions from our findings and summarize these in order to respond to the purpose of this study. We also present further findings that are of interest but do not meet the purpose of this particular study.

6.1 Leadership in uncertain situations

6.1.1 The impact of external circumstances

We have found that uncertainty in the outside world to affect the inner organizational stability negatively. Consequently, the employees within the organizations are affected which in turn affect their performance and hence the entire organization. From our study we found that the degree of maturity of the employees has a tendency of decreasing when times are unstable. The uncertainty from the outside world makes the employees feel insecure and their individual basic needs are no longer satisfied.

6.1.2 The impact of personality traits of the leader

From our study we found that personality traits of *the leader* have effects on the employees. We also found that the employees perceive *the leader* in slightly different ways, and we consider this to be a consequence of them having different upbringings and backgrounds. This also means that the traits of *the leader* have different impact on different people; a trait that affects one employee in a positive way may affect another employee negatively.

6.1.3 Guideline to leaders when leading in uncertain times

We found that it is the responsibility of the leader to balance the outside world with the inner organization in order to keep it stable. By this, the employees are reassured of their security and of their basic needs being satisfied. The leader also has to be aware of that he or she has personality traits that affect the employees. It is important for the leader to identify which personality traits affect each employee and to what extent. In

order to use these personality traits correctly, the leader would enlighten the ones recognized to have positive effect on the employee and downplay the traits that may be perceived negatively. This knowledge will be of great advantage for the leader when motivating his employees to perform and to continue to satisfy higher needs.

In times of crisis, when the degree of maturity of an employee has decreased, it is important for the leader to have recognized his or her personality traits that are of importance for the employee. By doing this the leader have a better chance of helping the employee to increase his or her degree of maturity. When the maturity degree is back to normal, the former inner organizational stability is re-established.

When discussing situational leadership such as described by Hersey and Blanchard we found their theory to be insufficient. The theory does not include neither the impact of external circumstances, nor the impact the personality traits of a leader. After analyzing the findings from our study we created what we consider to be an improvement of the theory. We expanded the existing model by Hersey and Blanchard by adding the impact of external circumstances and personality traits of a leader. We consider this new modified model to help a leader to gain a general view on the leadership situation in uncertain times. The model is to be of use for a leader when revising his or her leadership in order to better adapt it after his or her employees in times of uncertainty (Figure 2). In this study we used this modified model in order to gain a full perspective on the leadership conducted in the office of study (Figure 3).

It is important for a leader to bear in mind to always meet a situation somewhat flexible with no preconceived opinions about which leadership style to use. We find it important for the leader to consider each situation and recognize each and every employee and conditions of the outside environment in order to best be able to decide what leadership style that is preferable.

6.2 Further research

Here we present interesting findings for further research. This is information we found when developing the study, however the findings are not relevant when responding to the purpose of this particular study.

6.2.1 Relationships between the leader and the employees

We found from our study that there are differences in the relationships between the leader and his employees, and we consider this to be a rather common matter generally. Due to the long professional relationship the leader shares with interviewee A, we believe them to have a very developed relationship in which an open communication is held. Also we found the leader's self-confidence to have great influence on interviewee A. The leader and interviewee A do not hesitate to argue (and argue very loudly according to their statements) if something bothers them. From this statement we see a high level of maturity of their relationship as they have the courage to argue so passionately.

In a relationship all participants affect each other. How well the relationship function is partly a result of the personalities of the participants. We find it interesting to question if the strength and degree of maturity of a relationship lies within the conducted leadership, internal circumstances within the office, or simply a match of different personalities. It would also be of interest to look further into the effects on the office on the whole if the leader has different relationships with the employees. We advocate the Leader-member exchange (LMX) theory by Graen and Uhl-Bien for further research.

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Appendix 1

(Interview with the leader)

We intend to begin the interview with some background facts. We start by a short presentation of ourselves and the purpose of the interview and the study.

1. Some basic questions about your background and how you achieved the position you possess today.

2. Why and how did you become a leader? Please describe your leadership.

3. Which would you say are your best personal traits? Is there anything you feel that can improve?

We are interested in studying leadership that is conducted in times of uncertainty, and have therefore chosen to focus on the current global financial crisis. When mentioning crisis in the questions below, this is the one we are referring to.

4. About previous experiences of leadership in situations of crisis (it does not have to be as comprehensive as the financial crisis)?
  * *What defined this crisis?*
  *   *Which experiences did it give you that you can use today?*
  * *Have those experiences affected you leadership even in times that are of a more stable character?*

5. How have you experienced the financial crisis and you role as leader?
  * *Did your leadership change?*
  * *Did you experience any difference in your own leaders?*

6. How do you perceive the crisis to be experienced by your employees?
  * *Have their need for your leadership changed? And if so,*
  * *Do you feel that you have been able to meet these needs?*

7. Does you leadership differ today compared to before the crisis?
  *   *Which experiences have you brought from the crisis?*

8. Generally, what do you see as important personal traits of a leader? Do these traits differ when conducting leadership in times of uncertainty? Do you see yourself as a chief, or more as a leader?

Maria Andersson
Katarina Thylin

Appendix 2

(Interview with the employee)

We intend to begin the interview with some background facts. We start by a short presentation of ourselves, and the aim and purpose of this study.

1. Some basic questions about your background and how you achieved the position you possess today. How does the work function in your place of work? (Proper initiatives vs. strictly guided tasks?)

2. In a perfect world, how should a good leader act according to you? Personal traits as well as work related. Do these differ when leadership is conducted in times of uncertainty?

3. Which would you say are your best traits as employee? Is there anything you feel that you can improve?

We are interested in studying leadership that is conducted in times of uncertainty, and have therefore chosen to focus on the current global financial crisis. When mentioning crisis in the questions below, this is the one we are referring to.

4. About previous experiences of leadership in situations of crisis (it does not have to be as comprehensive as the financial crisis)?
        ⯀   *What defined this crisis?*
        ⯀   *Which experiences did it give you that you can use today?*
        ⯀   *How did you experience the conducted leadership during this crisis? Good/bad? Why?*

5. How have you experiences the financial crisis and your work situation?
        ⯀   *Which experiences have you brought for the future?*

6. How did you experience your leaders during the crisis?
        ⯀   *Has the leadership changed?*
        ⯀   *Did you experience any difference in your leaders?*
        ⯀   *From your point of view, what was good and what was less good in the conducted leadership during the crisis?*

7. Do you think that there are differences in leadership within the bank sector today compared to the times before the crisis?
        ⯀   *Advantages? Disadvantages?*

8. How do you see your leader, which personal traits does he possess in his role as leader?