A blessing and a curse:
How CEOs' trait empathy affects their management of organizational crises

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ABSTRACT

How does a Chief Executive Officer's (CEO's) level of trait empathy affect his or her management of organizational crises? So far, management scholars have highlighted mostly positive effects of CEOs' empathy in the emotionally charged context of crises. We combine the emerging critical perspective on empathy with research on upper echelons and crisis management to provide a more balanced portrayal of the influence of CEO empathy on crisis management. Specifically, we argue that, on the one hand, highly empathic CEOs will recognize warning signs more quickly, have access to more crisis-related information, gain greater stakeholder appreciation via displays of compassion, and are more committed to healing the organization's relational system. On the other hand, they also may be more predisposed to false alarms, more biased in processing crisis-related information, over-inclined towards apologetic sensegiving, and less committed to repairing the organization's operational system. Ultimately, we propose, CEOs' empathy influences their effectiveness in the various tasks of crisis management in an inverted U-shaped pattern. Our theory offers an upper echelons view of organizational crises, particularly by illuminating the roles of empathy and emotions in executives' crisis management. We also introduce a novel, "too-much-of-a-good-thing" perspective on CEO empathy, providing abundant opportunities for future research.

Keywords: Upper echelons, chief executive officer (CEO), crisis management, organizational crisis, emotions, empathy

One of the most challenging episodes in a firm's life is an organizational crisis (Bundy, Pfarrer, Short, & Coombs, 2017; James & Wooten, 2005; Kahn, Barton, & Fellows, 2013; Mitroff, 2005; Pearson & Clair, 1998). Organizational crises are acute, public, arduous threats to an organization and its stakeholders (James, Wooten, & Dushek, 2011) that can be elicited, for instance, by financial fraud, employee discrimination, or revelations of life-threatening product safety problems (Zavyalova, Pfarrer, Reger, & Shapiro, 2012). Root causes of organizational crises are often deeply embedded within the organization and typically require solutions that are outside existing repertoires (Ancona, 2012; Starbuck, Greve, & Hedberg, 1978). In light of these challenges, a substantial body of research has studied the factors that determine the odds of successful crisis management (James et al., 2011; Kahn et al., 2013; Prewitt & Weil, 2014). An increasing part of this research has focused on the role of leaders, particularly chief executive officers (CEOs), in dealing with organizational crises (Brockner & James, 2008; Connelly, Ketchen, Gangloff, & Shook, 2016; Dowell, Shackell, & Stuart, 2011; Gomulya & Boeker, 2014; Lafley, 2009; Wooten & James, 2008; Wowak, Mannor, & Wowak, 2015).

Among the many qualities of CEOs that have been claimed to matter in crisis management, scholars and practitioners have often—although not necessarily explicitly—portrayed one as particularly vital: trait empathy (e.g., Boin, 't Hart, Stern, & Sundelius, 2005; Coombs, 2015; Coombs & Holladay, 2005; King, 2007; Seeger, 2006; Wooten & James, 2008)—i.e., the ability and propensity to sense the feelings of people in emotional distress and to re-experience these feelings oneself (Salovey & Mayer, 1990; note that, from here on, we use the term 'empathy' as a shorthand for 'trait empathy,' unless we indicate otherwise). The basic idea underlying most of these accounts is that organizational crises stir up strong emotions such as anxiety, panic, and distress (James et al., 2011; Kayes, 2004; Smith & Ellsworth, 1985; Weick, 1990; 1993) and that leaders with greater empathy are better equipped to manage those who experience these emotions (Christianson, Farkas, Sutcliffe, & Weick, 2009; James et al., 2011; Kahn et al., 2013; Vuori & Huy, 2016). Barbash (2003), for example, demonstrates how important it was for the recovery of Cantor Fitzgerald—a firm whose headquarter was destroyed in the attack on the Twin Towers—that CEO Howard Lutnick showed empathic concern in his crisis management efforts by regularly convening survivors and family members to mourn together.

Conversely, other cases recall how CEOs *failed* in managing a crisis because of a *lack* of empathy (Dutton et al., 2002; King, 2007). Wooten and James (2008), for instance, describe how, during the extraordinarily difficult merger between Boeing and McDonnell Douglas in 2000, Boeing's CEO Philip Condit publicly rejected workers' desire for a "family-like" working environment—a deficiency in empathy that, according to these authors, contributed to "the largest white collar strike in American history," and massive costs for Boeing (Wooten & James, 2008: 14). Thus, although certainly many of the CEO's other qualities also shape his or her crisis management, empathy seems to be key to a CEO's successful leadership in such an episode.

And yet: Is a CEO's empathy unequivocally conducive to resolving an organizational crisis? For at least two reasons, we believe that it is crucial to address this question. First, there is little, if any, conceptual debate on precisely how and why a CEO's empathy should influence crisis management. This gap is largely because most of the accounts of leaders' empathy and its effect on crisis management are case-based and predominantly anecdotal. However, crisis management is complicated and multifaceted (James et al., 2011) and we, therefore, need a rigorous theoretical foundation before declaring CEOs' empathy unambiguously advantageous.

Second, there is an increasing amount of puzzling research in psychology and cognitive science that highlights the intricate and sometimes negative implications of empathy (e.g., Bloom, 2016; Prinz, 2011). For example, whereas empathy has traditionally been associated with greater prosocial behavior, better task performance, greater perceptions of justice, and greater communication competence (Bass & Avolio, 1990; Kellett, Humphrey, & Sleeth, 2002; Patient & Skarlicki, 2008; Redmond, 1985; Stiff, Dillard, Somera, Kim, & Sleight, 1988; Yukl, 1998), recent studies warn that empathy might also trigger cognitive overload, exhaustion, bias, and even aggressive behavior (for a review, see Bloom, 2016). Management scholars have also become more critical towards an overly positive portrayal of empathy (Fiori, Krings, Kleinlogel, & Reich, 2016; Fiori & Ortony, 2016). For instance, Antonakis notes that strongly empathic leaders might "not make good leaders (probably because they are unable to take a stand on difficult matters, are submissive, and put individual interests ahead of organizational interests)" (Antonakis, Ashkanasy, & Dasborough, 2009: 257).

In this paper, we address this conundrum by developing a theory of the effects of CEOs' trait empathy on the management of organizational crises. Our theorizing combines upper echelons theory (Hambrick & Mason, 1984) with research on the bright and the dark sides of empathy (Bloom, 2016), the cognitive costs of emotions (Hodgkinson & Wright, 2002), and crisis management. Our main argument is that CEOs' perceptions of a crisis, and their adaptive measures, are fundamentally shaped by their empathy. As a result, while empathy will help CEOs in meeting many of the expectations associated with crisis management, it can also result in over-reliance on emotions and decision bias.

We make important theoretical contributions. Most notably, we add to research on organizational crises by introducing an emotion-focused upper echelons perspective as a novel lens to better understand firm behavior in the extreme circumstances of organizational crises. Following recent calls in the crisis management literature (Bundy et al., 2017; James et al., 2011), we highlight that crisis episodes are highly emotional events for all involved, including those at the apex of the organization. We also respond to recent calls for more upper echelons research on emotional dimensions of executive traits and personality (Delgado-García & De La Fuente-Sabaté, 2010; Hodgkinson & Healey, 2011). Specifically, our theorizing emphasizes that although empathy has an undoubtedly positive influence on many aspects of crisis leadership, it may also have certain downsides. As such, our theorizing furthers a recent shift in upper echelons research towards a more balanced portrayal of executives' personal characteristics (Crossland, Zyung, Hiller, & Hambrick, 2014; Gerstner, König, Enders, & Hambrick, 2013) and the current turn in social psychology and management science towards illuminating "too-much-of-a-good-thing" phenomena (e.g., Antonakis, House, & Simonton, 2017; Grant and Schwartz, 2011; Pierce & Aguinis, 2013; Simonton, 1985). Ultimately, we argue that comprehending when and why CEOs' empathy creates advantages or disadvantages can substantially aid our theoretical and practical understanding of how CEOs effectively manage a crisis.

THEORETICAL BACKGROUND

The Management of Organizational Crises

Scholars consider crises as fundamental threats to the organization that are characterized by particular "ambiguity of cause, effect, and means of resolution" (Pearson & Clair, 1998: 60). Moreover, scholars denote that organizational crises require timely responses (Ancona, 2012; Hermann, 1963; Starbuck et al., 1978), the allocation of substantial organizational resources (Starbuck & Hedberg, 1977; Webb, 1994), and particularly innovative, "out-of-the-box" responses (for review, see Bundy et al., 2017).

Most organizational crises originate from failures within the organization, including technical and economic failures, such as industrial accidents or labor strikes, as well as human or social failures, such as managerial errors or fraud (Shrivastava & Mitroff, 1987). Crises can be extremely severe and high-profile events, such as the 2015 “Dieselgate” scandal around Volkswagen (VW) after the blatant cheating on legally mandated emission tests, or the crisis of the Kensington and Chelsea Tenant Management Organisation (KCTMO) unfolding after the tragic fire that destroyed the Grenfell Tower in London in June 2017, allegedly revealing severe safety mismanagement at KCTMO (Bowcott & O’Carroll, 2017).

A critical assumption underlying our work is that the CEO of the focal organization plays an especially important role in an organizational crisis (Lafley, 2009). In particular, when an organization is in crisis, both internal and external constituents tend to focus attention and authority on the organizational apex (Dutton, 1986; Elsbach, 1994; Mintzberg, 1973; Staw, Sandelands, & Dutton, 1981). Because of this, an organization’s survival in a crisis often depends on “the timeliness and effectiveness of the response” from top managers (Garcia, 2006: 4). In other words, it is not necessarily the organizational crisis itself, but the way the CEO *manages* a crisis that has profound consequences for the organization (James & Wooten, 2005).

In our theorizing, we build on existing conceptualizations of effective organizational crisis management. In particular, we integrate extant normative taxonomies of the essential activities required by a CEO as part of crisis management (see Boin et al., 2005; Elsubbaugh, Fildes, & Rose, 2004; Mitroff, 2005; Mitroff & Pearson, 1993; Pearson & Clair, 1998; Shrivastava, 1993; Smits & Ally, 2003), which we synthesize into four specific yet interrelated tasks. First, the CEO needs to *engage in sensing organizational crises* (Boin et al., 2005). To do so effectively, the CEO needs to detect potential warning signs quickly and interpret them accurately in order to mobilize organizational attention and resources (Chong, 2004; Maitlis & Sonenshein, 2010; Ocasio, 1995). Second, the CEO has to *make decisions in a crisis situation*, i.e., he or she has to gather information and soberly process it to take actions that are aligned with the company's strategic priorities and moral obligations in a timely manner (Chong, 2004; James & Wooten, 2005; Pearson & Clair, 1998; Wooten, 2007). Third, the CEO needs to *give meaning to internal and external stakeholders* regarding the crisis, its consequences, and the company's decisions through communication (Gioia & Chittipeddi, 1991). In this regard, the CEO is effective if he or she not only gains stakeholder appreciation via displays of compassion but also manages impressions of responsibility (Bundy & Pfarrer, 2015; Coombs, 2007). Finally, the CEO needs to *restore normalcy* and implement lessons learned from the crisis (Boin et al., 2005; Wooten, 2007). In this regard, the challenge for the CEO is to heal relational and to repair operational disturbances caused by the crisis (Kahn et al., 2013), and to rhetorically transition from an "emergency" mode of action to (a new) "business as usual" (James & Wooten, 2005: 144).

We stress two characteristics of our taxonomy of crisis management tasks. First, our framework aligns with, and synthesizes, extant taxonomies of crisis management phases, although it does not necessarily use the same labels. Some models consist of merely three phases: pre-crisis, crisis, and post-crisis (e.g., Coombs, 2015). Other models include additional phases and focus more directly on the primary tasks or actions required of each phase (e.g., Mitroff & Pearson, 1993; Wooten & James, 2008). We have attempted to capture the core elements from these and other taxonomies. Second, we follow the convention of crisis management research and map the four crisis management tasks as conceptually exclusive and following a certain temporal sequence (e.g., Reilly, 1993). Although we recognize that crises are often chaotic events, where the tasks may not unfold in strict sequence and potentially affect each other in unique ways (cf. Roux-Dufort, 2007), we believe that our taxonomy efficiently and effectively captures the critical activities associated with the broad concept known as "crisis management."

Crisis Management: An Emotional Challenge for CEOs

A further important premise of our theorizing is the assumption that the CEO, in managing an organizational crisis, not only faces important cognitive challenges, but also substantial emotional challenges. Psychologists conceptualize emotions such as happiness, anger, and sadness as complex mental states characterized by changes in the autonomic nervous system that are accompanied by distinct physiological expressions, tendencies of behavior, and subjective feelings (Strongman, 1987). Organizational crises provoke a multitude of emotions for all organizational stakeholders (Kayes, 2004; James et al., 2011; Weick, 1990; 1993), complicating the role of the decision makers who must manage the crisis and deal with various emotions expressed by constituents (Bundy & Pfarrer, 2015; James et al., 2011; Kahn et al., 2013).

Given the particularly important role of emotions in organizational crises, we propose that the way a CEO and his or her organization manages such an episode will be especially influenced by the CEO's tendencies related to perceiving and reacting to stakeholders' emotions. In this, we build on upper echelons theory (Hambrick, 2007; Hambrick & Mason, 1984), which suggests that the structure and behaviors of an organization are, at least partly, a reflection of the personalities of its top executives. Moreover, we envision crises as ambiguous, unique, negative, and thus particularly demanding events (Hambrick, Finkelstein, & Mooney, 2005a) during which a CEO cannot simply rely on a learned organizational routine or copy a response pattern from another company (Hale, Hale, & Dulek, 2006). Thus, the management of such episodes is exactly the type of context in which executives' personal characteristics affect their behaviors (Baumeister, Bratslavsky, Finkenauer, & Vohs, 2001; Mischel, 1977). We acknowledge that a variety of individual characteristics may influence crisis management, such as intelligence (Simonton, 1985) and the Big Five (Judge & Bono, 2000). However, in this paper, we focus on CEOs' empathy because upper echelons studies have largely neglected the role of emotions in the CEOs' decision making (Carpenter, Geletkanycz, & Sanders, 2004) and much of the research on empathy has highlighted positive influences of this trait (e.g., Bass & Avolio, 1990). Moreover, our focus is on the emotional aspects of crises, and we contend that leaders' empathy plays a crucial role in many scholarly accounts of organizational crises, but has not been exhaustively conceptualized (e.g., Wooten & James, 2008).

CEO Empathy

We define trait empathy as a continuous individual-level construct denoting a person's ability and propensity to sense the feelings of people in emotional distress and to re-experience these feelings oneself (Salovey & Mayer, 1990). We follow recent organizational research which is replete with studies exploring empathy as an individual difference representing a type of emotional capacity (e.g., Kellett et al., 2002; Scott, Colquitt, Paddoc, & Judge, 2010). Trait empathy focuses on differences across *three primary intra- and interpersonal tendencies*: (1) *perspective taking*, i.e., the tendency to be attentive to others' feelings and to understand the world from their point of view; (2) *susceptibility to emotional contagion*, i.e., the tendency to take on others' emotions; and (3) *empathic concern*, i.e., the tendency to experience and show feelings of warmth and concern for people in distress (Salovey & Mayer, 1990). Thus, empathy is unique in that it comprises cognitive, emotional, and behavioral tendencies that are initiated when others are in distress. Notably, we suggest that these characteristics make empathy a particularly relevant driver of CEOs' crisis management, especially in comparison to other emotion-related constructs. For example, empathy is more specific than emotional intelligence, which represents the ability to monitor all emotions, to discriminate among them, and to use this information to guide thoughts and behavior (Salovey & Mayer, 1990); and, because empathy includes perspective taking, sensitivity to emotional contagion, and empathic concern, it is more comprehensive than the rather narrow constructs emotion regulation—i.e., how individuals manage emotions (Gross, 1998)—and emotional aperture—i.e., the ability to recognize collective group emotions (Sanchez-Burks & Huy, 2009).

As stated above, empathy, as an individual difference, has long been considered an important characteristic of a good leader (Bass & Avolio, 1990; Kellett et al., 2002; Mashud, Yukl, & Prussia, 2010), but has recently also garnered skepticism (Bloom, 2016). For example, an increasing body of research suggests that empathy may promote cognitive overload, affect-congruent information processing, side-taking, and emotional decision-making (Batson, Klein, Highberger, & Shaw, 1995; Bloom, 2016; Buffone & Poulin, 2014; Forgas, 1995). As detailed below, we combine research on empathy with the crisis management literature to propose that empathy can have both positive and negative consequences for CEOs navigating a crisis.

CEOS' EMPATHY AND CRISIS MANAGEMENT

The goal of our theorizing is to develop a model of the impact of CEOs' empathy on the management of organizational crises. Figure 1 illustrates our model, which links CEOs' empathy and the intra- and interpersonal tendencies it induces with CEOs' performance of the four crisis management tasks described above. We consider how CEO empathy may both enhance and inhibit the accomplishment of these critical tasks, ultimately leading us to conclude that there exists an optimal range of empathy for the management of organizational crises; in other words, empathy shows a curvilinear relationship with the CEO's effectiveness in each task.

Before we detail our model, we make note of a boundary condition specifically related to the type or nature of the crisis. Scholars have detailed numerous crisis typologies focused on a range of characteristics (Coombs & Holladay, 1996; Gundel, 2005; Marcus & Goodman, 1991; Pearson & Mitroff, 1993). For example, Pearson and Mitroff (1993) focused on the structural nature of the crisis, distinguishing between more "technical/economic" crises and more "human/social" crises. While such typologies can provide a useful sketch of different crises, scholars have also long recognized the difficult reality of crisis categorization. Indeed, Pearson and Mitroff (1993) categorized some of the most critical and enduring types of organizational crises (including product recalls, industrial accidents, human error, security and safety incidents, and certain types of fraud) as a combination of their two dimensions, recognizing that many, if not most, crises have both technical and human elements. To this point, Kahn and colleagues recently suggested that "in discussing crisis management we focus less on the type of crisis and more on its disturbing effects" (2013: 383). Thus, we focus on the process of crisis management in general terms and expect CEO empathy to be an important factor in that process for nearly any crisis. We consider potential caveats and conditions related to the type of crisis in our discussion of theoretical implications.

[Insert Figure 1 about here]

CEOs' Empathy and Sensing Organizational Crises

When considering the task of effectively sensing an organizational crisis, the literature highlights two critical challenges for top executives, both related to the fact that crises are rare and difficult-to-detect events (Ansoff, 1975, 1980; Coombs & Holladay, 2005; Fink, 1986; Mitroff, 2005; Reilly, 1993). First, organizational crises typically manifest gradually before they ultimately surface (Beamish, 2002). For example, in both the VW and KCTMO cases mentioned above, signals indicating possibly severe systemic problems arose a long time before the respective "public" manifestation of these issues occurred. This implies that speed of recognition is vital and that the firm's management, and especially the CEO, has the difficult responsibility to sense "weak" warning signs early and react before the crisis fully unfolds.

The second challenge for the CEO is closely linked to the first and consists of avoiding false alarms. Once a CEO interprets warning signs as indications of an actual crisis, he or she shifts considerable amounts of valuable resources and attention—his or her own and that of others—away from other important strategic issues (D'Aveni & MacMillan, 1990; Ocasio, 1997). Moreover, just by recognizing the crisis, the CEO might cause anxiety and other negative emotions within the organization, which can harm other vital processes, such as innovation (Staw et al., 1981). External constituents, too, may gain the impression that something extraordinary and threatening is underway, potentially impairing the external approval of the organization (Coombs, 2007). Thus, the CEO needs to make sure not to "cry wolf."

Quickly recognizing warning signs. When they begin to emerge, organizational crises are typically accompanied by a wide range of peripheral, ambiguous cues which often stir feelings of confusion and disorientation among stakeholders (Beamish, 2002; Bundy & Pfarrer, 2015; Chong, 2004; Maitlis & Sonenshein, 2010; Pearson & Clair, 1998). Some of these cues merely demand cognitive processing of information; most, however, also require reading "between the lines" and, thus, intuition and emotional sensitivity (Maitlis & Sonenshein, 2010). Take, for instance, the crisis that hit Coca-Cola in 1999, when a class-action lawsuit was filed that would ultimately lead to the largest-ever settlement in a racial discrimination case. As suggested in many accounts of this scandal, executives at Coca-Cola could have anticipated the crisis had they been more sensitive to emotional cues. For example, minority workers in production plants had expressed pain and suffering due to the stress and treatment imposed upon them (McKenzie, 2008). In addition, affected workers had spoken up about discrimination (McKenzie, 2008) and had asked the CEO to establish more diversity within the organization (Deogun, 1999). Even in more technical crises, a heightened sensitivity to emotional cues of distress may be crucial for managers to recognize warning signs. For example, BP employees repeatedly and emotionally requested preventative maintenance and safety precautions from top executives long before the Deepwater Horizon disaster (Arnett, Deluliis, & Coor, 2017).

In our theorizing, we argue that individuals with higher levels of empathy are more likely to recognize such early emotional crisis-related cues for at least two reasons (e.g., Davis, 1983b). First, abundant empirical evidence shows that empathy drives people's tendency to be attentive to others' feelings (Batson et al., 1995). Therefore, a more empathic CEO will likely be more attentive to the feelings of others and, thus, more likely to notice changes in people's vocal tone, subtle pleas for help, or facial expressions, which organization members or other stakeholders use to signal distress (Salovey & Mayer, 1990). Because highly empathic individuals also take on others' perspectives more easily, especially if these others are in distress (Batson, 2011; Davis, 1983b), a highly empathic CEO will be comparatively fast in interpreting emotional signs as warning signals and will, ceteris paribus, socially construct the situation of an actual crisis earlier than a CEO lower in empathy.

Second, more empathic CEOs are also more susceptible to emotional contagion—i.e., when others express strong negative emotions, a more empathic CEO will be more likely to experience them as well. Research shows that strong emotions guide cognition and behavior in an affect-congruent way by influencing how individuals process information and what information they attend to, act upon, and ignore (Forgas, 1995). Thus, the more empathic a CEO is, the more likely he or she is to perceive and be influenced by emotionally-laden cues as signs of a crisis. In this regard, Schachter and Singer (1962), for example, showed that a person often needs to experience emotional arousal to recognize that something out of the ordinary is going on in his or her social environment. Therefore, given that empathy promotes emotional contagion with people in distress, higher levels of empathy are likely to be generally linked with higher attention to, and perception of, unfolding crises.

> *Proposition 1a: The more empathic a CEO is, the faster he or she recognizes potential warning signs and interprets a situation as an emerging crisis.*

Avoiding false alarms. Cognitive science emphasizes that even highly empathic individuals may misread emotions (Barrett, 2017). Following this notion, we argue that, whereas a CEO's empathy might be beneficial for quickly detecting the warning signs of a crisis, it might also bias the CEO towards too readily interpreting emotionally-charged situations as crises. By definition, an organizational crisis is a rare event that falls well outside the normal day-to-day situations that all organizations face (Maitlis & Sonenshein, 2010). Thus, most of the time, expressions of negative emotions are likely important but do not indicate an organizational crisis. This is not only important because it implies that most warnings signs necessitate a response other than full-blown crisis management, but also because erroneously interpreting emotions as indications of an unfolding crisis may unnecessarily deprive other issues of needed attention, incur substantial avoidable costs, and even damage the firm's reputation.

As noted above, a CEO higher in empathy has a greater tendency to sense and experience psychological distress experienced by others, and these negative emotions influence the CEO's content of thinking in an affect-congruent way (Forgas, 1995). Therefore, as highly empathic CEOs experience others' negative emotions more than their less empathic counterparts, they may not only be more attuned to potential indications of a crisis but also cognitively primed toward noticing negative information (Bower, 1991). Given the rarity of an organizational crisis, as well as the general ambiguity involved in interpreting emotionally-laden cues (Barrett, 2017), this also logically implies that CEOs higher in empathy are more likely to erroneously "cry wolf" and inaccurately and harmfully declare a crisis within the organization. Thus, we propose:

> *Proposition 1b: The more empathic a CEO is, the less likely he or she is to avoid false alarms.*

Effectively sensing a crisis. Overall, one might conceive that the positive effects of empathy on crisis recognition speed and the negative effects on the avoidance of false alarms cancel each other out and all levels of CEO empathy produce similar degrees of effectiveness regarding crisis sensing. However, we do not expect this to be the case. Instead, we propose that the disadvantages of extremely low or extremely high empathy influence a CEO's overall sensing effectiveness disproportionately. More specifically, if a CEO has very little empathy and thus is extremely slow in recognizing a crisis, his or her ability to avoid false alarms is irrelevant because, in the rare case of an actual crisis, the situation might escalate too far before the CEO acts at all. Similarly, if a CEO exhibits extremely high empathy, he or she is so prone to costly false alarms that, given the rarity of organizational crises, there is, ceteris paribus, only very little value in sensing speed. In fact, such a CEO will overact so frequently that organization members might become dangerously insensitive to true crises (a "chicken little" effect). These ideas combined suggest an optimum range of empathy. Within this range, the CEO will be somewhat slower to recognize crises than a high-empathy CEO, but considerably faster than a low-empathy CEO; moreover, the CEO will be less likely to avoid false alarms than a CEO lower in empathy, but still unlikely to be overly alarmist. Consequently, we propose a curvilinear relationship between CEO empathy and effectiveness in sensing organizational crises:

> *Proposition 1c: A CEO's empathy and overall effectiveness in sensing organizational crises are curvilinearly related such that the relationship is initially positive but becomes negative as empathy increases.*

CEOs' Empathy and Decision-Making in Organizational Crises

Once a crisis begins, one of the CEO's primary tasks is to make decisions to resolve it as quickly and systemically as possible (Pearson, Misra, Clair, & Mitroff, 1997; Pfarrer, Decelles, Smith, & Taylor, 2008). Prior research in crisis management builds on the information processing view (Egelhoff & Sen, 1992; Galbraith, 1973) to suggest that decision-makers in times of crisis face two critical challenges (Pirson & Turnbull, 2011): first, they must gain access to needed information, which is often difficult to locate, highly sensitive, and complex; and second, they must process this information in the most unbiased way possible. Pirson and Turnbull (2011), for example, describe how, in 2007, the board of Lehman Brothers could not access accurate information on the firm's risk position and was unable to adequately process the information it could access due to cognitive overload and biases. Consequently, the board failed in its responsibilities during the financial crisis, and Lehman Brothers collapsed.

Gaining access to crisis-related information. There are at least two types of information that help a CEO make effective decisions during a crisis. First, when resolving a crisis, a CEO typically benefits from a profound, truly hermeneutical understanding of its socio-emotional underpinnings (Kahn et al., 2013). Organizational crises are in most cases not caused by any single bad person or policy, but often represent just the tip of an iceberg, the manifestation of complexly intertwined, deeply embedded and institutionalized routines and mentalities (Pearson & Clair, 1998; Perrow, 1984). For instance, a member of the investigation team noted that the accident at Deepwater Horizon was ultimately a consequence of deficiencies in BP's overall quality culture (Elkind, Whitford, & Burke, 2011). The fact that crises are often rooted in such soft, emotionally charged "people issues" implies that, to explain and to resolve them, a CEO strongly benefits from access to relationally embedded and mostly tacit information.

Second, apart from the socio-emotional facets of the crisis, the CEO typically needs comprehensive and correct explanations of the specific technical background (Perrow, 1984; Shrivastava, Mitroff, Miller, & Miclani, 1988). After all, most organizational crises described in the literature are in some way related to highly complicated technical and operational issues. Even though the CEO might not be directly involved in solving such issues, he or she will need to get considerably acquainted with them to manage a crisis successfully. For instance, VW's CEO was unlikely be able to explain, much less solve, the "Dieselgate" crisis that emerged after VW cheated on legally mandated emission tests (Walt, 2018) without a certain amount of knowledge on emission tests, quality management, and the involved software.

We argue that more empathic CEOs are likely to have greater access to both types of information. First, their increased awareness of emotional cues and tendency to take on others' perspectives and emotions (Davis, 1983b), will allow more empathic CEOs to gain a deeper understanding of the socio-emotional causes of the episode than less empathic CEOs. Second, the greater a CEO's empathy, the better his or her access even to information about possible technical root causes of a crisis and potentially effective resolutions. In this regard, note that one of the biggest problems for a CEO is that he or she has been a manager for a long time and thus typically lacks the technical expertise to fully grasp the minutiae of a crisis when it occurs. Making matters worse, the knowledgeable individuals might be unwilling to share all details, or might be inclined to depict them insincerely, given that they may fear negative repercussions for themselves (Pirson & Turnbull, 2011; Van Dyne, Ang, & Botero, 2003; Vuori & Huy, 2016).

A CEO might get more truthful and detailed information from those who have it if they know that their voices are being considered (Detert & Burris, 2007) and that they will receive credit for sharing information that potentially makes them vulnerable. This openness is more likely, the more empathic the CEO is. By definition, more empathic CEOs are more likely to consider others and their opinions, concerns, and feelings in their decision-making. In fact, recent experiments on empathy and moral behavior, including in the workplace, imply that such CEOs will lend a sympathetic ear to suffering organization members, possibly being more lenient even in case of a subordinate's wrongdoing (Fiori, Krings, Kleinlogel, & Reich, 2016; Skorinko et al., 2014). As they take others' perspectives more intensely, more empathic CEOs also perceive employees' insecurity and desperation more intensely (James & Wooten, 2005). In addition, leadership research suggests that CEOs who show more empathic concern are more likely to generate feelings of appreciation, esteem, and trust (Huy, 2002), increase employee satisfaction (Strong, Ringer, & Taylor, 2001), and enjoy heightened perceived leadership (Kellett, Humphrey, & Sleeth, 2002). In turn, such CEOs have a better chance of gaining the allegiance of organization members and making them willing to share and explain their insight. For the same reasons, more empathic CEOs might also increase the level of cooperation and information-sharing from external stakeholders (Pfarrer et al., 2008; Sanchez-Burks & Huy, 2009; Strong et al., 2001). Taking the above arguments together, we propose:

> *Proposition 2a: The more empathic a CEO is, the greater is his or her access to crisis-related information.*

Processing information without bias. Decision-making in crises is additionally difficult given the inherently high levels of time pressure and uncertainty (Bundy & Pfarrer, 2015; James & Wooten, 2005; Moore, 2013; Pfarrer et al., 2008). For instance, executives at Toyota faced endemically complex and urgent decisions when a fatal car accident was linked to faulty product design in 2009 (Dietz & Gillespie, 2012). On top of that, Toyota managers were unsure about the distribution of decision-making authority in their traditionally consensus-driven organization, considerably adding to their perceived uncertainty.

We argue that, given these pressures and uncertainties, empathy might idiosyncratically bias the CEO's processing of information in the context of a crisis, particularly through three related mechanisms: it is more shaped by the CEO's personal experiences and prior cognitive structures, more short-term-oriented, and more partisan. First, generally speaking, comprehensive information processing becomes especially remote in situations of exceptionally high uncertainty (Cyert & March, 1963; Hodgkinson & Wright, 2002). Borrowing the words of Hambrick and colleagues, we suggest that in an organizational crisis, CEOs "simply cannot afford—in terms of cognitive wherewithal, time, or other resources—to be comprehensive in their analyses" (2005a: 478). Consequently, all CEOs will, to some degree, rely on cognitive shortcuts when making decisions in a crisis (Mischel, 1977; Starbuck & Hedberg, 1977; Weick, 1990), rendering these decisions particularly subject to their personal experiences and individual cognitive structures.

We envision empathy to intensify the reliance on such shortcuts. As noted above, CEOs higher in empathy experience the distress triggered by a crisis more intensely than CEOs lower in empathy (Eisenberg et al., 1994). Distress drains individual resources, making people feel as though the demands of their environment exceed their energies and capabilities (Lazarus & Folkman, 1984; Blanchette & Richards, 2010). In other words, the higher the level of a CEO's empathy, the stronger will such a leader perceive the task of managing an organizational crisis as demanding. Prior research also suggests that decision-makers in demanding situations will be subject to a "narrowing effect" and limit the information they use in decision-making by excluding information they subjectively judge to be non-essential, irrespective of the amount of information available (Easterbrook, 1959; Hambrick, Finkelstein, & Mooney, 2005b). Consequently, it is only reasonable to suggest that because CEOs higher in empathy are particularly prone to distress "in the heat of the moment" (Bundy & Pfarrer, 2015: 351), their decisions in a crisis will be shaped more strongly by their individual experiences, personalities, and repertoires.

Second, we argue that, when there are multiple possible crisis solutions, a more empathic CEO is generally more biased towards solutions that alleviate immediate emotional disturbances, rather than choosing solutions that may take more time to implement and, thus, may prolong stakeholders' distress. Our underlying idea builds on Batson's (2011) experiments, which show that "empathy's power lies in its capacity to make the experience of others observable and salient, therefore harder to ignore" (Bloom, 2016: 75–76). Consequently, given their susceptibility to emotional contagion and their empathic concern, we expect more empathic CEOs to emotionally suffer more strongly in a crisis. As we suggest above, this distress taxes the CEO and drains his or her resources. Resources are broad commodities available to individuals that serve as direct means to satisfy valued needs and to meet environmental demands, meaning that individuals who possess more resources are more capable of dealing with difficult situations (Hobfoll, 2002). A wide variety of empirical research suggests that individuals are inherently driven to protect and recover their resources from loss (Halbesleben, Neveu, Paustian-Underdahl, & Westman, 2014). CEOs who can quickly alleviate their stakeholders' distress will be able to recover from their own resource loss more quickly and thus, they reap greater utility from short-term, emotionally soothing fixes (Batson et al., 1995). This means that more empathic CEOs may tend to ignore or make less complete use of available crisis-related information and that they may satisfice in seeking out crisis solutions.

Third, we argue that more empathic CEOs will be more biased in that they overweight information coming from the party whose distress they feel most acutely. In this regard, Wooten and James (2008) have already argued that a CEO might be inclined to focus, and potentially misplace, his or her attention to certain parties whom he or she feels to be in particular need of constructive action. We suggest that this potential bias is exacerbated by the CEO's empathy. Empathy activates a caregiving system that drives individuals to protect those in distress, even when it means disadvantaging a third party and/or violating principles of fairness (Batson et al., 1995; Buffone & Poulin, 2014). This may be particularly true for those perceived as part of the ingroup (Bloom, 2016). For example, Robert Benmosche, CEO of insurer AIG during the $173 billion government bailout, made the controversial decision to give $450 million in bonuses to employees who worked in the unit responsible for massive losses (Adams, 2013). When asked about the decision, Benmosche, who was publicly considered a highly empathic CEO (Fox, 2015), expressed his empathy towards these employees who probably "lived beyond their means" and were "all scared" (Taibbi, 2013). Benmoshe's empathy for AIG employees overpowered his consideration of the taxpayers who financed the bailout. In other words, empathy does not necessarily mean that a person is equally empathic with all, but, instead, may very well be partisan towards an ingroup, i.e., those with whom he or she is more empathic (Breithaupt, 2012; Singer & Lamm, 2009). Taken together, these three mechanisms suggest that, although more empathic CEOs may have superior information in a crisis, they will be more prone to bias in their information processing when making decisions.

Proposition 2b: The more empathic a CEO is, the less unbiased is his or her information processing.

Effectively making decisions in a crisis. Similar to our argument above concerning the sensing of organizational crises, we believe that the quality of information access and information processing contribute to the overall task of decision-making effectiveness in a multiplicative fashion, i.e., they amplify each other's effects and cannot fully substitute each other (Haans, Pieters, & He, 2016). Decisions based on no or very little information are unlikely to be effective, regardless of the quality of information processing (Eppler & Mengis, 2004). Similarly, when information processing is deeply flawed, even perfect access to information leads to ineffective decisions (Kahneman, 2011). Consequently, our propositions suggest a joint curvilinear effect of empathy on decision-making effectiveness:

> *Proposition 2c: A CEO's empathy and overall effectiveness in decision-making in organizational crisis are curvilinearly related such that the relationship is initially positive but becomes negative as empathy increases.*

CEOs' Empathy and Giving Meaning to Stakeholders

Once crisis management decisions are made, they must be effectively communicated to stakeholders. By definition, an organizational crisis is a highly ambiguous and threatening situation (James & Wooten, 2005; 2011). In such "weak" situations, stakeholders demand sensegiving from organizational leadership (Ancona, 2012; Gioia & Chittipeddi, 1991; Mischel, 1977; Staw et al., 1981), i.e., the creation of a common understanding of the situation, which is essential to unite forces and to face the crisis (Lucero, Kwang, & Pang, 2009; Maitlis & Sonenshein, 2010). Indeed, empirical studies indicate that organizations whose spokespersons come forward and convey the meaning of a crisis can prevent damage to reputation and performance (for a summary, see Pfarrer et al., 2008). In cases where executives neglect or perform poorly at sensegiving, however, great damage can be done.

Research in crisis communication and public relations has indicated that the overall task of giving meaning to stakeholders involves managing two related but distinct crisis attributions: attributions of compassion and care, and attributions of responsibility (Coombs, 2015; Sturges, 1994). Attributions of compassion and care capture the degree to which stakeholders perceive the organization as sympathetic and concerned with their well-being. Attributions of responsibility capture the degree to which stakeholders perceive the organization as at fault for the crisis.

Inducing attributions of compassion and care. Inducing attributions of compassion and care focuses on managing the emotions and anxiety of stakeholders affected by the crisis. Prior research recognizes that these attributions are best managed with the provision of instructing and adjusting information (Coombs, 2015; Sturges, 1994). Instructing information helps stakeholders avoid immediate harm from the crises (e.g., directions for evacuation, warnings, etc.), and details the organization's immediate plan of action. Adjusting information helps stakeholders manage the emotional and psychological effects of the crisis. This includes providing expressions of sympathy, counseling, and information to reduce anxiety and uncertainty. Together, these types of information give stakeholders the impression that the organization cares about them and is concerned with their needs. That is, to manage attributions of compassion and care, CEOs not only need to share their diagnosis of the crisis and their prognosis of how to solve it (Ancona, 2012; Boin et al., 2005), but CEOs also need to enter into an active dialogue with stakeholders, showing compassion, concern, and understanding (Boin et al., 2005; Coombs, 2007; Dutton et al., 2002; James & Wooten, 2005; Mitroff, 2001; Seeger, 2006).

In fact, crisis management practitioners have long advocated for displays of empathy in crisis communication (Coombs, 2007; Seeger, 2006). In this regard, consider, again, Coca-Cola's discrimination lawsuit in 1999, when the firm's executives sent an email to employees, denying any discriminatory treatment of minorities despite proof to the contrary. As shown by Unger (1999), this failure of sensegiving substantially damaged employees' trust in the leadership and the organization as a whole, reducing employees' overall commitment to the company.

We surmise that CEOs' empathy is systematically associated with how they manage attributions of compassion and care in a crisis. According to communication psychology—and in line with our conceptualization of empathic individuals' tendency towards perspective taking and empathic concern—more empathic individuals are more compassionate in their communication, making it easier to gain affected audiences' trust and attention (Bagozzi, 2006; James & Wooten, 2005; Kellett, Humphrey, & Sleeth, 2006; Stiff et al., 1988; Redmond, 1985). For similar reasons, more empathic individuals also display more politeness and respect in delivering negative news (Patient & Skarlicki, 2008). Accordingly, one can expect more empathic CEOs to be more likely than those with less empathy to connect with organization members as they display compassion and care when giving meaning to stakeholders.

> *Proposition 3a: The more empathic a CEO is, the more likely he or she is to induce attributions of compassion and care for stakeholders' interests.*

Avoiding attributions of responsibility. Beyond displaying compassion and care, CEOs must develop a formal strategy for shaping how stakeholders come to understand crisis responsibility (Bundy & Pfarrer, 2015; Coombs, 2007). It is generally recognized that negative perceptions of an organization increase as it is attributed more responsibility for a crisis (Bundy et al., 2017; Coombs, 1995). Crisis responsibility can also incur legal liability, and thus being held responsible for a crisis can be very costly for organizations in terms of time and resources.

In an attempt to influence these attributions, organizations utilize communication strategies that typically range from defensive to accommodative (Bundy & Pfarrer, 2015). Defensive communication strategies accept less responsibility for an organizational crisis, for example by providing justifications and excuses, or outright denials of responsibility. In contrast, Accommodative communication strategies accept more responsibility (Elsbach, 2003; Marcus & Goodman, 1991), for instance, by providing apologies and outright accepting responsibility. Importantly, because crises are situations of high ambiguity and uncertainty, objectively determining crisis responsibility can be time-consuming and difficult, and thus an organization's response strategy can strongly influence stakeholders' perceptions of responsibility (Bundy &

Pfarrer, 2015; Fediuk, Coombs, & Botero, 2012; Gephart, 2007; Roberts, Madsen, & Desai, 2007). In such situations of ambiguity or uncertainty, crisis management experts argue that accepting too much responsibility may unnecessarily exacerbate the damages of a crisis (Bundy & Pfarrer, 2015; Coombs, 2007). In other words, there are strategic and moral justifications for managing responsibility attributions, particularly when it is unclear who or what is truly at fault (Coombs & Holladay, 2008; Koehn, 2013).

We argue that the greater the CEOs' empathy, the more they will find it difficult to consider more defensive crisis response strategies. In this regard, the literature includes various cases of organizational crises in which executives publicly acknowledge responsibility, instead of choosing a more defensive strategy, with the objective of soothing the negative emotions involved (Hearit, 2006; Maiorescu, 2016). We expect CEO empathy to promote such behavior, primarily because empathic individuals are driven to alleviate others' distress even when doing so has potential negative consequences. Consider, for example, the findings that doctors sometimes misdiagnose patients because their empathy induces them to avoid painful examination methods (Groopman, 2007) and that higher levels of empathy can lead to decisions that help those suffering but violate ethical principles of justice and fairness (Batson et al., 1995; Gino & Pierce, 2009). Similarly, a more empathic CEO may view accepting responsibility for a crisis as the most effective way to alleviate the negative emotions of those affected, even if the organization may not truly be responsible (Grant & Schwartz, 2011; Patient & Skarlicki, 2008).

We anticipate that empathy-driven accommodative sensegiving will be reinforced by two additional mechanisms. First, as we have argued above, more empathic CEOs will be particularly prone to a loss of psychological and physical resources in a crisis because they take on others' negative emotions (Eisenberg et al., 1994). In fact, theory on bounded rationality (Simon, 1947) as well as related psychological research (Mischel, 1977) implies that this effect of empathy is particularly strong in times of crisis because the influence of personal traits on individuals' behavior is intensified under times of uncertainty and distress (Tversky, Sattath, & Slovic, 1988). Thus, because of their tendency to experience more distress during a crisis, and given individuals' tendency to protect their resources from loss, more empathic CEOs are particularly likely to perceive accepting responsibility as emotionally easier than engaging in more defensive sensegiving. Second, given their heightened tendency to take others' perspectives, CEOs higher in empathy may be prone to feeling more guilt about the crisis, and thus are more likely to take responsibility and apologize to alleviate that guilt (Howell, Turowski, & Buro, 2012). Combining these arguments, we posit:

Proposition 3b: The more empathic a CEO is, the less likely he or she is to avoid attributions of crisis responsibility to the firm.

Effectively giving meaning to stakeholders in a crisis. Like with our arguments above, we propose that expressing compassion and care combines with managing stakeholders' responsibility attributions to contribute to the overall task of giving meaning to stakeholders in a multiplicative fashion, i.e., they amplify each other's effects and cannot fully substitute each other. The benefits of expressing compassion and care for stakeholders are likely to be undermined when stakeholders perceive the organization as highly responsible. Similarly, focusing predominantly on managing responsibility attributions is likely to leave stakeholders feeling devalued and under-appreciated, which may remove any benefits gained from being seen as less responsible for the crisis. Consequently, the two previous propositions suggest a joint curvilinear effect of empathy on the task of giving meaning to stakeholders:

Proposition 3c: A CEO's empathy and overall effectiveness at giving meaning to stakeholders are curvilinearly related such that the relationship is initially positive but becomes negative as empathy increases.

CEO Empathy and Restoring Normalcy

The CEO's final task in managing an organizational crisis is to lead the organization from a state of ambiguity, confusion, and upheaval back into "business as usual" and to implement appropriate lessons learned (Gephart, 2007; James et al., 2011; Wooten, 2007). As noted by James and Wooten (2005: 144), it is essential for managers to reassure stakeholders that "despite the disruption, business affairs are operating smoothly or will be returning to normalcy soon." Such a return to normalcy allows stakeholders to exit a crisis mode of operations and begin to establish new frames, routines, and procedures (Christianson et al., 2009). Additionally, only if the organization regains a certain normalcy, or stability, can it leverage the crisis to learn from it and potentially transform into an even stronger organization (James & Wooten, 2005). Thus, the act of restoring normalcy captures the implementation of needed changes for organizational renewal and "posttraumatic growth" (Bundy et al., 2017; James & Wooten, 2005; Kahn et al., 2013: 385; Seeger, Ulmer, Novak, & Sellnow, 2005).

Kahn and colleagues (2013: 377–378) highlight that returning to a state of stability not only includes fixing and improving upon potential operational, technical, or structural issues in the organization (focused on "the operations by which tasks are completed, work is performed, and products are delivered"), but also healing and improving upon the relational system that is disturbed by a crisis (focused on the "relationships among people who coordinate their activities in the service of tasks, goals, and missions"). In so doing, Kahn et al. (2013) evoke research on family systems and envision the organization as an organic interplay of an operational and a relational system, and organizational crises as traumas of these systems. Consequently, effective crisis management entails a restoration and growth of both these systems following the crisis.

Healing the relational system. According to Kahn et al. (2013), an organizational crisis particularly disturbs the relational system by disrupting states of cohesion among system members: in response to the rising emotional distress, they either disengage too much, or they cling together too much. Relatedly, a crisis disturbs an organization's healthy state of flexibility by triggering either chaos or extreme structural rigidness. We submit that the more empathic a CEO, the more attention, time, and effort he or she will devote to healing the relational system of the organization, and, ultimately, the more successful he or she will be at doing so. By healing, we mean making efforts to restore the underlying relational system of the organization to health and to re-establish a proper balance between cohesion and flexibility to accommodate the new post-crisis reality (Kahn et al., 2013).

There are several reasons to believe that more empathic CEOs will be more successful in healing the relational system. First, a more empathic CEO will be more attentive to and concerned by unhealthy relational processes such as blaming, isolation, withdrawal, and aggression in which members engage because of anxiety and distress (Kahn et al., 2013). As such, the more empathic a CEO is, the more distressful a given crisis becomes for him or her, and the more he or she will gain utility from calming such emotional disturbances.

Second, in addition to being motivated to focus on relational issues, a more empathic CEO will be better able to mend the relational system of the organization. Previous research has shown that highly empathic leaders are more likely to show consideration or people-oriented behaviors that exhibit concern for the welfare of their followers (Fleishman & Salter, 1963). As highlighted by Kahn and colleagues (2013), leaders may engage in various strategies to limit the "emotional fallout" (Kahn et al., 2013: 389) from a crisis and support the healing and growth of the relational system (Dutton et al., 2002). For example, a highly empathic CEO may create formal opportunities for organization members to share their experiences; or simply show interest in employees' feelings, which is a type of emotional support that can be key to recovery after a crisis (Christianson et al., 2003).

We argue that more empathic CEOs—given their greater tendency to take perspectives and understand the needs of organization members, as well as their empathic concern—will be more inclined to engage in and support such activities. Fueled by an enhanced ability and propensity to sense others' emotions, a more empathic CEO will be able to sense better whether organizational members are emotionally ready to move on, which is not only a crucial aspect of meaning construction (Boin et al., 2005; James & Wooten, 2005), but also allows the CEO to announce—verbally or through symbolic action—a return to "business as usual" (Wooten, 2007) more appropriately. Further, once he or she has conceived it is time, more empathic CEOs, driven by their desire for prosocial engagement (Batson, 1991; Davis, 1996), will tend to invest more attention, energy, and effort, and will give employees room to participate in the collective sensemaking of the episode. Such joint construction of a shared narrative of the crisis can be helpful to relieve distress and negative emotions and to move on after a crisis (Gephart, 2007; Kahn et al., 2013; Weick, 1988; 1993).

Finally, we argue that a more empathic leader will also be better able to develop a positive post-crisis vision for their organization, which is critical for healing the relational system (Sutcliffe & Vogus, 2003). Research on crisis communication highlights that it is pivotal for leaders to provide members with meaningful pathways between the traumatic experiences during the crisis and an optimistic vision of the future in order to renew motivation and commitment (James et al., 2011; Kahn et al., 2013). The ability to develop such a desirable vision, and positively redirect the organization's identity in conversation with its members (Christianson et al., 2009) increases with a leader's empathy (e.g., Holladay & Coombs, 1993). A more empathic CEO will take time to connect to organization members and to listen to their needs and aspirations (Fleishman & Salter, 1963; Yukl, 1998), and he or she will be more able and willing to incorporate the perspectives of different members into the organization's new vision. All this will be vital for the CEO to convince followers to overcome their pain and distress and to persuasively convey "come with me." We thus propose:

> *Proposition 4a: The more empathic a CEO, the more likely he or she is to heal the relational system that is disturbed by an organizational crisis.*

Repairing the operational system. Notably, while it is vital to stabilize the cohesion and flexibility of the relational system, fixing operational and technical problems remains equally crucial (Kahn et al., 2013). In fact, even in crises where technical issues are not the original cause of the episode, multiple and often highly challenging operational issues frequently emerge. In the case of Cantor Fitzgerald after 9/11, for instance, the company needed to rebuild its complex trading IT systems, which were destroyed in the attack (Seeger et al., 2005). Thus, effective crisis management typically requires a restoration of both relational *and* operational systems (Kahn et al., 2013; Pearson & Clair, 1998).

However, what is less explicit in the systems view but highly relevant nevertheless is that there exists a trade-off between attention to relational tasks and attention to operational tasks. It is relatively straightforward to propose that, as a person's time and cognitive capacity are limited (Simon, 1947), time and attention spent on healing relational issues reduces time and cognitive capacity for repairing operational issues. In addition, neuropsychology scholars observed a more intricate phenomenon pertaining to a person's cognitive resources, namely that attention-demanding cognitive tasks and social or relational tasks activate distinct areas in the brain – and that these areas reciprocally suppress each other (Jack et al., 2013).

Based on these findings we argue that, because highly empathic leaders focus more heavily and consistently on relational issues (Fleishman & Salter, 1963), they will have fewer temporal and cognitive resources to allow for attention to, and success in, resolving and restoring technical issues related to the crisis. Engaging in healing the relational system is likely to require a high degree of effort and attention in the social domain (Kahn et al., 2013), leaving little capacity for, and suppressing attention to, fixing operational issues. This is particularly problematic because operational issues are often painstaking and consume substantial time and cognitive resources. For instance, multiple studies have captured the extreme operational and technical complexity associated with various famous crises, including the BP oil spill (Freudenburg & Gramling, 2011), the Challenger and Columbia space shuttle disasters (Starbuck & Farjoun, 2005; Starbuck & Milliken, 1988; Vaughan, 1990), and Three Mile Island (Perrow, 1984). Even though the CEO might not be directly involved in fixing these issues, he or she still needs to attend to and cognitively process vast amounts of technical information to restore normalcy and learn from such complicated situations. Therefore, we deduce that, as empathy triggers a CEO's focus on relational issues of a crisis, the more empathic a CEO, the less time and cognitive capacity he or she has left to engage in operational ways to restore normalcy in the organization.

> *Proposition 4b: The more empathic a CEO, the less likely is he or she to repair the operational system that is disturbed by an organizational crisis.*

Effectively restoring normalcy after a crisis. Similar to our arguments above, we believe that a commitment to, and success in, healing the relational system and repairing the operational system of an organization after a crisis contribute to the overall task of restoring normalcy in a multiplicative fashion. We argue that restoring normalcy inherently requires a certain extent of both healing the relational system *and* repairing the operational system. In other words, a CEO's efforts are ineffective if he or she leaves one of the two systems fundamentally damaged, regardless of the success in restoring the respective other system. Highly empathic leaders are likely to consistently focus on restoring the relational system and risk leaving the operational system vulnerable to another crisis, whereas leaders with little empathy are more likely to leave the relational system in a state of weakness, preventing post-crisis growth and renewal (Kahn et al., 2013). Moderately empathic leaders, then, are less likely to focus solely on relational aspects of the crisis, leaving resources available for tasks associated with the operational system (Jack et al., 2013). Consequently, the two previous propositions suggest a joint curvilinear effect:

Proposition 4c: A CEO's empathy and overall effectiveness in restoring normalcy after an organizational crisis are curvilinearly related such that the relationship is initially positive but becomes negative as empathy increases.

DISCUSSION

Our goal was to advance understanding of how a specific facet of CEOs' personality, namely trait empathy, impacts the management of organizational crises. In this quest, we have provided a detailed account of how variance in CEOs' empathy affects four essential crisis management tasks: sensing crises, making decisions, giving meaning, and restoring normalcy. The leitmotif of our theorizing is the notion that CEOs and their levels of empathy are vital to understanding management of organizational crises because such episodes are highly emotional events in an organization's life and, at the same time, moments of highly concentrated authority and executive agency (Staw et al., 1981).

Exploring how differences in empathy influence CEOs as they manage crises allows us to make several contributions. First, by analyzing the consequences of CEOs' personal characteristics—specifically empathy—for crucial crisis management tasks, we add an advanced upper echelons perspective (Hambrick, 2007) to research on organizational crises. Especially, we respond to scholars' calls for research that, instead of focusing on the implications of readily observable characteristics of top management teams (TMTs) and their members in times of organizational crisis (e.g., Greening & Johnson, 1997; Rost & Osterloh, 2010), addresses the more complex facets of executives during such episodes. By highlighting CEOs' empathy, we also develop a firm theoretical basis for understanding *why* CEOs and their organizations vary in their management of organizational crises.

Second, we add to upper echelons theory by providing a rich description of the dispositional emotional-cognitive characteristics of executives. With the exception of Delgado-García and De la Fuente-Sabaté (2010) and Hodgkinson and Healey (2011), upper echelons studies have largely neglected the role of emotions in the context of CEOs' decision-making (Carpenter, Geletkanycz, & Sanders, 2004). Even studies dealing with CEOs' individual differences that are related to coping with emotions—particularly narcissism (Chatterjee & Hambrick, 2007) and hubris (Hiller & Hambrick, 2005)—hardly speak to the role of individual differences in coping with *stakeholders'* emotions. We overcome this focus on the "cold," rational side of executives and follow recent studies that highlight the importance of considering emotions when trying to understand CEOs' sensemaking, decision-making, and acting (Hodgkinson & Wright, 2002; Huy, 1999). By highlighting the costs of empathic CEOs' susceptibility to emotional contagion, perspective taking, and empathic concern, we also extend our understanding of executive job demands (Hambrick et al., 2005a). So far, executive job demands have been conceived as being primarily driven by task challenges, performance challenges, and executive aspirations. We argue that executives' individual characteristics, especially their empathy, strongly impact their perceptions of these challenges, and thus ultimately their behavior.

Third, and perhaps most importantly, we discuss the double-edged nature of CEOs' empathy in the context of organizational crisis. For many good reasons, empathy enjoys a predominantly positive image in the current management literature (Bass & Avolio, 1990; Holt & Marques, 2012; Kellett et al., 2002, 2006; Sadri, Weber, & Gentry, 2011). In fact, some researchers—particularly in the area of crisis management—accuse organizations of having the tendency to promote technocratic, "alexithymic" decision-making which wrongfully treats empathy and emotionality as irrational sacrilege (Kets de Vries, 1989) and as an impediment to effective management (Barrick, Mount, & Judge, 2001; Le, Oh, Robbins, Ilies, Holland, & Westrick, 2011). Our theorizing integrates the critical perspective on empathy, which has emerged primarily in other disciplines (Bloom, 2016) but has so far found little entry into management science (see Antonakis et al., 2009, for an exception), as well as management scholars' growing interest in "too-much-of-a-good-thing" phenomena (e.g., Grant & Schwartz, 2011). In so doing, we offer a more balanced view of empathy in organizations, particularly among CEOs: On the one hand, we provide a conceptual foundation for how and why empathy is crucial for CEOs to succeed at their job; on the other hand, however, we explain potential downsides of higher levels of CEO empathy. CEO empathy thus presents intriguing challenges as both low and high levels might harm companies' abilities to resolve organizational crises.

FUTURE RESEARCH DIRECTIONS

The potential trade-offs associated with empathy in crisis management offer abundant research opportunities. An obvious next step would be to test the optimum level of CEO empathy for each of the four major crisis tasks. Such studies could draw on related current research on inverted U-shaped effects in leadership (e.g., Antonakis et al., 2017). For instance, with regard to decision-making in the crisis context, we have argued that higher levels of empathy allow CEOs greater access to relevant information but limit their capacity to make unbiased decisions. This raises the problematic question of what is worse: unbiased decisions based on limited data, or biased decisions based on extensive data? And, more importantly: what is the ideal trade-off?

We also envision ample opportunity for future research on the boundary conditions of our model. In this regard, we wish to reiterate that we have chosen to theorize on the impact of empathy because traits are particularly important, and considerably difficult-to-control, drivers of human behavior, particularly in times of uncertainty and when people sense distress and other negative emotions (Baumeister et al., 2001; Mischel, 1977). Research on self-regulation suggests that individuals can, at times, exert control over their natural tendencies and adjust their behavior to abide by norms as well as performance expectations (e.g., Baumeister, Vohs, & Tice, 2007). For example, studies indicate that individuals can influence the degree to which they feel empathic—and thus have empathy influence their actions—through situation selection and attention regulation (Breithaupt, 2012). External factors such as social desirability may also influence the behavioral consequences of empathy (Zaki, 2014). However, several meta-analyses have convincingly shown that despite individuals' ability to self-regulate, traits—including empathy (Kellett et al., 2004)—strongly predict important managerial outcomes (Barrick, & Mount, 1991; Barrick et al., 2001; Bono & Judge, 2004).

Nevertheless, while we assume the effect of empathy to be relatively consistent, the boundary conditions we stipulate may constitute intriguing moderators of our proposed relationships that can change the form of the curvilinear relationships or shift inflection points (Haans, Pieters, & He, 2016). Most importantly, perhaps, our ceteris paribus model abstracts from the case-specific idiosyncrasies such as the level of managerial discretion (Hambrick, 2007; Hambrick & Finkelstein, 1987), resource availability (Crossland & Hambrick, 2007), and the characteristics of the other members of the TMT. Investigating these factors may be particularly interesting because they could play an important role in curtailing the influence of CEOs on organizational outcomes (Cyert & March, 1963; Finkelstein & Hambrick, 1996; Hambrick & Mason, 1984). For example, crisis management might be most effective when a very empathic CEO is paired with a "colder" TMT or director lieutenant (or vice versa), such that each could leverage his or her strengths and compensate for the other's potential weaknesses.

For the sake of parsimony, we further refrained from considering other relevant CEO characteristics. Especially, we did not include prior crisis management experience (March, 1991), which could indeed affect the impact of CEOs' levels of empathy on their effectiveness in managing such episodes; however, we believe it is not straightforward to anticipate how. For example, does empathy render the CEO even more alarmist after a crisis experience, given the particularly strong contagion with emotional distress? Or, does empathy allow the CEO to learn over-proportionally from a crisis experience, reducing his or her tendency to "cry wolf"? Similarly, we left out traits like the Big Five (Judge & Bono, 2000; Judge, Bono, Ilies, & Gerhardt, 2002) and intelligence (Judge, Colbert, & Ilies, 2004). Intelligence, in particular, may constrain the effects of empathy given that empathic intuition requires working memory (Hinson, Jameson, & Whitney, 2002), a resource closely associated with intelligence (Conway, Kane, & Engle, 2003). Intelligence further plays a crucial role in people's ability to attend selectively to emotional cues (Fiori & Antonakis, 2012). Finally, we did not consider the interplay between personality factors related to honesty and empathy (e.g., Breevaart & de Vries, 2017). This has been considered in the medical field where patients need to know the truth about their condition, and yet, empathy and compassion in communication are also important (see, e.g., Back, Arnold, & Tulsky, 2009). We imagine a similar tension may also exist during an organizational crisis.

Likewise, to build parsimonious theory, we decided not to discriminate between various and nuanced subsets of crises. In line with our argument above, we admit that CEO empathy may be a less critical factor in highly technical crises, such as those involving external regulatory issues or complex operational failures with lower levels of physical or emotional harm. Major accounting restatements, which are often so complex that they become almost unintelligible to the vast majority of audiences, including senior managers and financial analysts, may serve as examples (Burks, 2011; Hennes, Leone, & Miller, 2008; Palmrose, Richardson, & Scholz, 2004). However, we recognize that most crises arise from some combination of socio-emotional and technical issues—in fact, the large majority of the crisis management literature suggests that such combination is a constituting element of a crisis situation (James et al., 2011). Thus, although we encourage scholars to consider the applicability of our theory to a variety of crisis types, we are confident that our general arguments should largely hold across the spectrum.

Scholars can build on existing approaches when empirically testing our model. Particularly, existing psychometric scales should be helpful. Several questionnaires are available to measure empathy (e.g., Davis, 1983a). Given the intricacies in observing executives' personal characteristics, we suggest using these scales not so much for self-reports, but more for third-party evaluations, e.g., by CEOs' direct reports or familiar others (Mannor, Wowak, Bartkus, & Gomez-Mejia, 2016). Further, management scholars have increasingly developed unobtrusive measures based on such validated scales (Chatterjee & Hambrick, 2007). This might well also be done for empathy. For instance, empathy might be reflected in more compassionate language or language that acknowledges others in CEOs' communication (e.g., Tausczik & Pennebaker, 2010). CEO empathy might also manifest itself in symbolic actions and artifacts, such as in photos of CEOs reacting emotionally to those in distress—or simply in the share of photos which include people other than the CEO in company publications (Gerstner et al., 2013).

To measure the dependent variables, researchers may conduct in-depth interviews with employees, let external observers rate firm performance in a crisis, or perform content analyses of archival data. For some crisis outcome variables, objective indicators may be available, e.g., the time until a regulator lifts sanctions, the changing tenor of media coverage, or the damage to an organization's reputation. Future empirical research may also address the specific challenge of testing the precise mechanisms underlying our hypothesized relationships and may wish to rely on laboratory experiments to do so (Dietz & Kleinlogel, 2014). It is worth noting that, depending on the research design, investigators must properly account for potential endogeneity (Antonakis, Bendahan, Jacquart, & Lalive, 2010). Especially, we caution scholars to consider any omitted variable bias which could stem from multivariate effects of empathy and other individual characteristics that may influence CEOs' crisis management (Zaccaro, 2012). In addition, one needs to consider omitted selection since more empathic CEOs may be able to identify crises earlier, and thus potentially resolve them quicker. As a result, there may be selection problems in empirical studies on CEOs' behavior in later stages of crisis management.

CONCLUSION

To date, management scholars have highlighted the positive effects of CEOs' empathy in the emotionally charged context of crises. We develop a more balanced portrayal of the influence of CEO empathy on crisis management by integrating the emerging critical perspective on empathy with research on upper echelons and crisis management. Our theory offers an upper echelons view of organizational crises, particularly by illuminating the roles of empathy and emotions in executives' crisis management. We also introduce a novel, "too-much-of-a-good-thing" perspective on CEO empathy, providing ample opportunities for future research. All in all, we hope that fellow scholars in the fields of upper echelons research, crisis management studies, and management science in general view our theory as an opportunity to rethink the way we conceptualize and study empathy in CEOs and its impact on organizations.

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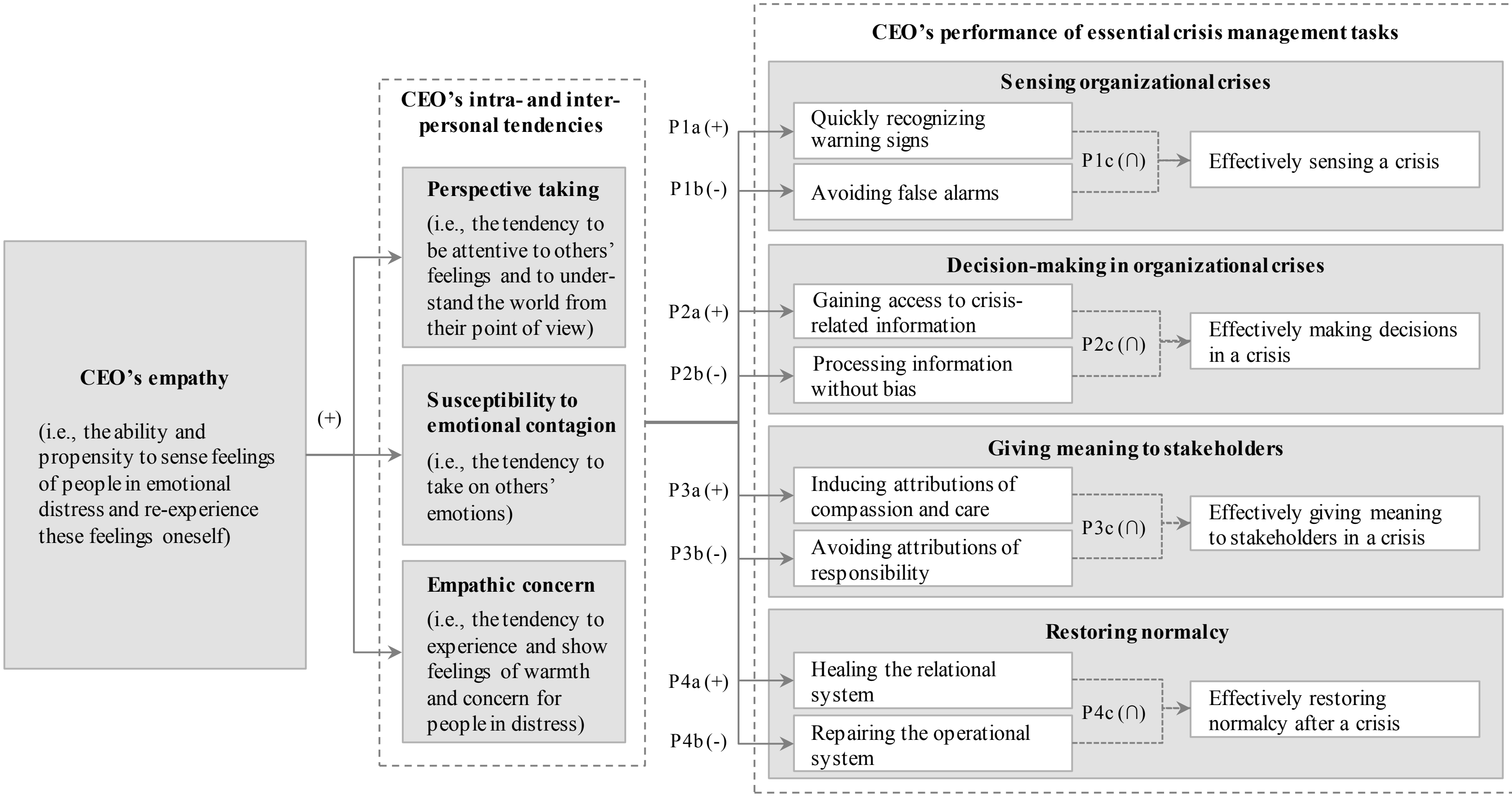
FIGURE 1

A Model of the Impact of CEOs' Empathy on the Management of Organizational Crises



Note: Propositions 1c through 4c represent the multiplicative effects of the respective propositions 1a through 4a and 1b through 4b

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