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Leadership Communication Effectiveness During Organizational Crisis

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Abstract

Organizational crises lead to uncertainties, disturbance of the stability of the working environment and make it difficult for leaders to preserve employee trust and organizational continuity. In the process, leadership communication becomes an important variable affecting the perceptions, trust, and resilience of employees. The current paper aims at studying the impact of leadership communication effectiveness on organizational crises through the examination of the effects of communication transparency, timely communication, empathy, consistency and employee engagement on trust and organizational adaptability. Quantitative research method is used in the study, which consists of a survey carried out among employees of organizations going through organizational crises. The current study attempts to examine the impact of leadership communication effectiveness on employee trust and organizational resilience. The use of open and empathic communication decreases uncertainty, increases commitment, and facilitates cooperative crisis management. This research adds to the body of knowledge related to organizational behavior and human resource management through the identification of leader communication as a managerial skill that will help manage expectations in uncertain situations. Practical implications for organizations include the importance of communication-focused leadership training and employee-oriented crisis communication strategies.

Keywords: Leadership Communication, Organizational Crisis, Employee Trust, Organizational Resilience, Crisis Management, Human Resource Management.

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Introduction

In such uncertain environments, economic shocks, technological shifts, operational problems, public health scares, and issues with reputation can give rise to crises (Dirani et al., 2020; Harwati, 2013). These situations pose threats to organizational stability through their impact on decision-making, employee morale, stakeholder relations, and organizational performance (Boin et al., 2013; Harwati, 2013). At the same time, while organizational crisis response is primarily concerned with creating recovery plans, communication on the part of internal leaders has gained equal importance in dealing with the situation (Jin et al., 2017). In uncertain times, employees look to their leaders for reliable information, guidance, reassurance, and emotional support (Dirani et al., 2020). This means that leadership communication effectiveness becomes an essential organizational competency that impacts how the employees perceive, cope with, and resolve the crisis situation (Jamal & Abu Bakar, 2017; Men, 2014).

Communication in leadership is not just about passing information. It encompasses building mutual understanding, eliminating ambiguity, and building relations between leaders and followers (Men, 2014). Communication failures during times of crisis may lead to ambiguity, rumors, mistrust, lack of readiness for changes, and decreased employee motivation (Valackiene, 2010). On the other hand, transparent, consistent, and empathic communication by leaders may foster confidence of their subordinates and promote collective action aimed at overcoming problems (Dirani et al., 2020; Jamal & Abu Bakar, 2017). In terms of organizational behavior theory, communication is one of the factors that impact the attitudes and behaviors of employees (Teo et al., 2017).

The rising complexity of modern organizations has underscored the significance of leadership communication in the context of organizational disruptions (Bowers et al., 2017; Obrenovic et al., 2020). Employees functioning in dynamic and dispersed conditions have to receive accurate information in time in order to stay consistent with organizational objectives (Men, 2014). Hence, leaders should integrate operational decision-making processes with good communication strategies which take into account both informational and emotional aspects of employees (Dirani et al., 2020; Van Wart & Kapucu, 2011). During crises, communication has to clarify not only organizational decisions but also employees' concerns, give a clear idea of future plans, and involve employees in solving problems (Jin et al., 2017; Valackiene, 2010).

Although there is increasing emphasis on the area of crisis communication, most research has concentrated on communication approaches from an external perspective with regard to customers, media, and other external parties (Harwati, 2013; Valackiene, 2010). Internal leadership communication has not received much attention with regard to its effects on the level of employee trust and organizational resilience (Jamal & Abu Bakar, 2017; Teo et al., 2017). This is because employees are among the main internal stakeholders who play an important role in the recovery process of an organization (Dirani et al., 2020).

Trust among employees has become a significant psychological process that links the leadership behavior to organizational performance (Mayer & Davis, 1999). Under conditions of a crisis, the behavior of leaders is evaluated in terms of credibility, openness, responsiveness, and ability to give valuable guidance to employees (Jamal & Abu Bakar, 2017; Mayer & Davis, 1999). The perception of effective and transparent communication allows employees to exhibit more commitment, adaptability, and cooperation (Men, 2014). Therefore, the success of leadership communication may help develop a relationship based on trust in the workplace that may ensure organizational resilience (Teo et al., 2017).

Organizational resilience is understood as the capacity of an organization to absorb disruption, adapt to the changes in its environment, and recover from difficult conditions (Mallak, 1998; McManus et al., 2008). Besides technology and operations, the resilient organizations need human capital in the form of commitment, collaboration, and confidence in leaders (McManus et al., 2008; Teo et al., 2017). Communication helps the organizations to develop resilience by providing common understanding of the crisis situation and involving employees in recovery process (Jin et al., 2017; Teo et al., 2017).

Though leadership communication is recognized as being critical for organizational management, empirical studies regarding the simultaneous effect of such communication on both employee trust and organizational resilience under crisis conditions are not plentiful (Jamal & Abu Bakar, 2017; Teo et al., 2017). Thus, the presented research tries to fill the gap by introducing a theoretical model that considers leadership communication effectiveness as an important factor affecting employee trust and organizational resilience. In particular, the research is concerned with the most relevant aspects of communication such as transparency, timeliness, empathy, consistency, and involvement of employees in the process of effective crisis management (Men, 2014).

Research Objectives

1. To examine the influence of leadership communication effectiveness on employee trust during organizational crisis.
2. To analyse the relationship between leadership communication effectiveness and organizational resilience.
3. To investigate the mediating role of employee trust between leadership communication effectiveness and organizational resilience.

The contribution that this study makes to organizational behavior and human resource management literature is by underscoring the significance of communication as a strategic skill of the leader during a time of crises. Through this study, there are practical lessons that organizations can learn about how to become better prepared during times of crises by practicing good leadership skills, communication, and building trust.

The paper has been divided into six main sections. The first section describes the research background and objectives. The second section includes the literature review along with the research gap. The third section describes the conceptual framework and hypotheses. The fourth section describes the research methodology used in this study. The fifth section shows the results and discussion of this study.

Literature Review

Leadership Communication Effectiveness

Communication as a means of leadership is one of the essential elements of organizational behavior which impacts the perception of employees, their relationships at work and organizational performance (Men, 2014). The effectiveness of communication allows leaders to give proper directions, to share information, and to ensure congruence between organizational goals and employee behavior (Van Wart & Kapucu, 2011). In cases of uncertainty and fast changes, employees need accurate information, support and encouragement from their leaders (Dirani et al., 2020). That is why the quality of leadership communication becomes a critical issue that influences the attitudes of employees.

There are many aspects which are characteristic of leadership communication effectiveness, such as transparency, timeliness, consistency, empathy, and receptiveness to employees' feedback (Men, 2014). Transparency allows employees to comprehend organizational decision-making process, while timeliness decreases uncertainty and stops rumors (Jin et al., 2017; Valackiene, 2010). Likewise, empathic communication reflects the interest of leaders in employees' problems and helps to establish interpersonal relationships (Dirani et al., 2020). By using a supportive and inclusive approach to communication, leaders can build up employees' confidence, motivation, and commitment, especially under difficult organizational circumstances (Jamal & Abu Bakar, 2017; Men, 2014).

Leadership Communication During Organizational Crisis

The organizational crises present a range of issues that need to be managed by making fast decisions and retaining confidence and continuity of operations for employees (Boin et al., 2013; Harwati, 2013). In crisis situations, employees usually feel uncertainties about organization's stability, expectations and their personal roles (Dirani et al., 2020). In such cases, communication plays an important role in helping employees understand the nature of the crisis, organizational reactions, and actions that should be taken (Jin et al., 2017; Van Wart & Kapucu, 2011).

Crisis communication is not limited to transferring information only but also includes providing clarity and showing empathy from leaders combined with consistent interaction with employees (Men, 2014). Up-to-date information and explanation can decrease anxiety, increase confidence of employees and contribute to their collective involvement in managing the crisis situation (Jamal & Abu Bakar, 2017; Valackiene, 2010). On the other hand, insufficient communication, delayed reaction and inconsistency may lead to increase confusion and distrust and negatively affect behavior of employees (Boin et al., 2013; Harwati, 2013). Thus, managers need to consider strategic decisions as well as effective communication practices in dealing with informational and emotional needs of employees (Dirani et al., 2020; Obrenovic et al., 2020).

Employee Trust and Organizational Resilience

Employee trust is about the level of confidence employees have towards the decisions, competence, and intentions of their leaders (Mayer & Davis, 1999). This is especially important during organizational crisis periods as employees judge their leaders depending on their reliability, credibility, responsiveness, and how well they can cope with uncertainty (Jamal & Abu Bakar, 2017; Mayer & Davis, 1999). Open communication and care from leaders foster an enabling atmosphere and build trust and appropriate behavior in the workplace (Men, 2014).

Trust among the employees is also a very critical element in building organizational resilience (Teo et al., 2017). Resilient organizations require not only physical resources but also the commitment and cooperation of their employees in the event of disruption (Mallak, 1998; McManus et al., 2008). Organizational change and recovery strategies are more likely to be accepted by employees if there is trust among their leaders (Teo et al., 2017). Moreover, communication improves the relationship between trust and resilience as it allows achieving shared understanding and motivates employees to actively participate in overcoming organizational challenges (Jin et al., 2017; McManus et al., 2008). Therefore, trust of the employees can serve as an important mediator of the impact of leadership communication on organizational resilience (Mayer & Davis, 1999; Teo et al., 2017).

Research Gap

Despite an abundant number of studies devoted to crisis management, leadership, and communication, little is known about internal leadership communication and its effects on employees in organizational crises. Indeed, there are quite a few researches that deal with external communication with customers, media, and other stakeholders but few studies investigate the importance of internal leadership communication and its effect on organizational resilience in crises.

Indeed, employees are an important internal stakeholder group that significantly affects organizational recovery through their trust, loyalty, and collaboration. However, the connection between the leadership communication efficacy, employees' trust, and organizational resilience still requires thorough investigation. This is why this research is important in addressing this gap because it deals with the ways leadership communication affects employees' trust and organizational resilience.

Conceptual Framework and Hypothesis Development

Conceptual Framework

The present study develops a theoretical model that explains the connection among leadership communication effectiveness, employee trust and organizational resilience in crises. Leadership communication effectiveness is taken as an initial influence on organizational resilience through various aspects of communication such as transparency, timeliness, empathy, consistency and involvement of employees in the communication process.

Employee trust is taken as the critical behavior-based mediating factor between leadership communication and organizational outcome. Communication leads to increased trust and confidence of employees on the decisions of leaders, promotes cooperation and increases their motivation for organizational resilience.

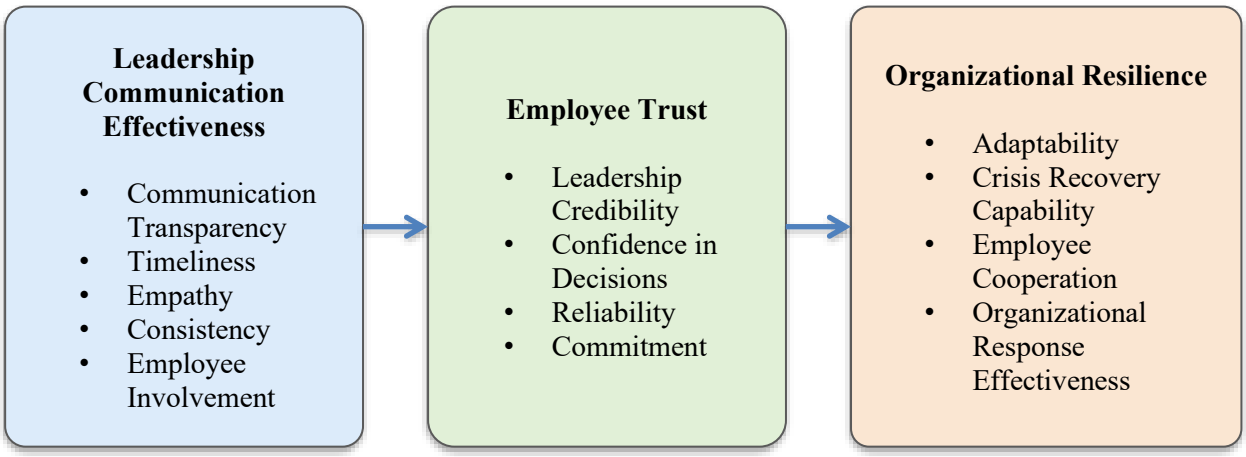


Fig. 1: Conceptual Framework of Leadership Communication Effectiveness During Organizational Crisis

Fig. 1 shows the suggested research framework depicting the link between communication effectiveness of leaders, trust among employees, and organizational resilience. Communication effectiveness of leaders, which is measured by transparency, timeliness, empathy, consistency, and involvement of employees, becomes the major determinant in this case. Trust among employees is the mediator that builds up employees' trust and commitment, while organizational resilience is the outcome of adaptability, crisis recovery, and collective reaction.

Hypothesis Development

Leadership Communication Effectiveness and Employee Trust

Leadership that is communicated effectively creates transparency and removes uncertainty for employees, allowing them to build confidence in the organization's decision-making process. In crisis situations, effective communication by leaders ensures the creation of more trust-based relationships with the employees. Hence, the following hypothesis can be formulated:

H1: Leadership communication effectiveness has a significant positive influence on employee trust during organizational crisis.

Leadership Communication Effectiveness and Organizational Resilience

Communication effectiveness contributes to resilience in an organization through better understanding, coordination, and adaptability of employees. Good communicators among leaders allow their employees to cope up with changes efficiently. Therefore, the following hypothesis is formed:

H2: Leadership communication effectiveness has a significant positive influence on organizational resilience.

Employee Trust as a Mediating Factor

Employee trust enhances the connection between leadership communication and organizational performance through fostering employee commitment and collaboration. Employees who trust their leaders will be more willing to adapt and help in the recovery process during the crisis. Hence, the following hypothesis is formulated:

H3: Employee trust mediates the relationship between leadership communication effectiveness and organizational resilience.

Methodology

Research Design and Approach

This research will be conducted using a quantitative research design to determine the effect of effective leadership communication on trust and resilience of the employees in a period of organizational crisis. An empirical research design using a structured questionnaire has been used to gather data from the employees who have experienced disruptions in the organization. The quantitative research method allows for systematic analysis of the interaction between leadership communication, trust, and resilience. The research model proposes the use of leadership communication effectiveness as an independent variable, trust as a mediating variable, and organizational resilience as a dependent variable.

Data Collection and Sample Characteristics

Primary data were gathered using a structured questionnaire administered to employees employed in organizations that have faced crises like organizational disruptions, restructurings, changes in technology, or emergencies. A convenience sampling method was used to get respondents who had firsthand knowledge of organizational crisis communication. This was done by distributing the questionnaire via an online survey form. The gathered data were then checked for completeness before analysis. 240 questionnaires were collected and kept for analysis. The sample included 55 percent male and 45 percent female respondents from different industries, and their average organization membership period was 4.5 years.

Measurement Instrument

The research instrument is developed based on existing literature on crisis communication, leadership behavior, employee trust, and organizational resilience. It includes three main constructs: leadership communication effectiveness, employee trust, and organizational resilience. Leadership communication effectiveness is assessed by such dimensions as communication transparency, timeliness, consistency, empathy, and employee involvement. Employee trust is measured by the degree of confidence that employees have in the leadership credibility, reliability, and decision-making in crisis situations. Organizational resilience is assessed based on adaptability, recovery capability, employee cooperation, and organizational response effectiveness.

Leadership communication effectiveness is measured by 15-item scale developed by Men (2014). Employee trust is measured by 6-item scale developed by Mayer and Davis (1999). Organizational resilience is measured by 8-item scale developed by Mallak (1998).

Data Analysis

Statistical analysis on the data collected was done to measure the research model suggested. Descriptive analysis was done in order to assess the characteristics of the respondents and also assess construct level responses. The reliability analysis was done on the scale using Cronbach's Alpha. Correlation analysis was done in order to determine the relationship among leadership communication effectiveness, trust and organizational resilience.

Regression analysis was done to test the hypotheses that were suggested. Mediation analysis was done using Hayes PROCESS macro (model 4) with 5,000 bootstrap resamples and 95% confidence intervals to determine the indirect effect of employee trust.

Ethical Considerations

The participation in the survey was voluntary; respondents were made aware of the aims of the research prior to filling in the survey form. Confidentiality and anonymity of participants' answers were ensured throughout the whole research process. The gathered data was only to be used for academic research purposes.

Results and Discussion

Reliability and Descriptive Analysis

Reliability was assessed through the use of Cronbach's alpha to evaluate the internal consistency of the survey items. Reliability coefficients for all constructs were found to be above the minimum acceptable level of 0.70, which suggests that the measurement instruments had satisfactory levels of reliability, and hence, were reliable enough to undertake the subsequent statistical analysis. The descriptive analysis was undertaken to assess employees' perceptions of leadership communication effectiveness, employee trust, and organizational resilience in crisis situations.

Table 1: Reliability and Descriptive Statistics of Research Constructs

Construct	Mean	Standard Deviation	Cronbach's Alpha
Leadership Communication Effectiveness	4.08	0.64	0.91
Employee Trust	3.94	0.69	0.88
Organizational Resilience	3.87	0.72	0.90

From the results in Table 1, it is clear that respondents viewed leadership communication in times of organizational crisis very favorably. Leadership communication was rated the highest among the means (4.08), which means that effective communication has a significant impact on building employees' confidence amid uncertain times. The employees' trust was highly rated (3.94), meaning that effective communication builds trust among the employees in their leaders. Organizational resilience was also rated highly at 3.87, which shows that communication has a significant impact on building the ability of employees to recover from crises.

The mean values of all of the above-researched constructs have been provided in Fig. 2. It is clear that the highest mean value belongs to the construct of leadership communication effectiveness (4.08). The second place is occupied by employee trust (3.94), whereas organizational resilience comes third (3.87). The comparison makes it possible to understand the employees' favorable attitude towards effective crisis communication practices and their impact on building trust and organizational resilience.

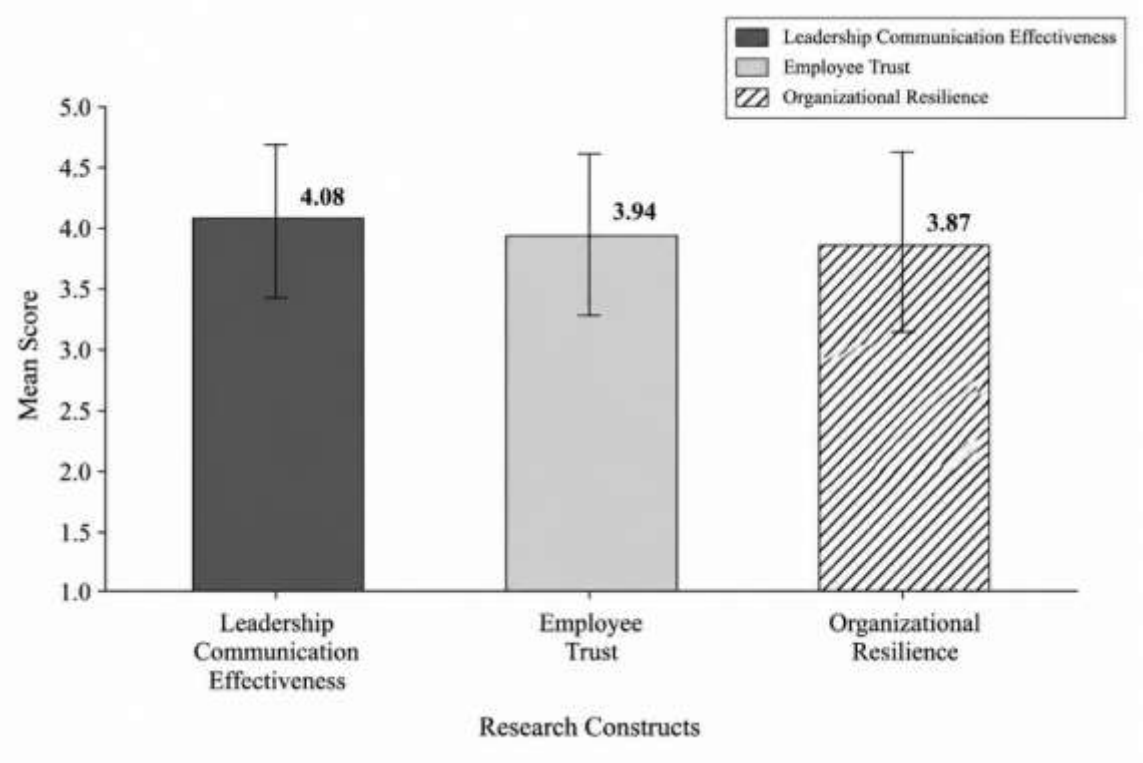


Fig. 2: Descriptive Analysis of Research Constructs

Correlation Analysis

The correlation analysis was used to analyze the relationships between leadership communication effectiveness, employee trust, and organizational resilience. The findings show that there are significant positive correlations between all study variables.

Table 2: Correlation Analysis of Study Variables

Variables	Leadership Communication Effectiveness	Employee Trust	Organizational Resilience
Leadership Communication Effectiveness	1		
Employee Trust	0.68**	1	
Organizational Resilience	0.61**	0.66**	1

Note: **$p < 0.01$

The findings from Table 2 reveal a high and significant positive correlation between the effectiveness of leadership communication and the trust that employees have in leaders ($r = 0.68$, $p < 0.01$). This implies that employees build more confidence in leaders when the process of communication is open and clear in the period of crises. In addition, there is also a high and significant correlation between the effectiveness of leadership communication and organizational resilience ($r = 0.61$, $p < 0.01$). Thus, effective communication enhances organizational flexibility and resilience. Finally, there is also a high and significant relationship between employee trust and organizational resilience ($r = 0.66$, $p < 0.01$).

Hypothesis Testing

Regression analysis was conducted to examine the proposed relationships among leadership communication effectiveness, employee trust, and organizational resilience.

Table 3 testing results show that all the proposed hypotheses hold true. The data supports the hypothesis that leadership communication effectiveness is a key determinant of employee trust ($\beta = 0.52$, $p < 0.001$), thus validating H1. It means that employees are likely to trust leaders who can give them proper information, are empathic, and consistent in their communication amid the crisis situation.

Table 3: Regression Analysis and Hypothesis Testing Results

Hypothesis	Relationship	β Value	p-value	Result
H1	Leadership Communication Effectiveness → Employee Trust	0.52	<0.001	Supported
H2	Leadership Communication Effectiveness → Organizational Resilience	0.41	<0.001	Supported
H3	Employee Trust mediates the relationship between Leadership Communication Effectiveness and Organizational Resilience	0.29	<0.001	Supported

Similarly, leadership communication effectiveness is a predictor of organizational resilience ($\beta = 0.41$, $p < 0.001$), which validates H2. Good communication helps employees to comprehend the challenges being faced by organizations and coordinate accordingly. According to the mediation analysis through Hayes PROCESS, the employee trust mediates the relationship between leadership communication effectiveness and organizational resilience ($\beta=0.29$, $p<0.001$, 95% CI [0.18, 0.41]) and validates H3.

Discussion

The results of this study clearly show that leadership communication effectiveness is an important factor in creating trust and organizational resilience during a crisis. The results confirm H1 ($\beta = 0.52$, $p < 0.001$). In other words, effective communication builds employees' trust in leaders and their decisions. During organizational crises, communication can help decrease the level of uncertainty and ensure that the employees understand organizational decisions.

Moreover, the results confirm H2 ($\beta = 0.41$, $p < 0.001$), and thus, prove that leadership communication effectiveness affects organizational resilience. Effective communication allows leaders to coordinate actions of employees, make them more adaptive and increase commitment, which are critical for successful response to a crisis.

Additionally, H3 was confirmed ($\beta = 0.29$, $p < 0.001$), and thus, the results show that employee trust acts as a mediator between leadership communication effectiveness and organizational resilience. It means that communication leads to the development of trust and cooperation among employees during a crisis.

Conclusion and Implications

This research focused on assessing the impact of the effectiveness of leadership communication on the trust of employees and organizational resilience in organizational crises. These results indicate that the effectiveness of leadership communication is an important aspect in dealing with uncertainties and building trust among the workforce. The results indicate that the effectiveness of leadership communication has a significant impact on employee trust ($\beta = 0.52$, $p < 0.001$) and organizational resilience ($\beta = 0.41$, $p < 0.001$). Besides, employee trust mediates the effect of leadership communication effectiveness on organizational resilience ($\beta = 0.29$, $p < 0.001$). In conclusion, the research study underscores the significance of transparent, prompt, reliable, and empathic communication practices in helping organizations decrease the uncertainty of their employees, build commitment, and promote collective efforts in dealing with crises. With respect to human resource management, organizations are encouraged to concentrate on communication-oriented leadership and to adopt effective crisis communication strategies aimed at supporting employees in hard times. The practical implications of the research include the relevance of trust-building communication practices to improving organizational adaptability. In terms of future research, there is an opportunity to expand the scope of the investigation of crisis communication to various industries, organization sizes, cultures, and digital communication practices in leadership.

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