Research Article

Is Being an Autocratic Leader the Best Style to Combat for Survival in the Time of Crisis?

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Abstract

When one crisis attacks an SME, all efforts would be oriented to save it from being doomed. When two unsuspected crises outbreak, those efforts would be tripled, exhausted, and most of the time depleted. Luckily, after that, comes the joy of survival, a reward well-deserved! It is not every day that we hear about a pandemic twirled with a financial crisis. This is why, when those events had hit, most businesses were unaware that they would come out of this alive. Nevertheless, this is an opportunity to learn a valuable business lesson: survival strategies. Lebanon is a country that hugely depends on SMEs, and had been struggling with a financial collapse since October 2019, shortly before the pandemic had thundered. Left on their own in this ordeal, SMEs' owners had to adopt either an autocratic leadership style or a participative one. This article explains them while adopting a quantitative approach to get to examine their effects on the Lebanese SMEs during crisis. The survey was conducted during October 2022 with twenty-two owners of students learning centers in Lebanon. This field was specifically selected because of its emerged necessity in strengthening students' capabilities due to their reliance on distant learning for almost two years. The respondents were directly asked about their managing styles during this critical period. The results indicated that it is the situation itself that imposes which style is the best to be adopted.

Keywords: Autocratic leader, Leadership, Management, Participative leader, SMEs

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Introduction

The Covid-19 pandemic's damages and the Lebanese financial crisis were triggered so fast, so unexpectedly, that no one was actually ready for the combat. As the world was getting involved in fighting a virus and spreading safety awareness, SMEs in Lebanon were on a risky spectrum of financial collapsing. The financial aspect of this crisis was not only related to money. It was all catastrophes combined: lack of fund, shut down of banks, prohibition of money transfer, inventory shortage, governmental failure one after another. SMEs' owners realized, the hard way, that it is up to them, and them alone, to handle the situation. Obviously, what was once taken for granted in the pre-crisis area quickly became a dream and a right to require during the crisis: there was no government hurrying for backup and facilitations, no bank seducing them for taking loans, not even a money institution offering help in the purchase process from abroad, no enthusiastic employees coming to work every day. Realizing that it was a desperate time, some of them had to think outside the box and they took desperate measures. Others, unable to catch the critical speed of what was going on, remained still and waived goodbyes.

A corporation enjoys a somehow collaborative nature, where all professionals, each in his/her own field, all the way through in the hierarchy, come together to find out the nature of the problem and to take the correct decision to solve it. However, this is not a pleasure to enjoy in SMEs. Their drawbacks became the talk of the town. SMEs are mostly family-owned businesses where founders are at the same time leaders and managers. In most cases, brothers and sisters collaborate in making decisions, based on their knowledge, a premonition, or simply the old way of doing things. Employees are rarely entitled to participate in this procedure. SMEs are to their owners what babies are to their parents. Just like parents do face conflicts in raising their upbrings, so do SMEs' owners in establishing and running their businesses: is it better to be hard or loose, autocratic or participative? Thus, the objective of this article is to clarify this conflict in the light of the crisis effects on the Lebanese SMEs through the following questions:

- How does leadership and management differ in SMEs?
- Who helped the Lebanese SMEs more in time of crisis: A participative leader or an authoritarian manager?

Literature Review

Finding similarities and differences between leadership and management is not a new idea to the business environment. This topic had always gained major attention and numerous books and articles were written in an attempt to elucidate and distinguish the terms. Kotter (2001) defines management as the process of planning, organizing, leading, and controlling the tasks in a company through occupying a position in the administration. As long as the job tasks are known and understood by all employees, the practical side of this definition might look, somehow, easy. What does it take to plan, to organize, to lead and to control few people in the company if each one of them is well aware of what is expected form him/her? However, had it been so easy, everyone would be entitled to handle this position. Under the light of daily challenges, many obstacles arise, especially those related to differences between employees, who are the human capital of each company. Not all employees look alike, and even in an ideal business world where all candidates are hired because they share the same backgrounds, temper, attitude and aspirations, problems still arise. The presence of a manager is therefore a must to harmonize this busy environment, while taking into consideration the efficient use of resources in order to accomplish a common aim. Managers, in the exact sense of the word, do not have the luxury of being far. They know that they should be constantly present to carry on the tasks they had been hired for (Kotter, 2001). They are task oriented whose duties are to improve and to guide employees and to solve conflicts (Katz, 1955). They do not take risk because it is not their

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responsibilities (Kotterman, 2006). Managers are employees in a higher position, they do what it is expected from all employees to do (Kotter, 2001). Three factors contribute to their effectiveness: their technical know-how, their conceptual know-how and their human skills know-how (Katz, 1955). Management therefore is a mindset: to have a standard to-do list and to realize tasks accordingly in the hope of achieving the goal.

In SMEs, things are not that easy to label. The manager, the all-mighty owner, certainly needs an upgrade for the term "manager". Because he/she is the reason behind the company's existence, this person should not exercise what managers normally do. This person should know how to take risks, react to them in an efficient way, and, most importantly, how to influence employees even when he/she is not around, while working remotely had imposed itself as a new norm. It is leaders who are needed in these circumstances (Maxwell, 1998; Bass and Riggio, 2006; Northouse, 2007; Lee & Welliver, 2018). Leaders are confident, willing to serve, great coaches, reliable, knowledgeable, responsible, good communicators, realistic, and honest (Bennis & Nanus, 2007). DePree (1989) mentioned that leadership is a complicated and multidimensional process. Leaders know how to present a clear vision and an efficient method to effectively attain it (Atkinson & Mackenzie, 2015), how to inspire, direct, motivate subordinates (Kotter, 1990; Saffar & Obeidat, 2020), while taking risks and promoting changes (Capowski, 1994; Bennis & Nanus, 1997). All these characteristics amplify the idea that leaders are non-human, as if they are characters from a book.

What are the odds of possessing all these super hero traits?! Nevertheless, the world is bursting with successful SMEs at the top of which reign successful leaders. In the business framework, leaders must develop the vision, communicate it with employees, and empower and motivate them to accomplish that vision (Kotter, 1990). Managers, on the other hand, implement the visions, plan and budget, hire and supervise employees, and must be constantly present to solve conflicts that arise on a daily basis (Kotter, 1990). In brief, leaders and managers differ but complement each other. While leaders are inspirational, innovators, and embrace change (Capowski, 1994), managers are systematic, cautious, and require stability (Yukl, 1989). The former focus on understanding subordinates to gain their engagement for long term mission. The latter preserve an efficiently daily operational environment by exercising authority (Yukl, 1989; House, 1997). The organizational performance and its success rely on a complete harmony between its leaders and its managers, especially in an intricate, unpredictable, and constantly changing global environment (Kotter, 1990).

Crisis is perhaps the best time to examine the differences between being a leader and being a manager. What is highly required in tough times is to acknowledge that nothing remains as it was. Therefore, people in charge of companies should possess a certain level of flexibility that allows them to cope with change. The greater the tolerance to change, the higher the chance that the company will survive (Du Plessis, 2007). Change management is a three-stage cycle that rotates around adjusting, controlling and achieving change (Hritz, 2008). Being flexible is no longer a luxury nor a competition technique: it ensures survival in the light of crisis. The emergence of crisis necessitates their presence to quickly think about what is going on to predict alternative solutions (Barton, 2001). Leaders should take quick, appropriate, and achievable decisions when dealing with unexpected and dangerous events (Pearson, 2002). It is in these times that they manifest their risk-taking trait by aligning themselves with what is going on and imposing plan B. It is the manager's role to adopt this plan and execute it by alleviating the working place (Graetz, Rimmer, Smith, & Lawrence, 2010). Since October 2019, Lebanon had been dealing with the covid-19 outbreak and a severe financial collapse. Some SMEs had no other choice but to shut

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down. Miraculously, many of them survived. SMEs are family-owned businesses where owners must play the role of leaders and managers. Perhaps it is the best suited time to closely examine the style they had adopted to confront crisis, securing by such their firms' survival.

Harris (2007) related the leaders' style to their bond with their respective employees, more specifically, how do leaders motivate their employees to work. Kurt (1939) described three leadership styles: autocratic (the authoritarian), democratic (the participative), and laissez-faire. This article was thus inspired from this portrayal as it examines the presence and the effect of participative and autocratic SMEs' owners. The third style was neglected because the companies in question were all SMEs, where owners do not abandon their businesses for any reason.

Participative leaders favor subordinates' contribution while taking decisions. They engage them in detecting the issues, and they motivate them to propose possible solutions (Cherry, 2018). They allow subordinates to execute their job without much intrusion (Malloch & Melnyk, 2013). By empowering personnel, participative leaders develop commitment and, ultimately, trust (Lee, Gillespie, Mann, & Wearing, 2010). As trust increases, the workforce will be more likely lenient to cope with change (Stacey, Paul, & Alice, 2011). Autocratic leaders, on the other hand, do not allow employees to interfere in the decision-making process, attributing this mission to top management alone (Cherry, 2018). They are pictured as old-fashioned and despotic. Even during changing times, where creativity is sought after, these leaders do not involve employees in any single detail related to the business. They dictate a job task and assume that it will be executed as it is, establishing by such a tense and detached working environment (Iqbal, Anwar & Haider, 2015). Despite all this, adopting an autocratic leadership style is recommended when the job is to be performed in the light of time and budget constraints (Bhargavi & Yaseen, 2016).

Research

The article's main objective is to describe the leadership style adopted by SMEs' owners of students learning centers in Lebanon. This field was specifically selected because of its emerged necessity in strengthening students' capabilities due to their reliance on distant learning for almost two years. The selected approach was quantitative. Data were collected through a survey conducted during October 2022 with twenty-two owners of students learning centers in the North of Lebanon. All centers in question hired people having more than five years of experience in private school teaching. Eleven respondents out of twenty-two established their learning centers during the crisis. The others were already established and were operating before the crisis. The difference was that, in the pre-crisis times, they were all relying on the physical presence of students. Students from all school levels used to attend those centers in the afternoon and the weekends to study their agenda, to make some revisions, or to gain more knowledge to pass the university entrance exams.

The lockdown following the Covid-19 outbreak was definitely something extraordinary. Recent times had never witnessed such a pandemic, thus, every step taken toward coping with it may be qualified as innovative. In the light of this lockdown, schools had to promptly shift toward distant learning. Remote teaching was not a brand-new technique. However, its global and quick implementation seemed original to schools, students, and teachers alike. When it was first announced and adopted, little was known about its effects in the long run. The chaotic nature of directing students in virtual classes and the lack of a stable Internet connection contributed in weakening the academic level of students. Much important information was skipped or missed. It is in the light of this sad fact that some people found an opportunity to present themselves as private school tutors.

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Learning centers were organized, hiring well known teachers who were ready to help students in their studies. The owners promoted their idea as an online or in presence one-on-one tutoring, in all school materials at all school levels in return for an hourly, weekly, or monthly contribution. Learning centers were booming. Although faced with new expenses during a financial crisis, parents were somehow confident that their children did understand the material being explained. Pre-lockdown learning centers that did not believe in remote tutoring were rapidly pushed back. They had to either evolve themselves and go with the online-flow or to shut down their businesses.

The survey respondents were asked about their managing styles during this period. The following questions were asked:

- Was the style adopted during the crisis or autocratic?
- Which style proved to be better in crisis time?

Three variables were studied:

- The readiness of SME's owner to include personnel in the decision-making process
- The capacity of SME's owner to delegate tasks
- The extent to which SME's owner trusts the personnel

The questionnaire was prepared through google forms and was written in both English and French. Five minutes were enough for each respondent to answer the twelve questions disseminated into the following three categories:

Part I- Decision-making process (4 questions)

- I ask my employees for advice as problems occur
- I ask my employees for ideas to improve the company

- I discuss with my employees before taking final decision regarding any issue
- Once the decision had been taken, I usually call for feedback

Part II- Task delegation (4 questions)

- I make sure that every employee understands clearly the task
- I delegate tasks
- I rely on team work
- I appoint a team leader for better coordination and feedback

Part III- Trust (4 questions)

- I am confident that my employees are committed to the company's goals
- I am confident that my employees know the details of their daily tasks
- I am confident that my employees are working from home without interfering nor interrupting into their online sessions
- I am confident that my employees believe in my way of promoting and doing business

Respondents were first contacted via WhatsApp to see if they were willing to take part the survey. Afterwards, the questionnaire google link was sent to them. Questions were formulated from a participative leader's opinion, and were answered on a Likert scale, with:

- -0- Never
- -1- Once in a while
- -2- Sometimes
- -3- Fairly often
- -4- Always

The results of this study were evaluated using the Statistical Package for the Social Sciences (SPSS19).

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Results

Examining the reaction of SMEs' owners regarding the decision-making process constituted the first part of the survey. Four questions helped in determining their attitude. Respondents admitted that they always call for their personnel advice (85%) and for new ideas (90%). In addition, 68% acknowledged that they sometimes discuss matters with employees before reaching a final decision. Finally, 66% confessed that, once in a while, they call for feedback after the decision had been taken. It was somehow predictable to get similar results. One should not forget that almost half of the respondents were post-crisis newborns. They were established as a direct response to the messy online learning environment which had reigned for almost two years. Consequently, it was an opportunity for them to demonstrate their managerial know-how. The majority of the centers' employees were full time teachers in schools. Each from a different background who was trained and was still working in the light of an already established organization. Calling subordinates for ideas and advice reflected an inner need for innovation and a readiness to rapidly adapt to change. To sum up with, there is no teacher who resembles another, even when being held responsible for the same course. Teaching techniques differ with experience, age, and willingness to improve. The majority of SMEs' owners acknowledged this fact and tried to exploit their personnel's capabilities and opinions. By doing so, many perceptions were gathered. However, when it comes to taking the final decision, it was up to the owners themselves to act. This can be further understood within time and competition constraints. Owners did not wish to waste time when implementing a new teaching strategy.

Next, the survey moved toward inspecting the delegation of tasks. Here also, four questions helped in pinpointing the owners' reactions. They answered that they always make sure to clarify the personnel's tasks (99%) and to delegate tasks (99%). Moreover, the majority agreed that they often rely on team work (92%) by always appointing team leaders to better coordinate tasks (89%). Here also, the results came with no surprise at all. We have to keep in mind that we are talking about learning centers for students at all school levels, involving different age categories and different course materials. If the owners of the centers wish to keep a close look on all details, twenty-four hours a day will surely be not enough for them. Task delegation imposes itself as a condition for survival in this domain. After all, the employees had been carefully picked up to fulfill the required tasks based on their experience. Learning centers show the example of how teams work together. In other terms, teachers who are in charge of the same class, should coordinate together to manage time efficiently. The presence of many class levels in the center imposes the necessity of appointing coordinators at each level. The coordinators' role is to make sure that each class was being fairly treated regarding time and energy. In addition, they should harmonize the work environment to avoid any conflict, taking into consideration that all stakeholders are passing through severe stress period and that misunderstandings may burst at any time.

The final goal of the survey was to scrutinize the extent to which SMEs' owners trust their employees. Another set of four questions helped in undertaking this mission: 64% of the respondents claimed that they are sometimes confident that employees are committed to overall goals; 92% affirmed that they were always confident that personnel were well aware of the required daily tasks; 67% of the respondents agreed that they were confident only once in a while that employees were actually working from home; 58% declared that they were sometimes confident that employees believe in their way of doing business. The results of the final part came aligned with those presented in the first two parts. Trust was a major issue and it was not fully established from the owners' standpoints. Working remotely was the new way of doing business during this specific period of time. However, it did not gain an

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ultimate consent regarding its efficiency. It was imposed but not agreed upon, in all fields, at least. The centers' owners knew for sure that they had clarified the job description for each employee, however, they were not sure that the tasks were being appropriately performed. Consequently, they had to do the job the old way: asking for being present in sessions. SMEs' owners did not deny their need to interfere in the online class sessions just to make sure that everything was running smoothly and as oriented. Because the situation was new to all parties, owners did not feel that their employees fully approved their way of doing things. Lack of trust is a serious issue and entails many reactions which might harm a company.

The survey's results echoed the content presented in the literature review: there is no correct style of leading a business. Both the participative and the autocratic approaches were needed, interchangeably, to guarantee success in the short and the long run. Consequently, students' centers' owners had to play the role of:

- Leaders: by asking employees to participate in decision making, delegating tasks, and approving team work
- Managers: by solely taking decisions, not asking for feedback, and keeping a close eye on employees

Conclusion

The survey affirmed the adoption of a democratic participative leader and an autocratic administrative manager to ensure success and survival. This means that owners should act as leaders and as managers at the same time, taking into consideration the situation on hand. The situation could be a crisis, a difference in the human capital background, a shortage of fund, a time constraint, or a combination of all. SMEs' owners should be well aware of those techniques and must, therefore, develop a great sense of human skills that allow them to

efficiently display both styles when needed. Swinging back and forth between being democratic and being autocratic forms the "autocratic participative leadership", an efficient leadership style during a time of crisis.

Limitations

This article is an attempt to relate two leadership styles to business facts in the Lebanese SMEs' working environment. This was accomplished by depending primarily on literature review and by conducting a small survey in only one field. This imposes consequently some limitations regarding the survey scope and the sample size. In point of fact, the survey was solely conducted in one domain with a sample that was not that large. Results must be read very cautiously so that no one falls into the generalization trap. Before generalizing the conclusions, it is definitely much prudent to dive into the research parameters again while taking into account a larger sample size in a wide-ranging field.

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