

# **GETTING THROUGH A CRISIS TOGETHER**

**A MINOR FIELD STUDY IN SRI LANKA ON LEADERSHIP AND  
RESILIENCE**

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## **Getting Through a Crisis Collectively: A Minor Field Study in Sri Lanka on Leadership and Resilience**

Abstract:

This study investigates the leadership strategies employed by managers in the hospitality industry of Sri Lanka to navigate through a prolonged crisis, shedding light on the importance of relationship-focused leadership in crisis management. *Authentic Leadership, Relational Leadership, The Group Relations Theory*, as well as a cultural lens, were used to understand and analyze patterns and themes related to leadership practices, organizational dynamics, and resilience-building strategies. Through employing a qualitative approach, including 26 interviews with both managers and employees, as well as cultural observations, it was found that managers did not need to make significant adjustments to their leadership practices, swiftly resuming operations as tourism returned. Through the analysis, it was found that their pre-existing leadership style, characterized by strong interpersonal bonds within the organization, was instrumental in crisis management and the development of organizational resilience. The study reveals that the cultural context, characterized by collectivism, provided a possible explanation for why these leadership practices and organizational dynamics naturally arose in most studied organizations. Despite concerns about potential profit inefficiency, the study suggests that the long-term benefits of relationship-focused leadership could outweigh drawbacks, especially in sectors vulnerable to hardship like tourism. The findings challenge the reliance on Western leadership theories, highlighting the need for more culturally sensitive frameworks in understanding leadership in diverse settings. Future research could delve deeper into the dynamics of relationship-focused leadership in fostering resilience and well-being in organizations.

Keywords:

Sri Lanka, Relational Leadership, Authentic Leadership, Culture, Resilience, Crisis

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## Definitions

<b>Tourism / Hospitality</b>	Tourism involves traveling for leisure, business, or other purposes, while hospitality refers to the industry providing services such as accommodation, food, and entertainment to travelers.
<b>Micro-Small Medium Enterprises (MSME)</b>	Definitions vary, in this study defined as small-scale businesses that play a vital role in economic development employing a maximum of 50 people and contributing significantly to employment and GDP growth.
<b>Transformational Leadership</b>	Transformational leadership inspires and motivates followers by fostering innovation, creativity, and growth, ultimately driving positive change within organizations.
<b>Employee Resilience</b>	Employee resilience refers to the ability of individuals to adapt, bounce back, and thrive in the face of adversity or challenges within the workplace
<b>Leader Member Exchange Theory (LMX)</b>	A theory examines the dynamic relationship between leaders and individual followers, emphasizing personalized interactions and mutual trust to enhance performance and job satisfaction.
<b>International Bank (IBM)</b>	IBM Bank is an Australian mutual bank established in 1880
<b>Arugam Bay</b>	Arugam Bay is a small village on the East coast of Sri Lanka with a large amount of small-scale businesses tourism.

## Executive Summary

In the face of prolonged crisis, such as those experienced in the hospitality industry of Sri Lanka, effective leadership strategies are crucial for organizational survival and resilience. This research provides actionable insights for practitioners seeking to enhance their managerial decisions and organizational strategies amidst a crisis.

Companies in Sri Lanka, as highlighted in the study, often serve a dual purpose of profit generation and social safety net provision. For managers, this means a delicate balancing act between profit maximization and societal welfare. Understanding this cultural expectation is crucial for managerial decision-making. They must meticulously consider not only the financial implications of their choices, encompassing the well-being of both employees and the community at large.

The study suggests that a robust national support system could facilitate a transition towards more profit-driven approaches for companies in Sri Lanka. This underscores the importance of government involvement in providing social safety nets. For policymakers, it highlights the need to strengthen support systems, such as unemployment benefits, to alleviate the burden on companies serving as safety nets. By doing so, policymakers can create an environment where companies feel more comfortable making decisions solely based on economic considerations, potentially leading to increased investment and economic growth.

The findings on resilience can inform strategies for crisis recovery, particularly in sectors like hospitality that are vulnerable to external shocks. By leveraging relational practices that promote resilience, such as fostering strong internal relationships and consensus-oriented leadership, companies can better navigate a crisis and emerge stronger. For managers in the hospitality sector, this means investing in building resilient teams and fostering a supportive organizational culture.

Moreover, policymakers can support small companies in vulnerable sectors by implementing initiatives that promote these relational practices, thereby enhancing their crisis management capabilities. While the study focused on small companies in Sri Lanka, the insights regarding resilience and relational practices hold relevance beyond this specific context. Companies in other industries, types of organizations, and even different countries can draw lessons from these findings. However, it's essential to recognize that the effectiveness of these practices may vary depending on cultural norms and organizational structures. Replicating the success of relational practices observed in Sri Lanka may require adaptations to fit the cultural context of different regions.

# 1. Introduction

## 1.1 Background

With the increasing risk of future pandemics (Haileamlak, 2022), alongside political instability, wars, and the imminent threat of climate change significantly impacting lifestyles and businesses across all sectors, it becomes apparent that these are challenges all organizations are confronting. Thus, the ability to lead oneself and others through a crisis is thus a relevant skill for leaders of today and the future.

Sri Lanka, a developing nation with a turbulent history marked by ethnic conflicts and civil wars since gaining independence from the British Empire in 1948, relies significantly on its hospitality sector. Pre-crisis data from 2017-2018 indicates that this sector contributed 4.9% to the GDP and employed 11% of the workforce, predominantly comprising MSMEs (Gonzales et al., 2014). Despite their proven efficiency in driving economic growth, MSMEs are particularly vulnerable to a crisis and are often overlooked in government policies (Central Bank of Sri Lanka, 2021). The institution advocates for supportive initiatives to harness their potential as crucial contributors to the national economy.

Sri Lanka has made significant socio-economic progress since the 2009 civil war such as reduced poverty, improved literacy rates, lower child mortality, and increased life expectancy. However, the recent economic crisis has led to a concerning rise in poverty levels, from a total of 14% in 2019 to 31% in 2023, affecting both rural and urban areas adversely (South, 2016).

Prior to the pandemic, Sri Lanka encountered a vulnerable economic situation marked by high fiscal deficits, increasing foreign debt, and unstable economic growth. The 2019 terror attacks worsened these issues, notably impacting the hospitality industry. The subsequent arrival of the COVID-19 pandemic pushed the country into its most severe crisis yet.

The government's failure to address the economic issues led to the country defaulting on its sovereign debt in April 2022, sparking nationwide protests leading to a socio-political crisis. 85% of households saw a decrease in income, with nearly three out of five losing over half their income, hitting impoverished households hardest (Chia et al., 2022). Shortages in fuel, food, and imported medical goods led to declines in physical and mental health across all age groups (The Lancet Regional Health – Southeast Asia, 2022, Shoib et al., 2022), with a majority experiencing heightened stress levels (Sooriyaarachchi & Jayawardena, 2023).

Despite these challenges, signs of economic recovery emerged in 2023, with inflation stabilizing and the economy showing signs of improvement. In 2024, IMF (Sri Lanka's Economic Reform Program Is Starting to Work—Keep at It for a Full Recovery, n.d.) forecasts continued and increasing economic growth in the coming years, highlighting a broad yet delicate recovery state for the nation. Raising tax revenue is crucial to avoid slipping back into an economic downturn. Although tourism is gradually rebounding, it is still

below pre-crisis levels, but is already significantly contributing to stabilizing the economy (Sri Lanka development update bridge to recovery, 2024).

There is both support for and challenges to the widely assumed efficiency of tourism as a driving force for socio-economic development in emerging economies. Alcalá-Ordóñez claims (Alcalá-Ordóñez & Segarra, 2023) that tourism can reduce poverty and improve living conditions in the host country, while others (Pulido-Fernández & Cárdenas-García, 2021) have found the relationship between economic development and tourism to be bidirectional and that tourism growth does not equal economic development in developing nations (Pulido-Fernández et al., 2014)

The hospitality sector was severely hit by the crisis, experiencing a complete standstill in travel and tourism activities. Rather than laying off staff, most employers reduced wages for both employees and themselves. Government relief measures of suspending loan repayments proved ineffective as tourism businesses rely heavily on private financing, with repayment demands despite revenue losses. Staff shortages was an issue before the crisis and worsened during it due to the low interest in hospitality sector jobs (Putting people first, building a more resilient tourism sector in Sri Lanka, n.d.). To fortify the sector for the future, suggestions include increasing the workforce and establishing efficient support systems with improved access to financing (Sri Lanka Strategic Plan for Tourism 2022-2025, n.d.). Additionally, implementing leadership practices that enhance organizational and employee resilience has been recommended (Prayag et al., 2024).

The following thesis draws on qualitative data from a Minor Field Study conducted in Sri Lanka in July and August 2023, aiming to explore crisis leadership within the hospitality sector during the crisis and early recovery stages, contributing to the broader discourse on crisis management in low-income countries.

## 1.2 Purpose and Research Question

This study explores how Sri Lankan MSMEs adapt leadership practices during a crisis. Leadership is crucial for navigating a crisis in organizations of all sizes (Mumford et al., 2007). Through qualitative interviews and observations of the cultural, this study contributes to crisis leadership research in a low-income country, within its cultural context. Given Sri Lanka's heavy financial reliance on its hospitality sector, largely consisting of MSMEs, understanding effective leadership in small businesses is essential for shaping government support and providing valuable insights to managers in times of crisis.

The research question is: *How have managers in small hospitality businesses adjusted their leadership practices to handle the crisis in Sri Lanka?*

## 1.3 Main Focus and Delimitations

This study explores leadership practices implemented in MSMEs to address the effects of the prolonged nationwide crisis on the hospitality sector, but is geographically limited to the area of Arugam Bay, Sri Lanka. The deep and complex crisis in the country provides an intriguing context for such an investigation. The focus on MSMEs within the hospitality industry is motivated by the country's heavy dependence on this sector economically, and the emphasis on MSMEs is accentuated by their large presence within the hospitality industry. Arugam Bay was selected for its dense concentration of businesses operating in the hospitality sector.

While initiatives in Sri Lanka's crisis recovery have predominantly centered on financial and hospitality management perspectives (Sri Lanka Strategic Plan for Tourism 2022-2025, n.d.) this research exclusively examines leadership practices related to interactions between the leader and their employees, as well as within the organization.

Conducting interviews with both employees and managers enabled the research to capture the human aspect of leadership and uncover how leaders and employees perceive leadership, the reasons behind their perspectives, and how effective leadership contributes to organizational resilience, particularly during times of crisis.

## 2. Theory

### 2.1 Literature review

#### 2.1.1 Leadership in the hospitality sector

Research on leadership practices in the hospitality industry in the 21st century primarily used transformational, LMX and servant leadership theories. Abusive supervision and ethical, empowering, and *Authentic leadership* are also frequently used (Guchait et al., 2023). Research on SMEs in the hospitality industry mainly investigated transformational leadership, highlighting the importance of employees' trust in their leader. It has been suggested that future research explore other theories and leadership's connection to organizational culture within this context (Hemalatha & Shekhar, 2022).

LMX-leadership enhances organizational commitment, job engagement, and reduces employee turnover. *Relational leadership*, which builds on the LMX-theory, is not used much in hospitality research, but suggested directions for future research include investigating less-studied leadership traits like personality and emotional intelligence in predicting leadership styles in a hospitality context.

*Authentic leadership* in the hospitality sector cultivates trust and respect within teams by creating a psychologically safe space for employees to freely voice opinions, share ideas, and take risks. This fosters open communication and collaboration, leading to increased job satisfaction, engagement, and a sense of purpose among employees. Future research has been recommended to explore collective outcomes of *Authentic leadership*, individual outcomes for employees beyond work and performance, such as different aspects of wellbeing, and to study this leadership style through other theoretical frameworks than the most frequently used Social Exchange Theory (Hoang et al., 2024).

Transformational leadership tends to be more effective in collectivistic cultures such as those in Southern Asia. The impact of cultural contexts on leadership has been studied before with theories such as Hofstede's cultural dimensions (Country Comparison Tool, n.d.), the GLOBE project (Southern Asia Results - GLOBE Project, n.d.), and Meyer's (Yongkoo Park, 2018) on its leadership perspective. Additionally, the applicability of leadership theories developed in Western cultures in other parts of the world is debated (Blunt & Jones, 1997), highlighting the challenge of developing a universally valid leadership theory due to significant cultural differences in the perception (McKenna, 1998).

#### 2.1.2 Leadership in crisis

In recent decades, scholars have investigated how leadership is adapted during a crisis as well as the relationship between the organization's culture, crisis management and leadership.

Previous studies on crisis leadership employed various methods including interviews, ethnographic research, and cross-sectional surveys, with surveys and interviews being the most prevalent combination. Researchers assess leadership by analyzing historical data for correlations with organizational results, examining crisis decision-making via interviews and case studies, and measuring perceptions of leaders' actions during a crisis through surveys. They frequently merge quantitative and qualitative methodologies to comprehend leadership behaviors and their effects on organizational outcomes.

The most common finding in leadership during crisis studies is the examination of leader attribution and evaluation in crisis contexts. This involves investigating how leaders and stakeholders assess leaders' actions during a crisis, encompassing both empirical and conceptual research. It also explores factors influencing leader traits, behaviors, and styles in a crisis. Understanding these attributes and behaviors is crucial for effective crisis management and highlights more research in this field.

### 2.1.3 Leadership in crisis and the hospitality sector

The COVID-19 pandemic spurred a large amount of research on resilience in SMEs in a hospitality context, but these have mainly focused on other means of creating resilience than leadership (Hemalatha & Shekhar, 2022). Employee-level resilience can contribute to aggregated organizational resilience (Douglas, 2021) and has a positive influence on business continuity in hospitality organizations (Saad & Elshaer, 2020) and performance, particularly within small family firms (Santoro et al., 2021). Additionally, hotel employees' resilience has been found to moderate the effect of job insecurity on depression during COVID-19 (Aguiar-Quintana et al., 2021). Leaders can efficiently promote resilience in their followers through emotional management support (Richard, 2020) and both LMX and *Authentic leadership* are positively related to resilience in employees (Kakkar, 2019, Mao et al., 2023).

### 2.1.4 Leadership in Sri Lanka

Leadership research in Sri Lanka has explored a large variation of theoretical frameworks which provides diversity in the results but also complicates forming a cohesive picture. Studies have found cultural background to significantly influence leadership expectations in Sri Lanka (Selvarajah et al., 2020) with key factors for 'good leadership' including duty, respect, trust and family values, reflecting societal values of hierarchy and collective well-being. Leaders need to balance authority and care and foster integrity-based relationships, and religious and cultural beliefs strongly influence moral aspects of leadership. Further, *Authentic leadership* has been found to increase organizational citizen behavior in the public sector of Sri Lanka (Sri Ramalu & Janadari, 2022) and employees' perceptions of their leaders as impressive people with high achievements to positively influence their motivation (EBSCO Information Services Service Selection Page, n.d.).

### 2.1.5 Leadership in Sri Lanka: hospitality and crisis

There is limited previous research on leadership in Sri Lanka's hospitality sector, especially on small companies and in a crisis context. One study conducted in the hospitality industry found transformational leadership to be efficient with benefits including enhanced performance, intrinsic motivation, creativity, and ethical conduct. Psychological factors such as meaningfulness and safety alongside job-related resources like feedback, rewards, and job autonomy, were found to significantly influence employee engagement levels. Further, in a crisis context, a study on charismatic leadership found that creating excitement and taking personal risks is crucial for motivating employees.

Finally, one study surveying people in Sri Lanka's hospitality sector in the beginning of the crisis found resilient leadership practices, such as managing change and vision sharing to increase behaviors in employees that contribute to organizational resilience, such as innovation and problem solving.

## 2.2 Research Gap

This study aims to contribute to the limited research on leadership in MSMEs in the hospitality sector of Sri Lanka during a crisis. In contrast to previous, survey-based studies, this study uses semi-structured interviews to capture a deeper understanding for the subject.

## 2.3 Theoretical framework

### 2.3.1 Leadership as relational processes

A relational approach to leadership both challenges and complements the more individualistic perspective that has historically dominated most leadership theories (Brower et al., 2000). Built on the foundation of LMX-theory and focusing on the social processes between people, its definition of leadership is something that occurs in relationships between leaders and followers, rather than focusing on the qualities and behaviors of the leader. The roles of leaders and followers and the individuals' perceptions and intentions within the relationships are the main instruments in the collective work towards a common goal. Contrary to a more traditional view of leadership, the leader and the follower influence each other through the relationship in a two-way exchange, rather than a leader simply influencing the follower (Carroll, 2015).

Crevani (Carroll, 2015) presents a constructionist perspective on *Relational leadership*, in which she questions the instrumentality of these relationships: whether relationships are the means or the ends. She suggests two different ends of the spectrum: *relational achievements* that can be used for organizational practices or *relational responsibility* where the relationships come from 'a more ethically motivated position' built on mutual care and responsibility (Carroll, 2015). However, no further elaboration on the different implications of these is provided.

The constructionist perspective further disrupts traditional perceptions of leadership by defining it as a product of the dynamic relations within the organization. It emerges through ongoing processes and is co-created by all individuals involved, suggesting that these processes are not solely dyadic leader-follower relationships, but also relationships within the team. This constructionist perspective does not assume that leadership always involves the formal leader: "*any processes in which influence is interactionally achieved leading to a restructuring of organizing practices and relations*" (Carroll, 2015) can be leadership.

*Relational leadership* also includes *positioning*; a flexible concept that refers to how individuals establish their roles and relationships within conversations, thereby influencing their actions which in turn affects group dynamics in discussions and their expected tasks, behavior, and identity (Carroll, 2015).

### 2.3.2 Authentic Leadership

*Authentic leadership* emerges as a response to the intricate nature of contemporary organizational settings, marked by uncertainty, rapid change, and ethical quandaries. It is characterized by leaders who exemplify honesty, integrity, and high ethical standards. The theory draws from Positive Organizational behavior theory and underscores the development of positive psychological attributes like confidence, hope, resilience, and optimism, crucial for effective leadership amid dynamic contexts (Luthans, 2002a, 2002b, 2002a). Moreover, *Authentic Leadership* integrates ethical behaviors and a genuine concern for others'

needs from the Transformational/Full-Range Leadership theory. Authentic leaders embody these principles through integrity, transparency, and a commitment to collective growth. They prioritize alignment between their values and actions, fostering trust and credibility among followers (Burke, 2001).

### 2.3.3 Group Relations Theory and Resilience

Resilience can exist at both organizational and individual levels and determines whether the group or person is skilled at enduring adversities or can quickly adapt when faced with challenges (Mokline & Ben Abdallah, 2021). The development of employee resilience depends on both internal and external relationships within the organization, underscoring the importance of nurturing interpersonal bonds (Santoro et al., 2021b).

Resilience in organizational groups is fostered through connections and interactions within the organization (Gittell et al., 2006). Providing each other with emotional and practical support in such times ensures relationship endurance, ultimately enhancing long-term resilience while also reducing the risk of the formation of in- and out-groups (Barton & Kahn, 2019). *Group Relations Theory* is a model that utilizes relationships as a conceptual framework to explain how groups either break down or remain resilient during adversity (Group Relations, Management, and Organization, 1999). According to this model, there are two distinct paths for groups navigating anxiety together, creating either resilience or brittleness. Along the first path, *Enacting Brittleness*, individuals coping with anxiety unconsciously use defense mechanisms, causing conflicts and dysfunction instead of constructive communication. Groups following this path may become rigid, divided, and struggle to tackle challenges effectively and bounce back from hardship. The other trajectory, *Enacting Resilience*, involves a social practice called a relational pause, where members seek support from each other. Usually initiated by leaders, these pauses encourage open discussions to ease anxiety and mend connections. Sharing and addressing emotions makes group members more emotionally connected, reduces divisions within the group and can contribute to both employee and organizational resilience. (Barton & Kahn, 2019)

Four key mechanisms shape the pathway that a group initially takes; group members must *Feel Need* to address their emotions together, *Leadership and power* should establish psychological safety and encourage open reflection, group members must possess *Individual capacities* in emotional intelligence and *Empathy and Concern* for each other. These factors collectively enable a safe and positive group dynamic where people can support each other and strengthen their relationships.

### 2.3.4 Defining variations in Culture

Various research projects have attempted to define variations in national culture (7 Dimensions of Culture – Trompenaars Hampden-Turner, n.d, Country Comparison Tool, n.d., House et al., 2002) resulting in different sets of cultural dimensions, where individual scores for each country on the different dimensions combined provides a profile of the national culture. This provides insights into cultural differences in attitudes about life in general, but also about what leadership styles are preferred (Southern Asia Results - GLOBE Project, n.d.). There are both similarities and differences in the dimensions included across the models, and Sri Lanka's characterization within the dimensions deemed relevant for the analysis in this study will be described with a combination of the findings of Hofstede, (Country Comparison Tool, n.d., 7 Dimensions of Culture – Trompenaars Hampden-Turner, n.d.) and the GLOBE-project. (Southern Asia Results - GLOBE Project, n.d.)

Sri Lanka is described as a *Collectivist/Communitarianist* society: people prioritize the needs of the groups they belong to above their individual needs (7 Dimensions of Culture – Trompenaars Hampden-Turner, n.d.). Loyalty, strong relationships and assuming responsibility for one another are important, employer/employee relationships are seen as familial rather than transactional (Country Comparison Tool, n.d.) and individuals are judged by how well they serve their community (7 Dimensions of Culture – Trompenaars Hampden-Turner, n.d.). In Southern Asia, in-group collectivism is stronger than institutional collectivism, which indicates a stronger loyalty to family and the organizations one belongs to than society at large (Southern Asia Results - GLOBE Project, n.d.)

As a *Consensus*-oriented society, both employees and managers in Sri Lanka prioritize consensus, solidarity and well-being at work, are motivated by freedom and focus on “working to live” rather than to achieve success (Country Comparison Tool, n.d.). Status is *Ascribed*: one’s place in the hierarchy is determined based on factors such as age, gender and relationships to others rather than what one has *Achieved* (7 Dimensions of Culture – Trompenaars Hampden-Turner, n.d.) and with a *High Power Distance*, such hierarchies are accepted without further justification.

Good leadership qualities in Southern Asia are described as charismatic, humane, team-oriented, focused on creating a cohesive team and willingness to make personal sacrifices for the group. (*Southern Asia Results - GLOBE Project, n.d.*)

Southern Asia’s and Sri Lanka’s cultural profile generally differs from western countries that tend to be more *Individualistic, focused on Achievement and Success* and base their hierarchies on achievements rather than innate traits. (Southern Asia Results - GLOBE Project, n.d.)

### 2.3.5 Theory discussion

The authors of this study find the perspectives on leadership as relational practices laid forward by Crevani (Carroll, 2015) to be abstract and difficult to apply to real-life situations. This could explain why this perspective is less frequently used in leadership research than many other theories, such as *Authentic Leadership*. *Authentic Leadership*, on the other hand, has been subject for academic discussion about its validity (Barton & Kahn, 2019) and potential hazardous outcomes with some scholars arguing that the search for a true self should not be combined with exercising power over others (Einola & Alvesson, 2021). Even when combined, these theories may not cover all parts of leadership, and have originated in a different cultural context than this study was conducted in, which entails that this study might be unable to capture all relevant aspects of the leadership in the organizations.

There are several limitations to the applicability of the presented theories of cultural dimensions to this study’s sample. While Hofstede’s (Country Comparison Tool, n.d.) and Trompenaar’s (7 Dimensions of Culture – Trompenaars Hampden-Turner, n.d.) theories are based on large samples, their definitions of Sri Lanka’s culture are partially inconclusive, raising doubts about their universality. Hofstede’s (Country Comparison Tool, n.d.) sample consisted solely of employees and managers at IBM, which is likely to impede the ability to represent a whole nation’s culture. The GLOBE (Southern Asia Results - GLOBE Project, n.d.) study has conducted a more comprehensive analysis of culture with a sample of people from different industries and literary analysis (Southern Asia Results - GLOBE Project, n.d.) but has still been criticized for its validity (Minkov & Blagoev, 2012) and is yet to create a national cultural profile for Sri Lanka and refers to a consolidation of the data from its neighboring countries. Additionally, over twenty years have passed since these data collections, and more recent research on Hofstede’s (Country

Comparison Tool, n.d.) dimensions has found cultural dimensions to be dynamic and capable of changing over time (Pagda et al., 2021). Despite these limitations, a combination of these theories provides a perspective that seems to enable a better understanding of the data than would be possible without it.

## 3. Method

### 3.1 Choice of Method

#### 3.1.1 Research paradigm

This study adopts a subjectivist ontological viewpoint, asserting that individuals play an active role in shaping social realities and interpreting them. The authors aim to investigate the unique perspectives each individual holds regarding the social world. (Bell, E., Bryman, A., Harley, 2019). Through this stance, the research challenges the idea that culture and organizations exist objectively, independent of individuals. Choosing this perspective allows the study to explore how individuals perceive social interactions, addressing the research question from the perspectives of the interviewees.

This research employs an interpretative methodology focused on comprehending the how and why of human behavior (Saunders et al., 2019). This approach was adopted because a substantial portion of the thesis' theoretical framework considers the dynamics within an organization, and is therefore focused on human behavior. Furthermore, the selected theoretical frameworks necessitate the interpretation of empirical evidence, including behaviors, attitudes, beliefs, and perspectives, to attain a comprehensive understanding of the interaction.

#### 3.1.2 Research Method

This research was conducted using a qualitative method to allow interviewees to reflect freely (Bell, E., Bryman, A., Harley, 2019). To provide a deeper understanding for the management practices and the culture, this was complemented with observations of one of the workplaces where the authors spent three days observing and engaging with the manager and employees in the kitchen of a restaurant. No data was collected from this, but the insights facilitated conducting the study in the, to the authors, foreign culture.

This technique helped the authors receive a profound understanding of how leadership was affected on an individual level by the crisis in Sri Lanka. Since the main aim of the study was to explore, an abductive method was chosen, enabling gradual adaptation of the theoretical framework as new insights emerged from the interviews (Bell, E., Bryman, A., Harley, 2019). Initially, the study was based on transformational leadership theory which was later exchanged due to a discovered misfit with the data.

Conducting semi-structured interviews simplified the process of capturing and comprehending individuals' experiences as it allowed for adapting wording and providing clarifications as well as uncovering aspects previously not considered by the authors.

### 3.2 Data Collection Process

### 3.2.1 Preparatory in-depth interviews

Three in-depth interviews, one with representatives from a network for small-scale entrepreneurs in Sri Lanka and two with small business owners in Arugam Bay, were conducted before the research question was decided. The aim was to explore potential research topics through gaining a deeper understanding of the crisis and its effects on small businesses and the people working in them.

### 3.2.2 Sample

The authors aimed to interview managers and employees with differences in gender, age and educational and previous work experience, however, this proved difficult due to the homogeneity of the workforce in tourism businesses in Arugam Bay.

Before collecting the data, inclusion and exclusion criteria were defined. The only criteria for inclusion were working within the hospitality sector in a business with less than 20 employees in Arugam Bay and English proficiency. No exclusions were made based on English proficiency: during the interview of an employee who did not speak English, another employee served as a translator. No business participating in the study had more than 14 employees. To ensure neutral responses from all participants, they were not briefed on the specific subject of the interview before it began, and both employees and managers were informed that their responses would be completely anonymous and not shared with anyone in the organization.

This study draws on interviews comprising 15 managers and 16 employees from a total of 15 organizations. Both managers and employees were interviewed about the manager's leadership and the teamwork in the organization and how the crisis had affected them personally as well as its effects on the organization. Employees were interviewed to gain a deeper understanding of the leadership styles of managers.

All interviews were conducted in person, with every interviewee willingly participating. Only one approached organization declined to participate. The interviews varied between 23 to 56 minutes and for each manager at least one employee was interviewed. The selection process for employees varied: managers either chose a staff member, or the authors sought out individuals who showed interest. The participants included locals, migrants from other parts of the country, and one European. Due to time constraints, only 15 organizations participated.

### 3.2.3 Research Design

Moreover, interviews were deemed the most suitable method for data collection, as they enabled a deep understanding of personal experiences (Bell, E., Bryman, A., Harley, 2019). Semi-structured interviews offered flexibility to capture and comprehend individual experiences by adjusting language and clarifications, fostering meaningful interactions with interview subjects while ensuring thorough coverage of all study objectives. While semi-structured interviews entail challenges in comparison of responses as they focus on different aspects, it allows the interviewees to highlight key factors in their experiences that would not have been captured with structured interviews.

### 3.2.4 Interview process

The insights offered from these preparatory interviews, coupled with the framework and literature review, served as guidance when designing the interview map. The authors designed two interview maps: one tailored for employees and another for managers (see Appendices 3 & 4). While both interviews shared similarities, the employee-focused interview was structured to confirm managerial insights as well as receiving a better understanding of the organizational culture. One of the business owners that was interviewed in a preparatory interview was also interviewed in the role of a manager.

Choosing qualitative semi-structured in-depth interviews, allowed for flexibility by deviating from the interview guide, facilitating follow-up inquiries and clarification of response interpretations. All interviews were conducted in English, and the quotes presented remain unaltered. Both authors were present for all interviews, alternating between questioning and note-taking. However, the note-taker actively participated with questions throughout. To analyze the data, all interviews were recorded and transcribed.

## 3.4 Data Analysis

After transcribing all 31 interviews, the authors each conducted independent analyses of the material and mutually collaborated to compile their findings. By using a thematic analysis (Bell, E., Bryman, A., Harley, 2019), they identified various themes and patterns, including differences, repetitions, and similarities. Thereafter, the theoretical framework was applied to advance the concepts into second-order themes and aggregated dimensions.

### 3.4.1 Ethical Considerations

To address ethical concerns, all interviewees received information and a consent form per GDPR rules. This ensures they were fully informed and confirms their consent before participating. Furthermore, steps have been taken to guarantee complete anonymity throughout the study, which was communicated to participants prior to each interview. Participants were also informed that they had the right to refrain from answering any questions and that they could opt out of the study without providing reasons. Throughout the interview process, participants were encouraged to seek clarification on any aspects of the study if needed.

### 3.4.2 Method Discussion

Conducting a qualitative and interpretative study requires careful consideration. The study's subjective nature means the author's prior beliefs will influence the data output (Bell, E., Bryman, A., Harley, 2019).

Participant bias may have influenced the interviews, casting doubt on credibility (Bell, E., Bryman, A., Harley, 2019). The study relies on in-depth interviews which implies a potential disparity between participant responses and their actual behaviors, jeopardizing response validity. That both employees and managers were interviewed could mitigate the risk of participant bias.

Internal reliability has been upheld through a combination of individual analyses combined with ongoing, open discussions between the authors. Additionally, maintaining consistency has been facilitated by revisiting the source material during interpretations and applications.

Given that the study was conducted in Sri Lanka and English is not the inhabitants' national language, this study's reliability is affected by language and translation limitations. Additionally, to minimize the risk of language-related inaccuracies, follow-up questions were posed whenever responses were unclear, or questions were misunderstood.

Moreover, there is room for debate regarding whether the 31 respondents were sufficient to address the research question. It could be argued that a larger sample size might have produced more reliable findings. Moreover, it could be asserted that semi-structured interviews reduce the comparability among interviews (Bell, E., Bryman, A., Harley, 2019). However, given that many interviewees expressed similar thoughts and ideas, the sample was considered large enough. As the interview questions were semi-structured, the interviewees still managed to answer similarly.

# 4. Empirics

## 4.1 Leadership practices

Through the interviews, it became clear that there had been no adjustments in leadership practices. Instead, normal leadership and its implications have proven useful in handling crises, which will be further described in this section.

### 4.1.1 ‘Good vibes’ and strong organizational cultures

Employees and managers share a familial bond, fostering a nurturing culture where care extends beyond professional roles. They refer to each other as family members, spend leisure time together, and some share living spaces. This close-knit environment contributes to low levels of social hierarchies. The description of the social culture as a ‘good vibe’ was consistent throughout most of the sample.

*“Yeah know each other for a long time, we are like family.” – Buffy*

*“We have a team here. We play games every night and we all live together so we have the same vibe and that is the reason for the good teamwork, the vibe.” – Sunset*

Employees feel seen and valued, with their manager responsive to their needs, and many emphasize the importance of nurturing a close, honest, and friendly relationship with their employees. Strong relationships between managers and employees facilitate tailored support based on individual strengths and weaknesses, while also cultivating honesty and trust within the team. This enables managers to efficiently address issues and challenges they may be encountering. Most employees expressed a sense of safety with their manager, knowing that whenever they face challenges or difficulties, their leader is available to provide support.

*“We tell each other what’s wrong and figure it out together.” – Oskar*

*“I go and ask them, what is the problem, family? Something you can share with me or no? Financial? Anything I can help with? Even though I am younger if there is anything I can help with I do.” – Emma*

Some leaders stress the importance of avoiding strictly "professional" relationships with employees. They argue that such relationships could diminish trust and openness, making effective management harder.

*“I will always ask about their weekend, so they always feel like they have room to share their personal thoughts if anything is on their mind.” – Terry*

Numerous managers express genuine concern for their employees beyond a professional context, driven not just by familial bonds but also by a desire to be ‘good people’. This aligns with the cultural values that place great importance on being viewed positively by others.

*I am a good person, I'm all the time helpful for people, that is how I learned from my childhood” – Roi*

## 4.1.2 Managers Creating a Supportive Work Environment

Leaders prioritize fostering close relationships among employees through events and activities like surfing or social gatherings, creating a welcoming culture where every individual feels valued. Colleagues often extend these connections beyond the workplace, visiting each other in their hometowns and maintaining contact post-employment.

*“We have dinner out with the teams and have some fun, she [the leader] tries to not keep a gap between each other so everyone is in sync, and no one feel left out.” – Annika*

*“I worked for other people for so long and sometimes they don’t see you as a person but just equipment, just supposed to work work work, as a leader I always try to understand everyone working here and make sure it’s not all about work but also enjoying spending time with a group you care about and feel seen by.” – Dini T*

Most employees emphasize how their workplace is not solely a means to earn money, but rather a setting where they enjoy life together with their good friends and seek support during challenging times in their lives.

*“They don’t even want to go home. One of their moms called me and said she wanted him to come, he cried because he did not want to leave.” – Mambo*

## 4.1.3 Motivation Through Belongingness

Employees are motivated when managers lead by example, actively participate, and personally teach tasks. Feeling valued and belonging to the work community also motivates them, a goal many managers aim for. Other motivational factors presented by the employees are the freedom provided by their workplace, the opportunity to earn money, meet new people, and spend time with friends. Some managers mention that when employees feel satisfied and happy at the job, it creates a contagious ‘vibe’ that customers notice and appreciate.

*“It is like a home. We have fun. It is not like a job.” – Danny, Tor, Sammy, John and Zam*

Several people who had lived both in Colombo and in Arugam Bay described a significant difference in attitude and mindset among people, which made it easier to enjoy life and be creative, but also more difficult to find hardworking employees.

One manager who had worked in larger company in Colombo and now works in a restaurant in Arugam Bay, said that she was happier and more at peace with life in the smaller village:

*“Slower, nicer, calmer, appreciate life more. Sometimes I take lessons from how people live and are happy with what they have; I don’t need a fancy car.” – Terry*

*“And those things as long as I am happy, I don’t need that much money the important thing is to*

*be with the people I like and so on. And you get a lot of those people that are happy with the bare minimum here in Arugam.” – Stardust*

#### 4.1.4 Feedback and Continuous Improvement

Many employees agree that their manager provides constructive feedback on their performance, and express comfort with receiving feedback from both colleagues and managers, as it feels similar to being critiqued by a family member. Although managers sometimes raise their voices, such reactions are typically short-lived. The majority also emphasized that it is allowed to make mistakes, even though it is costly for the business, if you strive not to repeat errors. Strong personal relationships and a sense of responsibility for one's employees have led to managers struggling to let employees go and giving misbehaving employees one too many chances.

*“Here is a very Sri Lankan way of dealing with people because you don't fire people” - Noshi*

#### 4.1.5 Respecting Elders in the Workplace

Numerous individuals emphasized the significance of honoring those older than oneself, with a widely held belief that with age comes wisdom and entitlement to authority. Even if you disagree with them, it is customary to show respect to elders. In most of the surveyed organizations, managers are older than their employees, and some employees view them as elder siblings, which facilitates the managerial process. However, for some young managers, leading older individuals presents a considerable challenge, despite recognizing the value of experience in potential employees.

*“I think overall in all of Sri Lanka hiring someone younger or closer to my age will always be easier, no matter where they are from, I would prefer to hire people who are younger than me or around my age in general.” – Maria*

#### 4.1.6 Manager Being a Role Model

Many acknowledged their manager's goodness but were not inspired by them. While they respected certain traits, such as kindness, they did not aim to be like their manager. Meanwhile, some managers were opposed to the idea of being a role model and stressed the importance of employees “finding their own paths”.

*“I have my own philosophy. I like this person, but I don't want to be like him” – Meori*

*“Being a role model is not what I want. I never wanted to be like my dad, I see him as my role model, but I don't want to be exactly like him. You have to make your own thing, own ideas. Your own way, be inspired but not do the exact same thing.” – Emma*

### 4.2 Effects of the crisis

#### 4.2.1 Impacts of the Crisis on the Hospitality Sector

The prolonged crisis has impacted all interviewees. Most restaurants, hotels, and surf shops remained closed for over two years due to the lack of demand and several managers and employees had to seek employment in the fishing industry instead. Those who could not find work elsewhere “just stayed at home”. When tourism increased again, it happened at a slow pace and the crisis had caused prices to increase significantly, which meant that people in all organizations had to work harder to make ends meet.

#### 4.2.2 Insufficient Government Support

Managers described feeling abandoned by the government during these times; experiencing lack of financial support despite the hospitality industry being heavily taxed, and a vital part of the government income. Surf shop owners explained how the large tariffs on imported goods have made it impossible to afford new surfboards, which are not manufactured in Sri Lanka and thus must be imported. Several managers said that this made them frustrated and unmotivated, as sustaining their business through the hardship felt impossible when the government seemed to be “working against them”. Some managers said that the hardest aspect to deal with was uncertainty: everything felt unpredictable.

#### 4.2.3 Providing Managerial Support During Difficult Times

The crisis presented an immensely challenging period, forcing numerous individuals to leave their jobs, socially constrained by lockdown measures, and facing the illness of family members. For many workers who were the sole providers for their families, the loss of their income caused not only personal concern but also worry for the well-being of their loved ones.

Managers faced increased challenges and stress levels during this period, feeling responsible for their employees' well-being and financial situation. Some businesses helped cover medical expenses and facilitated deliveries to employees' homes when they were unable to shop for themselves. Another manager started a new business providing income for his staff while his hostel was closed. Those managers who faced limited income and were hindered from supporting their staff took actions not necessarily advantageous to the business to be able to offer financial aid.

*“Even if sometimes I don’t make profit from the surf school, I still sell the package because they will be hungry if I stick with my prices, ok if we don’t make any money but I still want my employees to get some money.” – Roi*

To provide mental support, several managers maintained regular communication through phone calls and check-ins while employees were either working remotely or had relocated to their hometowns following the business closure. Despite the inability to offer employment, several managers still arranged social events for the staff to maintain group cohesion.

*“If I can only provide them with customers before lunch] I don’t care if my neighbor employs them in the afternoon. I want them to work hard and make money during the crisis.” – Roi*

*“Sometimes during crisis, it was so hard being a manager, you are mentally down, and they are mentally down. Finance bad, can’t go outside, can’t work, no one has money. Hard to manage both our own family and them, and they are the main income source of their family. It makes me feel bad.” – Emma*

They also actively promote employees seeking emotional support from each other, fostering a supportive environment similar to a second family.

*“Even during the financial crisis, I always tell them this is your home, you can take anything, drink, eat. Stay strong. Just take care of the group and the business. Family vibe.” – Dinesh*

*“They stay with you and each other through ups and downs. They are part of the Mambos family.” – Stardust*

#### 4.2.4 Managers and Employees Navigating the Crisis

Despite the challenges posed by this crisis, both employees and managers expressed that while they found the situations stressful, they were not as affected mentally.

*“Yes, this was hard, but life is always hard”. – Anton*

*“There is still a crisis, but it is ok, we take day by day.” – Annika*

*“Yes [the crisis has affected me] but... I don't think I am getting that stressed. This is my life. In the beginning I was just excited to go fishing. Then after a few weeks it started being annoying. It is raining, but I can't say no, I am sad. Then I go smoke, floating in the water, watching the sky. I make myself better. This is my life, what can I do.” – Emma*

#### 4.2.5 Exiting the crisis

As the impact of the crisis decreases, many employees and managers have felt or noticed an increase in motivation. After enduring a prolonged period of unemployment, they were thrilled to return to their “normal life” and grateful that continued employment was granted after the crisis.

*“They were excited. There is a strong bond with them, they never left and we never left them.” – Noshi*

When asked what they learnt from the crisis, and if they had changed anything to be better prepared for a similar event in the future, both employees and managers mostly said that they had not.

*“I did not think about management and such you just learnt from crisis to crisis, you just learn from what comes up that day, I think “what should I make today”, you cannot plan anything here.” - Khana*

*“No actually, we feel normal, if something comes again, I don't know what do to, then we fix it again.” – Aka*

#### 4.2.6 Detached Management: Impact on Team Dynamics

In a workplace owned by a manager originally from England, her Sri Lankan employees do not use familial references for their leader or each other. When asked, the manager underlined that her main priority is performance and profit. The few attempts by the manager to foster team spirit through events and meetings were met with little interest from the team, leading to discontinuation. This manager experienced a high turnover rate and did not seem personally attached to her employees. Unlike the other managers, she was not as mentally affected by being forced to close her business temporarily and be separated from her staff. Her business was also more severely affected and had been able to start up properly again after the crisis.

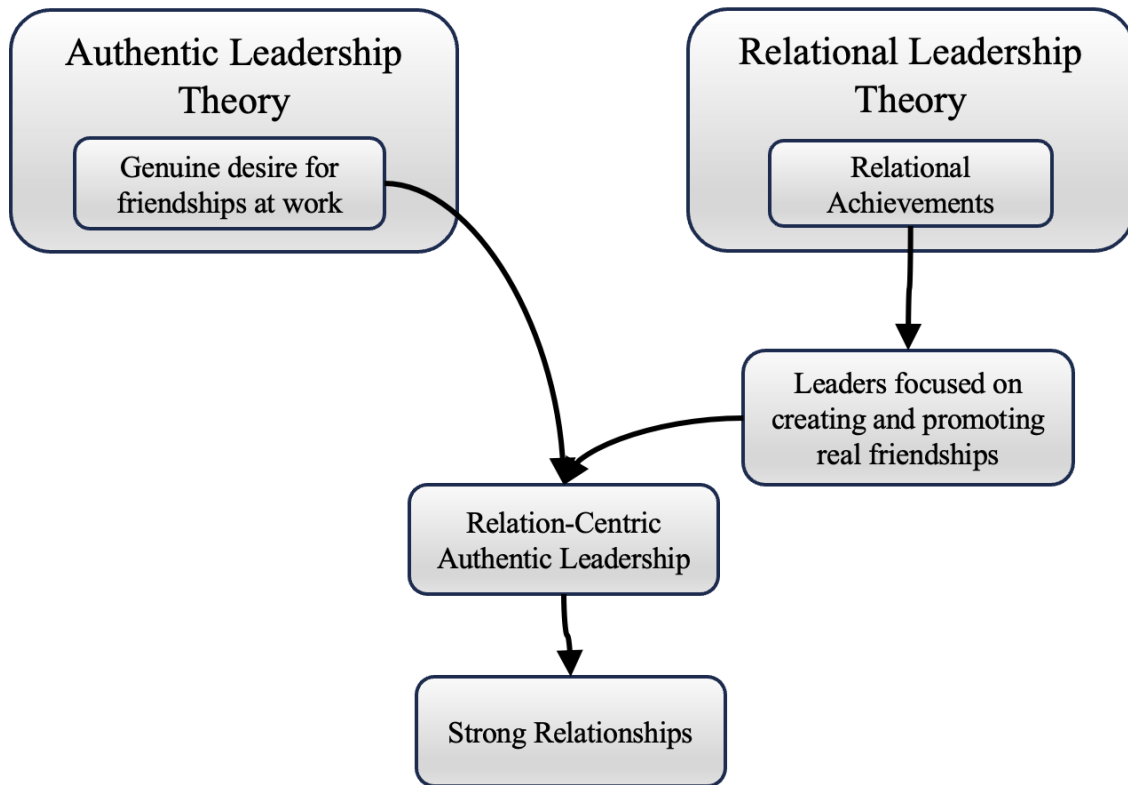
*” We did not have a lot of staff then [during the crisis], and I did not speak to any of them [the staff], I enjoyed that time because it was nice and quiet.” – Liz*

# 5. Analysis

## 5.1 Genuine relationships

The focus on strong relationships permeates the organizations, fostering positive connections not only between managers and their employees but also among the employees themselves, creating an enjoyable work environment. This fosters a 'good vibe' that seems to be the main motivational factor for employees both with and without families to support, contrasting with findings about transformational leadership in the hospitality sector in Sri Lanka (Thisera & Sewwandi, 2018), where idealized influence and vision are considered important motivational factors. Both managers and employees view their colleagues as family members, and this positioning seems to enable them to handle conflicts and criticism within the organization through 'fighting like a family': open and direct. Extending the group of people one considers "family" seems to enrich the lives of the interviewees and contributes to lower stress levels during tough times as they can rely on their manager for financial security and both the manager and each other for emotional support. However, creating such intimate relationships can also have its downsides as one takes on more responsibility for the well-being of a 'brother' than a 'colleague'.

Despite the relationships being the main instrument in management of the businesses, they do not seem to be created with the purpose of increasing the leader's control or inspiring workers to enhance productivity. Instead, they stem from genuine interest, aligning with Crevani's description of treating relationships as the ends rather than the means, with the aim of taking responsibility and care for others. Combining Crevani's (Carroll, 2015) description of *Relational achievement* with *Authentic Leadership's* emphasis on acting honestly and in accordance with one's values (Burke, 2001) provides a comprehensive description of the relationships in the organization. Interviewees' motivation for forming relationships goes beyond Crevani's theory: it is not only to 'ethically' take care of one another but because they genuinely want to be friends, as they enjoy each other's company. People value being friends with everyone they work with, and if there is a case where that is not possible the person will rather be let go or not be hired than forged an inauthentic friendship with.



**Figure 1. Illustration of the ‘Relation-Centric Authentic Leadership’ in the studied organizations**

This way, through a ‘*Relation-Centric Authentic Leadership*’, the influential and well-functioning management is rather a positive externality of the friendships than an intended purpose.

Managers promote not only good relationships, but also authenticity, with several stating that it is important to them that their employees do not look up to them too much and rather be their own people.

### 5.1.1 Motivation

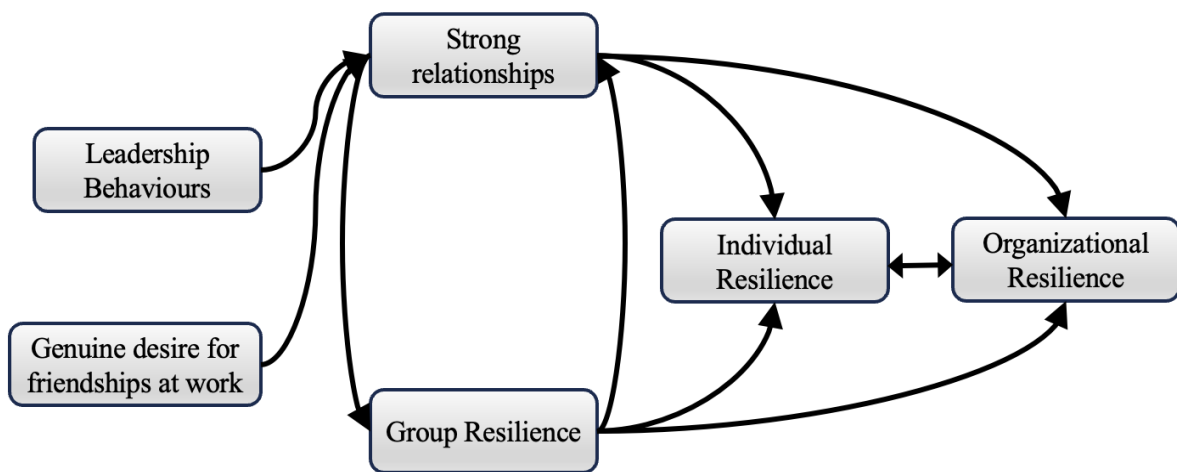
The empirics suggest that motivation does not solely stem from ambition to succeed at work. Rather, it arises from the promise of freedom, a fulfilling lifestyle, and authentic relationships in the workplace. Employees seem naturally inclined to value the social aspect of work, fostering an enjoyable atmosphere that heightens satisfaction and motivation, particularly in settings with repetitive tasks and long hours which could be useful in combating the country’s problems with low interest in working in this sector.

The open climate allows organizational dynamics to be constructed with input from all employees, shaping the group’s way of working collectively, which contributes to motivation. The authentic relationships among employees further drive motivation, diminishing the need for leaders to motivate them through individual relationships with each employee. Curating a ‘good vibe’ is thus identified as one of the most important leadership practices in these organizations.

### 5.1.2 Individual, Group and Organizational Resilience

The close-knit group relations combined with individual attitudes towards challenges and uncertainty seem to have contributed to high levels of organizational resilience. This mindset seems to stem from realistic expectations: they anticipate difficulties, which facilitates handling them when they arise. A prolonged, global pandemic that cost people their only source of income had not caused as strong negative emotions as the authors had expected. However, this mindset may be a specific characteristic of small-scale countryside businesses, which comprise most of this sample, rather than reflecting the broader national culture of Sri Lanka.

Individuals' acceptance of hardship and uncertainty seems to entail less stress and anxiety in a crisis, but these emotions were still reported throughout the interviews. The open climate with genuine care for each other among all colleagues provides a foundation for handling these together, where the team is *Enacting resilience* (Barton & Kahn, 2019). Further, employees emotionally supporting each other seems to have decreased the emotional burden on their managers. Handling anxiety together appears to contribute to both individual resilience, group resilience and organizational resilience, where these factors enforce each other and create a stable base for enduring hardship with strong relationships as the motor, see Figure 2. Sustaining these relationships through the crisis laid a strong foundation for reopening with the same cohesive team



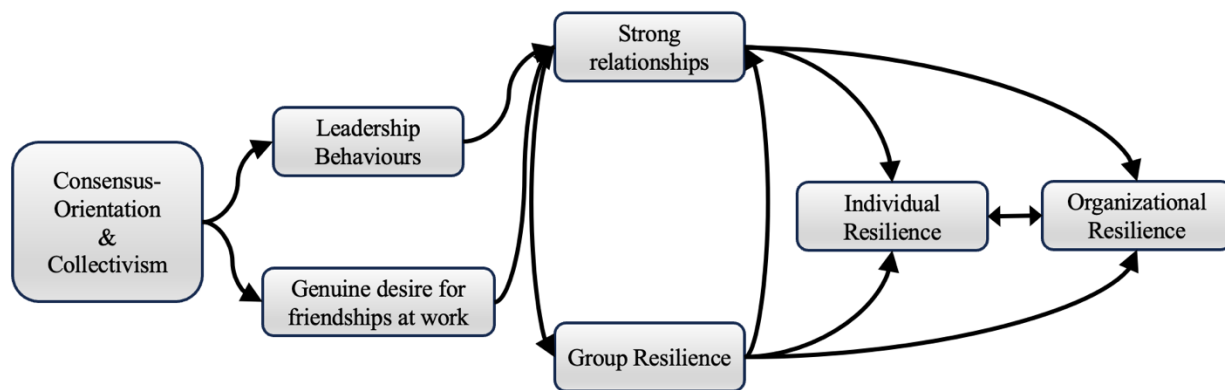
**Figure 2. Illustration of the relational processes contributing to resilience on several levels**

In research on relational and *Authentic leadership*, as well as *GRT*, strong relationships and resilience is described as something leaders need to actively work for. However, the studied managers achieve this in their organizations without much intentional work towards it, as their employees naturally value authentic relationships which contribute to organizational resilience.

### 5.3 Culture

The prioritization of relationships and good group dynamics could be explained by the definitions of the national culture as collectivistic and consensus-oriented, provided by Hofstede (Country Comparison Tool,

n.d, 7 Dimensions of Culture – Trompenaars Hampden-Turner, n.d.). and GLOBE (Southern Asia Results - GLOBE Project, n.d.). Similar to Jung’s (Jung et al., 1995) claims that collectivism promotes transformational leadership, one could argue that the culture in Sri Lanka is a larger contributing factor to the relational achievements and the resulting resilience of the organizations than the leadership practices themselves. In contrast to the Western world, where the theories about *Relational Leadership* originated, where creating a team that forsakes their individualistic aspirations for the group’s best and forms a close-knit team with strong relationships may be a far more impressive achievement. In a culture like Sri Lanka’s, a more challenging task for leaders might instead be to make employees accept the organization’s hierarchy even if it goes against the cultural norm, for example, if a manager is younger than their subordinates. Such leadership practices are not captured as well by these Western theories.



**Figure 3. The assumed impact of culture on the relational processes**

However, gathering individuals who are good team players due to cultural factors is not sufficient for fostering a supportive team dynamic during challenging times, as demonstrated in an organization led by an English manager with Sri Lankan employees. In this organization, the employee dynamic was professional rather than familial, likely a result of the manager's focus on performance and profit rather than employee well-being. Attempts to foster team spirit through events and meetings were met with little interest from the team, and were thus discontinued, which seems to be a direct result of weak relationships. The manager's high turnover rate and description of the COVID-19 lockdown when her employees were not on site as pleasant is a stark contrast to other interviewed managers and underscore her detachment from personal connections to her team. This seems to be a part of the explanation behind her business being more severely hit by the crisis than others in the sample, which indicates that while team spirit relies on collective effort, the leader's role in initiating and preserving it is pivotal.

Managers play a crucial role in fostering positive group dynamics and social inclusivity among employees, prioritizing a "good vibe" that encourages authentic friendships and enjoyable work environments. Rather than solely focusing on technical skills, managers prioritize hiring individuals who are a good social fit and may even let go of those who disrupt the team's social harmony, irrespective of their job performance.

Managers prefer hiring through word of mouth rather than formal job posts and describe a reluctance to firing employees for not performing well, except in cases of severe misconduct such as stealing money. While choosing employees based on personality over abilities can boost organizational motivation, it may impede organizational performance.

However, even if this prioritization of relationships might occur at the expense of profit maximization in the hospitality sector which earnings the developing economy is in dire need of, it contributes significantly to the happiness and well-being of both employees and managers and resilience of multiple levels that seems hard to achieve without it. Thus, one could argue that in the broader context, this may be efficient in maximizing profit long-term as resilience is crucial for small businesses in the hospitality sector due to their vulnerability to hardship. Furthermore, even if the resilience does not compensate, it could still be claimed as 'efficient' on an even larger scale, if the question of why companies exist is raised. If the goal is to provide people with a personal income and tax revenue for their country that both ultimately increase their life quality, then compromising slightly on these earnings to make the environment at work where they spend most of their time truly enjoyable, could overall contribute more efficiently to this quality of life.

## 6. Discussion

### 6.1 Revisiting the research question

Through a qualitative field study based on interviews and observations, the authors have investigated how small business owners and their employees have navigated the recent prolonged crisis in Sri Lanka. Analysis of the empirical data through the theoretical framework consisting of relational and *Authentic leadership* theories, *GRT* and studies of cultural dimensions was conducted to answer the original research question:

*How have managers in small hospitality businesses adjusted their leadership practices to handle the crisis in Sri Lanka?*

The answer to the question is that no such adjustments were found, as the general leadership practices were efficient in surviving the crisis. Further analysis provided an answer to a related question:

*What leadership practices have small hospitality businesses utilized to handle the crisis in Sri Lanka?*

The empirics provide a clear answer. The management practices in place before the crisis focus on the relationships within the organization. Managers and employees unanimously prioritize emotional well-being and a positive 'social vibe,' forming authentic friendships that extend beyond the workplace and are strong enough to be considered familial. Even when businesses were closed people kept in contact and managers supported their employees both emotionally and financially. Having maintained these strong ties, businesses could continue their operations without much disruption as soon as lockdowns ended, despite continued financial strains. Thus, the relationships were found to contribute to resilience on several levels which has diminished the impact of the crisis on individuals and organizations.

### 6.2 Contributions to literature

This study's results add to the findings of Prayag (Prayag et al., 2024) about leadership practices promoting resilience in the hospitality industry in Sri Lanka. Through in-depth interviews, the importance of relationships in developing resilience in hospitality MSMEs was discovered.

Further, in contrast to previous studies, most leadership theories considered were found insufficient in analyzing leadership in Sri Lanka. This could be explained by the differences in the samples used but another suggested explanation is that the usage of in-depth interviews in combination with cultural observations this study enabled the detection of an insufficiency of several western leadership theories in understanding leadership in the Sri Lankan culture.

Additionally, this study introduces a novel focus on interpersonal dynamics within the organization, delving into how culture shapes the authenticity and foundations of these relationships. Through interviews with employees, this research gained valuable insights into crisis leadership from their viewpoint. It became apparent that leadership's role in the human aspect of crisis management is not limited to its direct effect on employees but also its impact on relationships between employees and organizational culture. This significantly contributed to effective crisis management and building resilience.

Exploring the relationships between the leaders and the group as well as between the employees themselves allowed the study to contribute with a new perspective, elaborating on Crevani's (Carroll, 2015) *Relational responsibility* with an "Authentic Relational Leadership" where relationships in organizations are formed out of genuine interest and enjoyment, and the positive organizational outcomes of these are a positive externality and not a purpose. This contribution follows the advice of scholars suggesting investigating the field using other theoretical frameworks.

## 6.3 Implications for practice

The study indicates that some companies in Sri Lanka serve a dual purpose: beyond generating profit, they act as a social safety net, particularly in the absence of sufficient government support. This cultural dynamic means these companies cannot prioritize profit maximization alone. A better functioning national support system could possibly enable a transition towards more profit-driven approaches, for example through unemployment support making managers more comfortable with firing employees. This could increase income in the hospitality sector and boost economic growth. However, such approaches should be implemented with care for the kind of leadership practices and relational dynamics found in this study, as they serve an important purpose of both individual and organizational resilience and well-being.

Additionally, the findings about resilience can provide insight for the current and potential future crisis recovery of Sri Lanka's hospitality sector. The relational practices found to promote resilience could be leveraged in support initiatives for small companies in vulnerable sectors, by promoting robust internal relationships and thereby strengthening resilience and crisis management capabilities. Relational practices as a tool for creating resilience could be applicable to other settings; in different industries, other types of organizations and other countries. However, it's crucial to recognize that, as per the findings, the enabling of these practices might be influenced by a collectivistic and consensus-oriented culture and replication in other cultures may thus be challenging.

## 6.4 Limitations

The use of an interpretive approach and a subjectivist ontological position entail that analysis and presentation of the findings are inevitably affected by the author's interpretations. Given that the authors are from a different cultural background than the interviewees, their pre-existing beliefs are likely to provide several limitations. The lack of a comprehensive understanding of the culture is likely to negatively affect the ability to formulate relevant research questions, design interview inquiries, conduct interviews effectively and analyze and interpret data.

Further, the study relied upon interviewees' own descriptions of how well their businesses had functioned and how they had coped personally throughout the crisis. No instrumental measurements of organizational or individual resilience were conducted, and answers could thus be biased as interviewees might have reasons to portray their businesses as more successful than they are or downplay their negative emotions. Measuring resilience more concretely could have validated the answers and potentially captured more nuance. Validating managers' descriptions of their own leadership through interviewing their employees increases the reliability of the data. However, it should be noted that interviewees might be reluctant to share negative opinions about their managers or employees even in an anonymous interview.

The study was initiated with transformational leadership as the theoretical framework, which was exchanged after the analysis of the collected data. Constructing the interview maps based on the final theories would likely have enabled a deeper analysis.

The study would likely have gained deeper and more nuanced responses if the interviews were conducted in interviewees' native language. Additionally, one worker who could not communicate in English was interviewed with a non-professional interpreter, increasing the risk of losing valuable insights and deeper understanding.

Sri Lanka is a country where lifestyle and outlook on life are influenced by religion, with a multitude of religions present. Due to GDPR regulations, this aspect was not accounted for in the study, even though investigating the religious aspect may have uncovered additional nuance in the material.

This study was conducted when Sri Lanka was beginning to recover from the crisis. Conducting interviews before, during, and after a crisis would provide a more nuanced perspective and result in a better understanding of how leaders utilize and possibly even adapt their leadership during the crisis.

A limitation to the application of the findings is that further investment in Sri Lanka's hospitality industry may not be the optimal strategy, as it could make the country more sensitive to external shocks. Kuprianov (Kupriyanov, 2024) suggests that the country's dependency on tourism and other sectors focused on western markets is the real root of the economic crises. For a sustainable economic growth long term, it is advisable for Sri Lanka to prioritize the development of other export sectors (CENTRAL BANK OF SRI LANKA, 2021).

## 6.5 Implications for future research

The authors suggest that further research focus on authentic social relations in organizations and allowing the enjoyment of the social atmosphere to be considered part of the businesses' purpose, how this can be enabled and what positive and negative effects it could have. This study identified a connection between a relational focus in the company and resilience towards a crisis affecting society on a deep level, suggesting that there may be profit gains in the long term from balancing profit and work enjoyment. Other studies could further examine these potential gains, investigating parameters such as job satisfaction and happiness in different sectors of the Sri Lankan economy, but also whether such an arrangement would be possible and beneficial in other countries and cultures with less collectivistic and consensus-inclinations and a stronger support system.

Exploring to what extent relationships are the driver of high levels of resilience compared to other factors excluded in this study could be done in larger-scale studies. To contribute to the country's economic recovery, research should be directed to how sector profitability could be enhanced while preserving the value of close relationships, which enrich employees' lives and resilience on several levels.

Finally, repeated difficulties to explain leadership in the culture of Sri Lanka with the chosen theoretical frameworks aligned with previously raised questions (McKenna, 1998) about the applicability of Western leadership theories in other cultures. Potentially, it could be more efficient for future research to develop new theories from the ground up in other cultures than trying to apply and adjust to the classic, Western ones.

## 6.6 Conclusion

This study delves into the leadership strategies employed by managers to navigate the prolonged crisis in Sri Lanka. According to the findings, they did not need to make significant changes and quickly resumed operations as tourism returned. Their pre-existing leadership style, characterized by strong interpersonal bonds, facilitated crisis management.

These relationships, between both the leader-employee and within the organization, nurtured motivation, open communication, and mutual support. The interest in developing genuine connections within the organization can be explained by cultural factors. These relations were vital for handling the crisis successfully and served as a source of motivation and resilience for employees on an individual level, as well as contributing to a high level of organizational resilience.

While the nature of the relationships raised concerns about meritocracy and could lead to profit inefficiency, the overall benefits of relationship-focused leadership in promoting employee well-being and organizational resilience suggest long-term efficiency, particularly in sectors vulnerable to hardship like hospitality.

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# Appendices

## Appendix 1. Usage of AI

In this research, ChatGPT, an artificial intelligence language model developed by OpenAI, was utilized as a tool for several purposes.

Firstly, ChatGPT was employed to assist in the process of finding synonyms and generating suggestions for paraphrasing.

Secondly, ChatGPT served as a valuable resource for reading and interpreting various texts relevant to the research topic.

It is essential to note that ChatGPT was not utilized to produce any content of the thesis itself.

## Appendix 2. Information about Conducted Interviews

### 1. Preparatory Interviews

	<b>Respondent</b>	<b>Role</b>	<b>Age</b>	<b>Gender</b>	<b>Interview lengths</b>
<b>1</b>	Roi	Business-owner in Arugam	34 years	Male	17 minutes
<b>2</b>	Nadeesha	Business-owner in Arugam	32 years	Female	29 minutes

3	Anusha, Janani	Experts on small-scale entrepreneurship in Sri Lanka	42 and 27 years	Females	65 minutes
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## 2. Interviews for Data-Collection

	Respondent	Role	Age	Time at the company	Gender	Interview lengths
1	Liam	Expert	34 years	Six years	Male	34 minutes
2	Dini	Manager	32 years	Four years	Female	46 minutes
3	Inbal	Employee	31 years	Two years	Female	55 minutes
4	Ariella	Manager	37 years	Seven years	Male	47 minutes
5	Sam	Employee	21 years	One year	Male	33 minutes
6	Palmlea	Employee	21 years	Three years	Male	32 minutes
7	Donna	Manager	47 years	Fifteen years	Female	55 minutes
8	Terry	Manager	41 years	Ten years	Male	42 minutes
9	Buffy	Employee	26 years	Three years	Male	54 minutes
10	Danny,	Group Interview Employees	23 years – 27 years old	One to seven years	Males	44 minutes

	Tor, Sammy, John, Zam					
11	Roi	Manager	34 years	Fifteen years	Male	41 minutes
12	Aka	Manager	37 years	Twelve years	Female	37 minutes
13	Ravi	Employee	24 years	Three years	Male	31 minutes
14	Subodha	Manager	31 years	Five years	Female	56 minutes
15	Sunset	Manager	26 years	Three years	Male	39 minutes
16	Oskar	Employee	24 years	Two years	Female	23 minutes
17	Annika	Employee	31 years	Three years	Male	39 minutes
18	Stardust	Manager	28 years	Three years	Male	56 minutes
19	Dini T	Manager	27 years	Six years	Female	44 minutes
20	Maria	Manager	21 years	One year	Female	46 minutes
21	Khana	Manager	26 years	One year	Female	50 minutes
22	Emma	Manager	25 years	One year	Female	29 minutes
23	Will	Employee	22 years	One year	Male	51 minutes
24	Dinesh	Manager	52 years	Twenty years	Male	44 minutes
26	Noshi	Manager	48 years	Twelve years	Female	36 minutes
27	Pradeep	Employee	43 years	Six years	Male	25 minutes
28	Sunil	Employee	23 years	Two years	Male	57 minutes



## Appendix 3. Interview Guide for Managers

# Manager Interview

### **Before we start:**

- Your answers will be used for a research study as part of a bachelor's degree in management at Stockholm School of Economics. Our study is about leadership and how it has changed during the recent crisis here in Sri Lanka.
- Your participation will be voluntary and anonymous, and no one will be informed of your participation. (Your employees will not have any access to any of the information you share with us, even if they ask us, we will not share any information as it is forbidden by law)
- You do not have to answer the questions and you can stop the interview at any time.
- You have the right to reach out to us and ask us to delete any information you shared from your interview at any time. When we are done with the project, we will delete all recordings and transcript of this interview, and only keep the report.
- If there is something that is difficult to express in English, please don't skip saying it, we are happy to translate words to make sure you're able to share all your thoughts.
- Do we have your consent to record the interview to enable later transcription?
- Is there anything you would like to ask before we start the interview?

## BASIC INFORMATION

### **Basic info about the business:**

What do you do and for how long have you been doing that?

How many people are you a manager/leader for?

How long have they worked for you?

How did you hire them?

### **How would you describe yourself as a leader?**

- What do you like about being a manager? What do you not like?
- Could you describe what you think is a good manager? Do you think you are a good manager? What do you think is difficult as a manager?

### **How has the past years' crisis affected you and your business?**

### **How has it affected you as a manager?**

- Have you met new challenges in leading the work of your employees?

- How have you handled these?

**How would you describe your relationship with your employee(s)? Changed during crisis?**

- Do you trust each other?

**How would you describe the relationships between your employees? Changed during crisis?**

## TEAMWORK

**Has the crisis made you change the teamwork at the job? Why? How? Better or worse?**

## ACTIVE AND PASSIVE MANAGEMENT BY EXCEPTION

**If you are not happy or satisfied with an employee's work, what do you think is the most efficient way to give them feedback?**

## MOTIVATION/ENGAGEMENT & WELL-BEING

**Has the crisis made your employees' lives more challenging and how have you as a leader supported/helped them handle these?**

- Do you think that work affects your employees' general well-being?
- What do you do as a manager to try to increase your employees' well-being?
- Has the crisis affected your employees negatively? If so, what new things have you done to help?

**During the crisis, have you noticed any differences in employees' motivation?**

- How have you handled that?
- Did you have to do anything differently to keep them motivated?

**What do you think are the most important and effective methods as a leader to keep your employees motivated and engaged at the job?**

- Are your employees unmotivated sometimes? Why do you think that happens? How do you handle that?

**Do you think that your employees need different/individual support/help/managing? How have you as a manager provided that? Has it changed during the crisis?**

## INTELLECTUAL STIMULATION

**Do you include your employees in decisions about how to do things at the company? Do you encourage them to come up with new ideas about how to do things? Did you do this more or less during the crisis? Why?**

- When you need to make decisions (EXEMPEL: menu changes, surf lesson time, opening hours, prices, marketing, how to do their work) do you ask your employees what they think?
- Is their input valuable to you?

## LEARNING AND PREPAREDNESS

**If there would be another crisis in a few years, do you think you would be better prepared as a leader to handle that, after what you learnt from this crisis?**

- What did you learn from this crisis as a manager?
- Is there anything you have started doing differently because of the crisis?

## IDEALIZED INFLUENCE

**Do you think your employees see you as a role model? Do you want to be a role model?**

## VISION / INSPIRATIONAL MOTIVATION

**How would you describe your “vision” for your business? Has it changed during the crisis? Do you make sure to communicate your vision to your employees?** (*Explanation: what do you want your business to be and contribute with, other than making money and employing people so that they have work. One example could be to be the best/friendliest/coziest/most luxurious hotel/restaurant/shop in the city, or to expand to other cities or even internationally.*)

- Would you say that your employees share your vision?
- Do you think it is important that employees share the vision? Why/why not?
- No: Why not?
- Yes: How have you achieved that?

## Appendix 4. Interview Guide for Employees

# Employee Interview

## Before we start:

- Your answers will be used for a research study as part of a bachelor's degree in management at Stockholm School of Economics. Our study is about leadership and how it has changed during the recent crisis here in Sri Lanka.
- Your participation will be voluntary and anonymous, and no one will be informed of your participation. (Your manager will not have any access to any of the information you share with us, even if they ask us, we will not share any information as it is forbidden by law)
- You do not have to answer the questions and you can stop the interview at any time.
- You have the right to reach out to us and ask us to delete any information you shared from your interview at any time.
- If there is something that is difficult to express in English, please don't skip saying it, we are happy to translate words to make sure you're able to share all your thoughts.
- Do we have your consent to record the interview to enable later transcription?
- Is there anything you would like to ask before we start the interview?

## BASIC INFORMATION

### Basic info about the employee:

#### How would you describe X as a leader?

- Could you describe what you think is a good manager?
- What do you like about X as a manager? What do you not like?

#### How has the past years' crisis affected your job?

#### Do you think your manager is a better manager now during the crisis or before?

#### How would you describe your relationship with your manager? Changed during crisis?

- Do you trust each other?

#### How would you describe the relationships between you and your colleagues? Changed during crisis?

## MOTIVATION/ENGAGEMENT & WELL-BEING

### What motivates you to do a good job?

- Being proud of working at your specific restaurant/surf shop?

- Being the best restaurant worker/surf instructor
- Adding your own personal touch to your work tasks
- Receiving pay raise

**Has the crisis made your life more challenging and how has X helped/supported you?**

- Do you think that work affects your well-being?
- Does X do something to increase your well-being?

**During the crisis, have you noticed any differences in your motivation?**

- Has X done anything to increase your motivation?

**What do you think are the most important and effective methods of a manager to make employees motivated and engaged at the job?**

- Are you unmotivated sometimes? Why do you think that happens? How does your manager handle that?

**Do you feel like you and your colleagues have personal relationships with your manager?**

**Does X ask for your opinion on how to do things at the company? Are you encouraged to come up with new ideas about how to do things? Has he/she involved you more or less in decisions during the crisis? Why do you think that is?**

- When your manager makes decisions, do they ask you what you think?
- Do you feel like X thinks that your input is valuable?

## TEAMWORK

**Has the crisis changed the way you collaborate/work together with others at the job? Why? How? Better or worse?**

## VISION / INSPIRATIONAL MOTIVATION

**How would you describe the “vision” of this business? Did it change during the crisis? Does your manager communicate the vision to you?** *(Explanation: what do you want your business to be and contribute with, other than making money and employing people so that they have work. One example could be to be the best/friendliest/coziest/must luxurious hotel/restaurant/shop in the city, or to expand to other cities or even internationally.)*

- Would you say that your employees share your vision?
- Do you think it is important that employees share the vision? Why/why not?
- No: Why not?

- Yes: How have you achieved that?
  
- Do you think it is important to communicate this to your employees?
- Why/Why not?
- If yes: How do you do that?
- Do your employees know about your vision for the company?
- How often do you talk about long-term plans and vision for the future with your employees?

## IDEALIZED INFLUENCE

### **Is X a role model for you?**

- Do you look up to X?
- Do you want to be like X?

## ACTIVE AND PASSIVE MANAGEMENT BY EXCEPTION

### **How does your manager give you feedback?**

- In a Positive or Negative tone?
- For both good and bad things?