Original Paper

THE INFLUENCE OF CRISIS MANAGEMENT FACTORS ON ORGANISATIONAL PERFORMANCE AND SUSTAINABILITY: THE MODERATING ROLE OF TRANSFORMATIONAL LEADERSHIP

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ABSTRACT

Crisis management plans are essential to the organisation's daily operations when a crisis arises. Selecting an appropriate leadership approach is the primary obstacle to preventing disastrous outcomes in a crisis. Even though the regulation of crisis management is grown and developed significantly, little is known about the methods and practices that organisations can use to maintain high performance in the face of major crises and ultimately achieve sustainability.Thus, this research's primary objective is to ascertain how crisis management techniques affect the sustainability of businesses. The study aimed to investigate the moderating outcome of transformational leadership styles on the associationbetweenthe performance of organisational and organisational sustainability in the context of hospital personnel. To achieve this purpose, 194 employees at various hospitals were given a structured online questionnaire. The relationship between organisational performance and organisational sustainability, which is influenced by transformational leadership, was then examined through the lenses of organisational performance using the Smart-PLS Structural Equation Modelling to evaluate the model fit and findings.

Keywords

Crisis management strategies, Transformational leadership, organizational performance,

Organizational sustainability.

INTRODUCTION

The crisis management domain in the modern administrative fields has exploded and ascended the foundations with this discipline and its concepts and categories and is multifaceted at a remarkable and noticeable rate. The vast number of disasters and the nature of these disasters that affect various types of organisations (private, public, semi-governmental, the government, and internationally) may be the reason for the field's rapid development. The discipline of crisis management has made significant strides, but it is still far from finished. Indeed, evolution is an ongoing process (Darling, 1994). It constantly looks for the newest brand, which has a connection with ever-evolving difficulties. In a world that is changing quickly, researchers in this field are still examining the fundamentals of their methods, policies, strategies, methods, and approaches that make crisis management a discipline capable of handling crises in a variety of forms and types and diverse fields. This also enables the field to successfully escape disasters and ensure the continued existence of those organisations, rather than destroying and overcoming the indicators of their crisis and its effects.

The corporate world is held inside a fundamental assumption based on ongoing adjustments, challenges, and enduring threats. It is well known in this domain that the only constant is change. The reality is that these shifts and difficulties frequently result in catastrophes; these crises are unavoidable and occasionally happen without any notice; still, the crisis is primarily a circumstance that is inadequately identified and resolved, and has disastrous effects in the organisation. It is crucial to note that many organisations can recover from and resume operations after experiencing unanticipated circumstances and incidents (Chong, 2004). It is imperative that the administration accepts responsibility for its unanticipated events and requirements, moves past placing blame, and keeps moving forward while exercising planning to prevent the crisis's effects. Additionally, the administration shouldn't let its efforts to predict the potential consequences of the crisis limit its ability to effectively manage the rest of the organisation (Chong & Escarraz, 1998).

A crucial element of any company is crisis management. In order to keep a crisis from getting worse, it's critical to take swift action and use caution when managing crises. Though a crisis can take many different forms, it's crucial to always have a plan in place for handling crises. In conjunction by means of the four elements of anticipation, grounding, reaction, and reconsideration, it can assist in mitigating the adverse effects of a crisis that impact not only the stakeholders but the entire company (Coombs, 2014). The concept of an organisational crisis provided by Pearson et al. (1998) emphasises the significance of readiness for the potential consequences that a crisis may bring upon an organisation. Crises may not occur every day, but when they do, it is imperative that the organisation has a strategy in place and that its staff members are aware of what has to be done to reduce the harm that might result from a crisis. Consequently, crisis management encompasses much more than only tasks

completed in times of need. For an organisation to function daily, it needs to be in place.

Internal communication, or the flow of information between personnel within an organisation, is another important component of organisational crises (Zerfass et al., 2016). It also plays a big role in an organisation's day-to-day operations. A company can use a variety of communication channels, such as email and in-person interactions (Al Shobaki et al., 2016). It is noteworthy that co-workers' shared feelings as well as their shared goals and objectives have an impact on the functioning of an organisation (Whitworth, 2006).

1. REVIEW OF LITERATURE

1.1 Crisis Management Strategies

An organisation's set of actions to handle a catastrophic occurrence is known as crisis management. A crisis impairs your finances, destroys your reputation, interferes with your operations, and poses a threat to individuals (Fearn-Banks, 2016). Planning for crisis management starts well in advance of a problem developing. In prosperous times, it can be easy to put off risk management. However, poor planning can have detrimental effects on public relations, operations, and the law (Sadgrove, 2016).

Analysing the risk your organisation faces is crucial when developing a crisis administration plan. Making a crisis management strategy will assist in figuring out the best approaches to take in different kinds of crises. It's possible that you'll experience bad public opinion blowback or that your next company moves will bring about a barrage of unhelpful press. In the months subsequent the crisis, minimising the effects or limiting the spread of unfavourable press can be achieved by creating a public relations plan well in advance (Coombs, 2014).

Crisis management techniques are one of the seven components, according to Mhaske and Khandekar's (2016) fundamental study on the elements influencing crisis management efficacy in building projects. After identifying twenty-five distinct elements, the writers of the construction projects have narrowed their list to just seven (Mhaske & Khandekar, 2016). The impact of crisis readiness and leadership style on company sustainability was investigated in a study by Ali Mohamad Jibai (2018). In addition to planning and tactics, the study discovered a strong correlation between transformational leadership and crisis readiness (Ali Mohamad Jibai, 2018).

1.2 Transformational Leadership

A leader who employs transformational leadership encourages, confirms, and pushes their team members to come up with innovative changes that will progress and impact the company's performance in the future. In order to do this, CEOs should set a good example and encourage an elevated sense of employee autonomy, company culture, and commitment (Bass & Riggio, 2012; Sadiq, 2014).

Transformational leaders inspire their team members by entrusting them with the ability to make decisions under their assigned tasks, without micromanaging. Employees will have a greater ability to be creative, plan ahead, and find novel solutions to enduring problems according to this management style. Through training and coaching, staff members on the leadership pathway will be prepared to

become transformative leaders (Bass & Riggio, 2012; Northouse, 2015).

Leadership is crucial at every level of crisis management, according to Danielsson et al. (2012). The handling of a crisis can present difficult social and psychological leadership challenges for the populace, regardless of how much the event affects society. In certain studies, as Olawale's (2014), transformational leadership is referred to by different titles while discussing the difficulties in crisis management, one of its hallmarks. The complications of crisis management strategy serve as a mediator in the link between crisis management strategy and performance of organizations in the study conducted on multinational corporations in Nigeria. A examination of the zero-order correlation indicated that accounting for problems in crisis management strategy substantially influenced the relationship between organizational performance and crisis management strategy (Olawale, 2014). According to Boin and Sundelius (2016), when faced with a crisis, people typically look to leaders for guidance and answers. A crisis is a test that has the potential to seriously enhance or undermine the positions of current leaders. They outline five essential planned crisis leadership activities that have got to be carried out in order to turn the crisis into a learning opportunity. They're: Making sense of things. 2) Making choices and organising. 3) Interpreting signs. 4) Accounting. Fifth: Education. Boin, Stern, and Sundelius (2016). The most important thing is the trust that exists between the management and the agencies that support them. Any proposal from a lower level will be restricted and lead to dysfunctional management if the manager does not trust their agency. The converse can occur when there is a lack of trust (Helsloot, 2005; Danielsson et al., 2012).

1.3 Organisational Sustainability

According to Rimanoczy et al. (2010), a typical word in this context is "future proofing," yet the vernacular definition of sustainability is "to keep the business going." Jayaraman et al. (2018) address how to achieve accomplishment now while without sacrificing requirements in the future.According to Bryson (2018), organisational sustainability is the sum of reducing organisational risk and mitigating any harm to the people and things surrounding an organisation, which raises the possibility that the organisation will endure and prosper in the future. This notion of sustainability includes pursuing a variety of revenue streams, cultivating a diversity of income sources, Making money or having extra, Creating an account for money, developing the necessary organisational skills, According to Mazzucato et al. (2018), maintaining important personnel engagement, making wise strategic decisions, acting morally towards suppliers, stakeholders, and beneficiaries, acting responsibly towards the environment, and feeling at ease taking measured risks.

1.4 Organisational Performance

Organisational performance is an evaluation of an organisation's success in relation to its goals and objectives. To put it another way, organisational performance is the difference between actual and projected outputs. Three main outcomes are the primary objective of the analysis: shareholder value efficiency, financial success, and market performance (Gelbard et al., 2018). Organisational performance includes three broad areas of corporate results: Financial performance (profits, return on

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assets, return on investment) etc. The effectiveness of the product market (sales, market share, etc). Shareholder returns (economic value created, total shareholder return, etc.) (Richard et al., 2009).

1.5 The Variables' Relationship to the Development of the Hypotheses

The ability of the company to expand and add value over time, despite obstacles and crises, is known as organisational sustainability, also known as corporate sustainability. It is one of the primary reasons why crisis management is crucial, as it has a considerable impact on the longevity and sustainability of the business (Lopatta et al., 2014). According to Schneider (2015), it is characterised as a firm's value-added contribution aimed at sustaining the organisation's economic growth by securing its current and future development in relation to economic and social issues. Sustainability has become one of the most important organisational problems of the past ten years as a result of the growing emphasis that companies across the world are placing on incorporating sustainability as an essential principle in order to maintain their competitive advantage and promote future development (Singhal et al., 2016).

Furthermore, crisis managers have consistently advocated for the development and execution of sustainable practices in order to assure the public of their dedication to responsible practices, which will assist to reignite positive emotions and regain lost trust. This is because the effects of the 2008 recession severed customer faith in financial services businesses (Hilty et al., 2014). The significance of diversity in crisis management is also growing. Ensuring that all stakeholders are happy raises the perceived worth of the company's performance and involvement, which creates continued goodwill, which promotes long-term stability and profitability.Crisis containment, which mitigates a firm's vulnerabilities and facilitates its long-term viability, is seen as a fundamental aspect of sustainability, since it emphasises the development of new methods and procedures to assess crisis threats and mitigate such risks (Marie, 2013). Based on the aforementioned explanation, the researcher put up the subsequent hypothesis:

H1: Organisational Sustainability (OS) in is directly impacted by Organisational Performance (OP).

In a 2018 study, Majli and Farhan Tamimi investigated the crisis management approach and how it affected workers in the Jordanian manufacturing sector. Based on data gathered from 248 employees, it can be concluded that there is a significant positive effect of Crisis Management, according to its aspect, on enhancing the performance of employees. According to Majli and Farhan Tamimi's (2018) study, which delves deeper into micro strategies, various strategies, including path modification, Reserve mobilisation, crisis fragmentation, crisis containment, and specialised groups, directly affect workers' output and performance.

In a separate study conducted in Nigeria, Olawale (2014) identified a robust, positive partial association between crisis management strategy and organisational performance, while accounting for the effects of the obstacles associated with crisis management strategy. The difficulties associated with crisis

management strategy had a substantial impact on the strength of the association between crisis management strategy and the performance of the business (Olawale, 2014).

The discussion that came before this one demonstrates that crisis management techniques play a significant part in the result of crisis management in many of aspects, including the sustainable performance of the organisation, the performance of the organisation, the productivity of the employees, and the reputation of the organisation. It is for this reason that the following explanations for examination are being assumed in this particular study:

H2: Crisis Management Strategies (CMS) has a positive association with Organisational Sustainability(OS)

H3: Organisation's Performance mediates the association between CrisisManagementStrategies(CMS) and OrganisationalSustainability(OS).

The workforce is inspired and motivated by transformational leaders, who do not engage in micromanagement. Instead, they allow their trained staff to assume responsibility over choices in their responsibilities. It is a management style that is intended to provide staff with greater leeway to be creative, seek out new answers to old issues, and look to the future. By participating in mentoring and training programs, employees who are on the leadership track will also be prepared to become transformative leaders themselves (Bassand Riggio, 2012; Northouse, 2015).

According to (Boin et al, 2016), in times of crisis, people look to leaders for answers and solutions. A crisis is a test that may either enhance or undermine the standing of current leaders.

H4: Transformational leadership style (TLS) significantly moderates the relationship between Organisational Performance (OP) and Organisational Sustainability (OS)
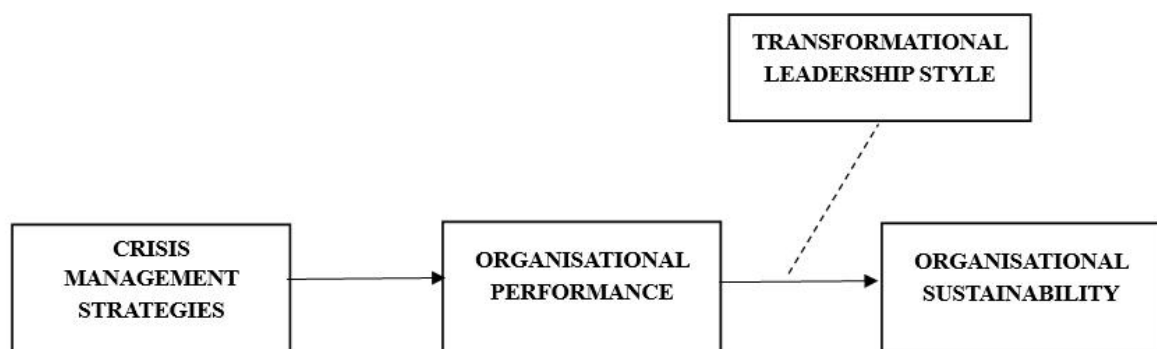

Figure 1. Author Model

2. RESEARCH METHODOLOGY

2.1 Research Design

This study employed a quantitative research methodology to gather data from respondents utilising three instruments, each comprising four components. Employing quantitative techniques in educational research is highly effective for verifying the veracity of a proposition. Quantitative research is often

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defined by specificity, impartiality, and objectivity, as researchers maintain a degree of detachment from the study environment (Creswell, 2017; Gay & Diehl, 1992). The sample used for this study comprises every manager at all levels employed in hospitals.

2.2 Sampling Framework

Stratified sampling has been selected. Stratified sampling is a prominent random sample method employed when the population is divided into distinct strata related to hospitals (Krejcie and Morgan, 1970).The sample size of 260 is derived from a research population of 800, corresponding to a 95% confidence level and a 5% confidence interval. The total data set had 260 samples, exceeding the acceptable sample size.

3. RESULTS

3.1 Reliability of the Survey Instrument

Table 1. Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	**Cronbach's Alpha Based on Standardized Items**	**No of Items**
0.801	0.863	38

According to Saluja and Sharma (2019), Cronbach's alpha, also known as the dependability coefficient indicator, presents an indication of the degree to which the variables are closely associated with one another. As a result, Table 1 of the fact that it is greater than 0.7, the Cronbach's alpha was found to be 0.963, which is accepted as a reliable indicator of credibility.

Correlations.

Table 2. Correlations

Correlations				
	CMS	**OP**	**TLS**	**OS**
CMS	1	0.720**	0.815**	0.693**
OP		1	0.793**	0.804**
TLP			1	0.763**
OS				1

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

Note: CMS (Crisis Management Strategy), OP (organisational performance), TLS (Transformational leadership style), OS (organisational sustainability).

The correlation analysis provides a visual representation of the connection that exists between the two variables, as well as the interaction that occurs between the two variables. It is constantly between -1 (strongly negative relationship) and +1 (strongly positive relationship) (strongly optimistic relationship), and its value is always between those two extremes. In the event that the result of the correlation is "0," it indicates that there is no connection between the two variables being analysed. It is possible for us to deduce from the table that is located above that each of the variables has a positive connection with the other variables. According to the data presented in the table above, there is a significant positive connection between Crisis Management Strategy and the sustainability of a business. A Pearson correlation coefficient of 0.693 was found to be statistically significant at a level of $p<0.01$. The most significant positive influence that organisational performance has on the sustainability of an organization is the one that is strongest. Statistically significant Pearson correlation ($r= 0.804$, $p<0.05$) was found. The transformational leadership style and the sustainability of a company have a strong and beneficial link with one another. The Pearson correlation coefficient ($r=0.763$, $p<0.05$) was found to be significant.

3.2 Hypothesis Testing:

Table 3 demonstrates that the initial Crisis Management Strategy significantly influences organisational sustainability, evidenced by a (R^2 0.663), a path coefficient ((β) of 0.175, and T-stat 4.320). Crisis Management Strategies indirectly affect organisational sustainability though organisational performance, proved by a (R^2 0.792), a path coefficient ((β) of 0.435, and T-stat 4.293).

Table 3. Structural Model Summary

Hypotheses	Construct Path	Path Coefficient (β)	t value	p value	Result
H1	Crisis Management Strategies (CMS) → Organisational Sustainability (OS)	0.175	4.320	<0.001	Supported
H2	CMS → Organisational Performance (OP)	0.435	4.293	<0.001	Supported
H3	Organisational Performance (OP) → OS	0.252	4.873	<0.001	Supported
H4	Transformational Leadership (TLS) moderates OP → OS (interaction)	0.269	2.146	<0.007	Supported

Thus, organisational performance has significant effects on organisational sustainability, indicated by a (R^2 0.792), a path coefficient (β) (0.252), and a T-stat (4.873). Furthermore, transformational leadership influences the correlation between organizational performance and sustainability, revealing a path coefficient (β) of (0.269), a T-stat (2.146), and a p-value of (0.007).

Table 2. Model Fit

Variables	R^2 Square
Organisational Performance (OP)	0.792
Organisational Sustainability (OS)	0.663

Using the PLS path model, this study evaluated how organisational performance mediated the relationships among crisis management tactics, decision-making, and organisational sustainability. To investigate the importance of the indirect impact, the bootstrapping re-sampling method has been applied to the product of the coefficient approach (Preacher and Hayes, 2004). Four hypotheses were examined in this study, and their conclusions were based on the test findings. The outcomes demonstrated that the facts supported every hypothesis.

4. DISCUSSION

The perception findings for each of the seven variables in the suggested model show a respectable level, however, none of them go over 4.0 (80%). According to this, workers have a generally favourable opinion of the suggested factors, although the assessments are not of very high quality. All factors are rated between 3.03 and 3.91 by the respondents, indicating a favourable but moderate evaluation. Given the varying degrees of significance that each variable has in influencing the organisation's long-term success, the diversity among the variables seems to be acceptable. The degree of explanation provided by the suggested structure, which is commonly gauged by predictive power and predictive relevance, should be evaluated to ascertain the predicted success of the model.With regard to the primary dependent variable, Organisational Sustainability (OS), the findings demonstrate a high degree of predictive power as well as a significant amount of predictive relevance. As can be seen in the table, the pertinent R-squared value is 0.792, which corresponds to a power of 79.2%, and the relevant Q-squared value is 0.548, which corresponds to a relevance of 54.8%. Over seventy-nine point two percent of the OS variation may be explained by the prediction construct, which includes CMS, CMT, CC, DM, and OP. One of the five connections is rejected with the variable (CC), while four of the five relations are accepted with the variables (OP, CMS, CMT, and DM) for the primary dependent variable, which is Organisational Sustainability (OS). On the basis of the path coefficient value (Beta), the four relations that are considered to be acceptable are as follows: CMT (0.329), DM (0.264), OP (0.252), and CMS (0.175).

Direct and indirect links with Organisational Performance (OP) are the two related hypotheses that are connected with Crisis Management Strategies (CMS) variables in the model that has been provided. The direct relationship between the Crisis Management Strategies (CMS) variable and the Organisational Performance (OP) variable has a significance level that is not acceptable, and it has a positive influence at the threshold of 1% significance level and a two-tailed connection (T-statistics = 4.320). A route coefficient score of (Beta = 0.175) and a considerably tiny effective size value (f2 = 0.063) are used to indicate the significance level of the linked association. There is a considerable difference between the two. At a significance level of 5% and a T statistic of 4.293, the indirect connection effect stands out as statistically significant.

As a result of the fact that the direct relation has a path coefficient value of 0.175 and the indirect relation has a path coefficient value of 0.11, the effect of the indirect relation is considered to be a partial indirect relation. According to earlier research, such as that conducted by Majli and Farhan Tamimi (2018), Olawale (2014), and Ali Mohamad Jibai (2018), crisis management techniques (CMS) have a considerable influence. This is linked with the findings of recent studies. The ranking of crisis management techniques (CMS) as the most indirect predictor and the second most direct predictor is a sensible one.

CONCLUSION

The study shows that although workers see the proposed variables favourably, their assessments are moderate, indicating differing significance among elements affecting organisational sustainability. The majority of links are supported by the model's good predictive ability, which highlights the critical role that leadership, decision-making, and crisis management play in promoting long-term organisational results. Notably, crisis management strategies have an impact on performance both directly and indirectly, supporting previous findings and highlighting their strategic importance in boosting long-term success and organisational resilience.

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