



Faculty of Cognitive Science and Human  
Development

**EXPLORING LEADERSHIP COMPETENCIES FOR CRISIS  
MANAGEMENT: A STUDY IN THE RETAIL INDUSTRY IN  
SARAWAK**

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Final Year Project Report

Masters

PhD

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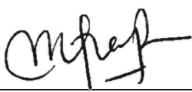
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**EXPLORING LEADERSHIP COMPETENCIES FOR CRISIS  
MANAGEMENT: A STUDY IN THE RETAIL INDUSTRY IN SARAWAK**

**PRISCELLA ANAK AMBROSE**

This project is submitted  
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Projek bertajuk 'Meneroka Kompetensi Kepimpinan Untuk Pengurusan Krisis: Kajian Di Industri Runcit Di Sarawak' telah disediakan oleh Priscella Anak Ambrose dan telah diserahkan kepada Fakulti Sains Kognitif dan Pembangunan Manusia sebagai memenuhi syarat untuk Ijazah Sarjana Muda Sains dengan Kepujian (Pembangunan Sumber Manusia).

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## **ABSTRACT**

### **EXPLORING LEADERSHIP COMPETENCIES FOR CRISIS MANAGEMENT: A STUDY IN THE RETAIL INDUSTRY IN SARAWAK**

PRISCELLA ANAK AMBROSE

Leaders especially the management lines in the organization are the important people in keeping the organization to keep survive and thrive during this COVID-19 pandemic. Through this study, the challenges faced by the leaders during this pandemic will be explored, the strategies used to overcome the challenges will be discovered and the important leadership competencies in managing crisis are identified. This study aims to add literature review on crisis management for local level (Sarawak, Malaysia) in retail industry. The research is using qualitative design to discover new insights on crisis management. Therefore, case study design is chosen as the approach. 8 informants who hold position in managerial from retail industry in Sarawak area were interviewed in the in-depth interview via phone calls and Zoom Meeting in June 2021. The data that has been collected were analyzed by using content analysis where the keywords, phrases and sentences were grouped into themes and category. The findings found that leaders are facing with the challenges such as in financial aspect, health and well-being, struggling for sustainability of the company and managing human resource. Therefore, the strategies used are focusing on the employees focus, business strategy and safety strategy. Apart from that, the findings also highlighted that leaders must possess competencies such as able to control emotion, communication skills, problem solving skills and ability to influence. At the end, this study is expected to contribute the insights on managing the

crisis effectively to the organizations, human resource practitioners and future research in Malaysia to prepare the strategic human resource development and management for facing the uncertainty.

*Keywords:* Challenges, strategies, crisis management, leadership competency, uncertainty

## **ABSTRAK**

### ***MENEROKA KOMPETENSI KEPIMPINAN UNTUK PENGURUSAN KRISIS: KAJIAN DI INDUSTRI RUNCIT DI SARAWAK***

*Pemimpin terutamanya barisan pengurusan dalam organisasi adalah orang penting dalam menjaga organisasi agar terus bertahan dan berkembang semasa wabak COVID-19 ini. Melalui kajian ini, cabaran yang dihadapi oleh barisan pemimpin selama wabak ini akan diterokai, strategi yang digunakan untuk mengatasi cabaran akan didedahkan dan kecekapan kepemimpinan yang terpenting dalam menguruskan krisis dikenal pasti. Kajian ini bertujuan untuk menambahkan tinjauan literatur mengenai pengurusan krisis untuk peringkat tempatan (Sarawak, Malaysia) dalam industri peruncitan. Penyelidikan ini menggunakan reka bentuk kualitatif untuk meneroka pandangan baru mengenai pengurusan krisis. Oleh itu, reka bentuk kajian kes dipilih sebagai pendekatan. 8 orang informan yang memegang jawatan sebagai pengurus dari industri runcit di kawasan Sarawak ditemu ramah dalam temu ramah mendalam melalui panggilan telefon dan Zoom Meeting pada bulan Jun 2021. Data yang telah dikumpulkan dianalisis dengan menggunakan kaedah “content analysis” di mana kata kunci, frasa dan ayat dikumpulkan mengikut tema dan kategori. Hasil kajian mendapati pemimpin menghadapi cabaran seperti aspek kewangan, kesihatan dan kesejahteraan, bekerja keras untuk kelestarian syarikat dan pengurusan sumber manusia. Oleh itu, strategi yang digunakan adalah dengan berfokus kepada pekerja, strategi untuk perniagaan dan strategi keselamatan. Selain itu, hasil kajian juga menunjukkan bahawa pemimpin mesti mempunyai kecekapan seperti kemampuan mengawal emosi, kemahiran berkomunikasi, kemahiran menyelesaikan masalah dan kemampuan untuk mempengaruhi. Pada*

*akhirnya, kajian ini diharapkan dapat menyumbangkan idea mengenai pengurusan krisis secara berkesan kepada organisasi, pakar bidang sumber manusia dan penyelidikan masa depan di Malaysia untuk mempersiapkan pembangunan dan pengurusan sumber manusia yang strategik untuk menghadapi situasi yang tidak menentu.*

*Kata kunci: Cabaran, strategi, pengurusan krisis, kecekapan kepimpinan, situasi yang tidak menentu*

## **CHAPTER 1: INTRODUCTION**

### **1.0 Background of the study**

This study is about the experience of the leaders such as managers, director and supervisor in the retail industry in Sarawak in handling the crisis of the COVID-19 pandemic in their organization. Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus (WHO, 2020). Sayyadi (2019) defined leadership as an influenced interaction with groups of followers to implement changes and achieve the determined goals in the management function. The role of leaders became a major concern during this crisis time because their credibility in handling the challenges is needed to determine the organization's future. Amid this period of vulnerability, worker assurance is low, jobs are mostly undermined by unemployment, and employees go through troublesome times not being arranged to adapt to the new circumstance. Therefore, the leaders in the retail industry should have a good strategy in responding to this pandemic crisis.

The Minister of Finance, Yb Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz during presenting the 2021 Budget had said that the spread of COVID-19 not only claimed lives but also plagued the economies of countries around the world. He added that this is an unprecedented crisis as there is no reference because there are no clues or guidelines. Based on the survey by Cope (2020), the supply chain is disrupted, causing delays in shipments by electronics manufacturers. Since the implementation of MCO on March 18, participants in the field of electronic manufacturing services (EMS) covered by us have stopped production (*Weak consumer spending*, 2020). Since 1987, the year 2020 has been the worst for



Malaysian merchants. According to Retail Group Malaysia (RGM), the retail business, which was worth RM107.5 billion in 2019, is likely to lose RM10.9 billion this year as a result of the COVID-19 pandemic (Malaysiakini Team, 2020). While the pandemic continues to create chaos, large corporations and small businesses are developing creative solutions to stop the spread of the virus (Tognini, 2020). It is important to study this topic to gain knowledge in handling challenges of change as a leader in order to ensure the organization keeps operating without being disrupted.

In this study, the experience of the leaders in the retail business companies how they overcome the challenges in the COVID-19 pandemic situation will be explored. As we know, a lot of sectors are affected, retail business not excluded. By looking at the last time crisis such as epidemic situations such as SARS, the organization should have learned to prepare in confronting and responding wisely. The war against the virus and its effects revealed the value of being prepared and strategizing to provide guidance and reduce any harm in the face of the potentially disruptive forces unleashed by a crisis (Henderson & Ng, 2004). This study will be discussing on how leaders in the retail business companies respond to the coronavirus situation with their competencies in managing the crisis exist. During this pandemic crisis situation, leaders should use their skills in making differences to keep the organization operating effectively even though there are challenges. Therefore, this study is to explore more pertaining to the competency of the leadership of the retail business companies when dealing with the crisis moment.

## **1.1 Problem statement**

The retail business companies should be able to operate effectively even in times of crisis. Movement order control (MCO) was announced at the first time on

18<sup>th</sup> March 2019 (The Prime Minister's Special Message, 2020) and now the Malaysian government has extended it to prevent the virus from spreading wildly. International Trade and Industry Minister Datuk Seri Azmin Ali said that Malaysia will allow some economic sectors that were already at half capacity operated during the movement restriction period to expand their work to full capacity from April 29, 2020 (The Straits Times, 2020). This includes retail business company premises but he reminds that these companies are compulsory to comply with rules of new normal such as social distancing and health control at the workplace. The new change of the environment in the workplace might restrict some tasks and the way the work is done. This may give a challenge to the organization to operate normally like before. Besides, the changes that happen are also involving HR function as the development and transformation of human resources in each element of the human resources life cycle to meet new organizational needs is crucial (PricewaterhouseCoopers, 2020). Therefore, this study will explore more on challenges faced by the managers or the leaders in guiding the employees to adapt to the new normal.

There were several crisis events such as SARS in 2003 before which had affected the economy. This kind of epidemic situation surely has caused many organizations to be disrupted. It can be seen from the SARS outbreak that lack of preparation has had a devastating impact on the business, and guarantees are included in the business definition of the crisis. The past study used the SARS epidemic as a background to emphasize the importance of crisis planning, especially in emerging economies, and advise organizations on how to solve these problems (Day, Mckay, Ishman & Chung, 2004). Although there is a study about the lesson for crisis planning, it is not involving the leadership role in responding to the crisis. Furthermore, it is the first time Malaysia is involved in a pandemic crisis and this

pandemic is still new. So, this present study in the COVID-19 pandemic situation would dig in something new for leadership competency in responding to it. Furthermore, the importance of leaders' competency in handling crisis situations should be discussed more to give guidelines for future uncertainty. Fred Garcia (2006) believes that

“Effective crisis response is a competitive advantage; ineffective crisis response causes a competitive disadvantage, and can even put an enterprise's existence in jeopardy. But many leaders who are otherwise given credit for vision, strategic focus, and discipline preside over undisciplined crisis responses, often at great risk to their career and their company's future” (p.4).

Wooten and James (2008) claimed that there is little research that identifies the knowledge, skills, or abilities necessary to lead an organization through phases of the crisis. Dirani et al. (2020) has done research on leadership competencies and the essential role of human resource development in times of crisis in a response to the COVID-19 pandemic but it is just in general. Besides, Varma (2020) suggested that future research on the role of responsible leadership in the context of a crisis should examine how the severity of the crisis affects the implementation of responsible leadership. This researcher studied responsible leadership and reputation management during a crisis but it is in the aviation industry context. Meanwhile, there are some other researchers doing a study about the leadership in other sectors during a crisis for COVID-19 relating to leadership style, organizational culture and innovative behavior on public health center performance during pandemic COVID-19 (Suprapti, Asbari, Cahyono, & Mufid, 2020). Hence, there is a lack of literature of leadership in the context of retail business sector during the crisis time such as a pandemic.

Thomas (2020) stated that the COVID-19 pandemic has a huge and rapid impact on workplace culture. We live in a time of rapid change that also brings with it unprecedented opportunity; it is time for a wake-up call to those hoping to thrive in the 21st century (Subramanian, 2020). He also added that the ability to quickly, deeply, and effectively pivot may be the most important core ability that individuals and organizations must acquire to prosper in the new economy. As they adjust to operations during the pandemic and prepare for recovery, the head of the organization needs to consider what cultural changes they want to retain and what countermeasures they must take (Thomas, 2020).

## **1.2 Objectives of the study**

General objective: To explore leaders' competencies during crisis management in the retail industry in responding to the pandemic situation.

Specific objectives:

1. To investigate the challenges faced by the leaders during the pandemic crisis situation.
2. To identify leadership strategies used by the leaders to manage crisis during the COVID-19 pandemic.
3. To identify leadership competencies that are critical when managing a crisis.

## **1.3 Research questions**

- a) What challenges are faced by the leaders during this pandemic?
- b) What are the strategies used by the leaders to manage during the pandemic crisis situation?

c) What leadership competencies are necessary when managing a crisis?

### 1.4 Research Framework

The research framework for this study is shown in Figure 1.4. There are three parts in the framework. The first part is the context of the study, the second part is the issues of the study and the third part is the method in this study.

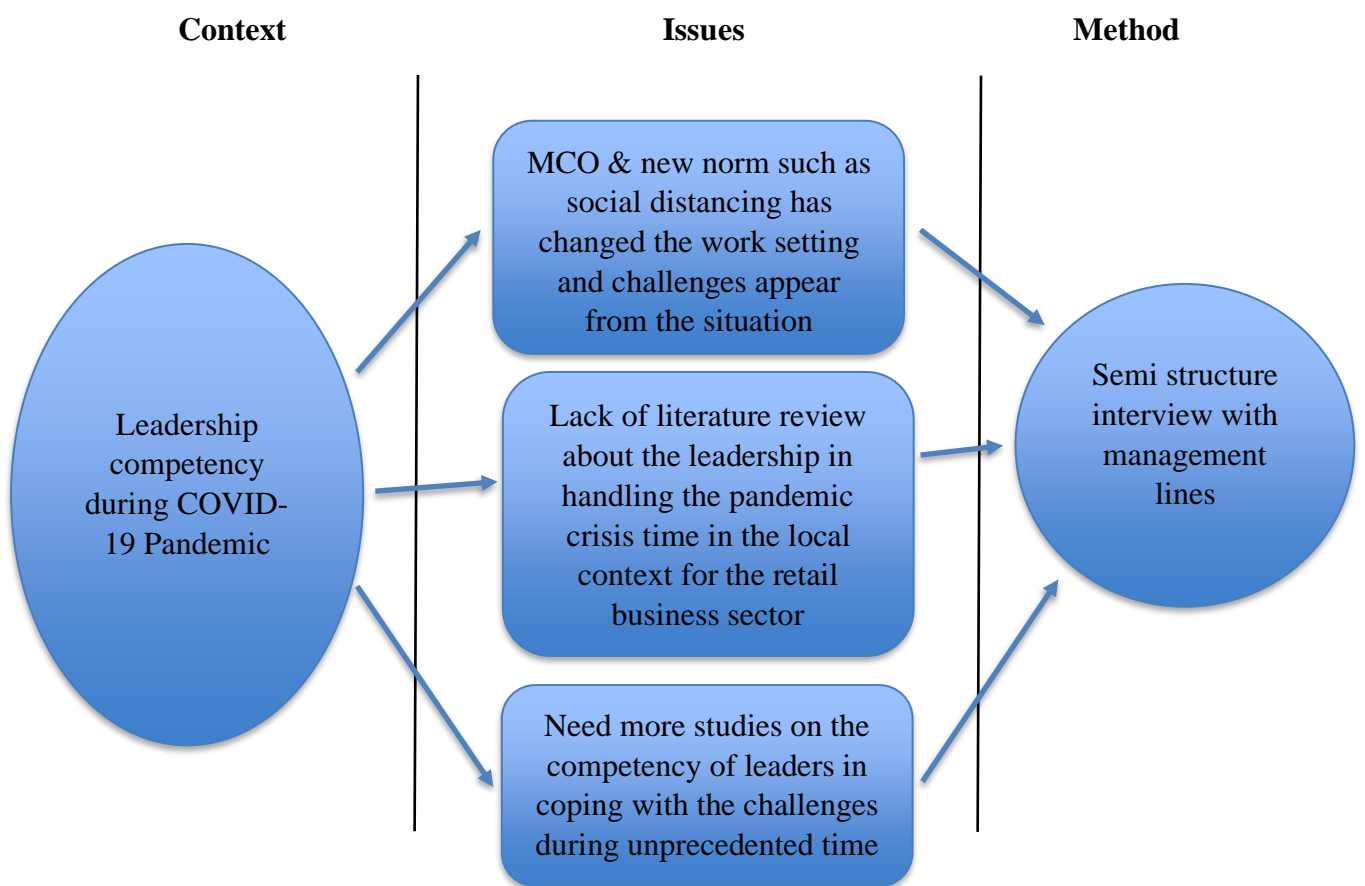


Figure 1.1 Research Framework of this study

## **1.5 Significance of Study**

### **1.5.1 Knowledge and Literature**

This study contributes to the knowledge of leadership and leadership competencies in managing the organization during uncertain times such as a pandemic crisis situation. The study is important in giving insights into what kind of leadership skills, ability, and behavior a leader should possess, especially in managing crisis. Besides, it adds the literature review for the retail business sector in Malaysia context in responding to crisis situations. Leadership competencies needed in every industry may differ, so this study will contribute knowledge for retail sectors.

### **1.5.2 Organization Management**

This study is important to help the organization realize the importance of preparation to face the time crisis. COVID-19 is still new and it is the first time that Malaysia has been involved in such a pandemic. The result of this research might give sparks to have planning in facing uncertainties in the future. Besides, this research could suggest leadership mitigation to the challenges faced by the organization in handling the crisis during a pandemic. This will help the management of the organization to be more effective by referring to this study as a reference.

Some retail business sectors grow in uncertainties and the levels at which competency of leaders may become a turning point in their ability to survive or adapt. The leaders this sector may benefit for guidelines in competencies and strategies in this situation. The lead either causes success or failure to the organization. Such realization makes this study need to conduct.

According to Dirani et al. (2020) at the institutional level, this pandemic highlights the role of leaders and leaders in reshaping their organizations to survive

during and after crises. Through this study, the results of the study can give awareness to the leaders about the importance of their role for the organization in the challenges of time.

### **1.5.3 HRD Practices**

This study is valuable for HR practitioners to train the leaders in the organization to improve the preparedness in facing vulnerability. Organizations would gain some ideas to make training in improving and updating their leader's competency. The development and transformation of human resources in each element of the human resources life cycle to meet new organizational needs is crucial. Human resources departments will need to increasingly find ways to support business leaders in restructuring during and after the pandemic, adopting labor rationalization measures, while managing the risks associated with such interventions, and increasing productivity and employees' dedication (PricewaterhouseCoopers, 2020). This study will give insights on organizational strategy and leadership competencies in managing crisis. Hence, from the findings of this study, the Human Resource practitioners can get input to create new interventions for leadership in the organization in facing uncertainties.

### **1.6 Limitation of Study**

The limitation of this study is it only focuses on one context only, which is the retail business sector only. So, the leadership competency in this context is only limited to one industry. It is not applicable to other industries. The informants limited to the upper management such as managers. Besides, the collection of data is only in Sibuluan, Sarawak area. Hence, the result is not represented as a whole retail business sector in Malaysia.

## **1.7 Definition of terms**

### **1.7.1 Leaders**

Conceptual: A person who has dominant characteristics in an organization because they have experiences and in charge of a group of people (Rost, 1993)

Operational: Leaders in this study is anyone who are holding a position in managerial line in the organization and lead the employees in setting strategies to keep the survival of the organization.

### **1.7.2 Leadership**

Conceptual: Leadership is a process of social influence, which maximizes the efforts of others, towards the achievement of a goal (Kruse, 2015).

Operational: Leadership as an influenced interaction with groups of followers to implement changes and achieve the determined goals in the management function (Sayyadi, 2019).

### **1.7.3 Leadership Competencies**

Conceptual: Leadership competencies represent a combined set of knowledge, skills, and abilities (KSA) that constitute effective leadership within an organization (Hollenbeck, McCall, & Silzer, 2006).

Operational: Leadership competencies represent a combined set of knowledge, skills, and abilities (KSA) that constitute effective leadership within an organization in managing challenges arise from pandemic crisis.