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The Interplay Between Leadership and Adverse Context: The Paradox Explained

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Abstract

Since the beginning of the economic crisis in Europe, Portugal has been one of the EU economies most affected. As a result, Portugal represents an important case study to examine how corporate leaders have handled the economic crisis. Using a qualitative approach, we interviewed 20 corporate managers to capture their perceptions of leadership traits and behaviours exhibited by their CEOs during the recession of the Portuguese economy. Our results contribute to improve our understanding of specific traits and behaviours displayed by effective leaders during the economic recession, and to the extension of leadership theory in adverse contexts. Specifically, we found that in economic recession, the most effective leaders are not affected by the negative constraints and tend to work to create a barrier against the high-pressure conditions to enable a supportive and positive working environment. Paradoxically, we found that to be effective, leaders must act as blocking-agents against the negative social impacts of the economic crisis, examples being the fragility of trust in organisational life (i.e., a barrier against distrust), uncertainty of the future (i.e., a barrier against uncertainty), and toxic emotions (i.e., a barrier against toxic emotions). However, the restriction of the sample to a single geographical area limits the generalisability of the study to larger groups. Therefore, we encourage the academic community to expand the research to other countries affected by the economic recession.

Keywords: *Corporate Managers, Economic Crisis, Crisis Leadership, Leadership Traits and Behaviours, Recession*

Track: *Management & Leadership*

Word Count: 7.114

1. Introduction

Since the beginning of the financial crisis, Europe and, in particular, Portugal have been strongly affected by the overwhelming economic recession. The overall economic climate had a tremendous impact on business confidence, increasing uncertainty and volatility in the markets, and anxiety and stressful situations emerged as a new way of living. A new concept of crisis leadership is emerging in the literature as a response to the lack of answers provided by the traditional crisis management approach (Thach, 2012). Recent research suggests that what is required from a leader during times of crisis may differ from what is needed in times of stability (Haddon et al., 2015; Knights and McCabe, 2015). Furthermore, commonly-used leadership frameworks have proven insufficient to capture leaders' traits and behaviours in situations of crisis (Haddon et al., 2015). This gap in the studies on crisis leadership may be

problematic, as many practitioners are from countries that are currently experiencing an economic crisis. This perspective is corroborated by academics who claim that leadership interactions occur in a dynamic and evolving context, and thus should incorporate contextual factors in their understanding of leadership effectiveness (Avolio, 2005; Haddon et al., 2015).

In this paper, we seek to explore behavioural patterns of leadership in adverse contexts, as perceived by corporate executives' direct reports. For example, we address questions such as, "What are the main characteristics of effective leaders when dealing with adverse contexts (i.e., economic crisis)?" and "What is the effect that organisational context has on leadership behaviours?" Given the importance of these questions, we undertake an exploratory study in order to identify specific patterns that could emerge from the analysis of perceived characteristics of effective leaders in adverse situations.

2. Crisis Leadership

According to Kramer and Tyler (1995), a crisis may be defined as being a major threat to system survival with little time to respond, involving an ill-structured situation, and where resources are inadequate to cope with the situation. For these authors, a crisis may question the survival of a system, leading to various organisational outcomes. In their framework, the nature of organisational behaviours during a crisis explain these outcomes, whether they be positive, negative, or developmental. A crisis may threaten the survival of an organisation and have devastating effects, requiring both immediate and urgent attention. Some crises arise from organisational failures, but others, such as the global financial crisis which started in 2007, result from external factors, and has affected the global economy and many organisations around the world (James et al., 2011).

The concept of crisis leadership has emerged recently in the literature as a strategic process, which is focused on human relations, as opposed to crisis management, which is regarded as being more tactical (James et al., 2011; Thach, 2012). According to Thach (2012), traditional crisis management, which is mainly based on operational and tactical responses, is not sufficient enough, given the larger scale, greater frequency, and rapid dissemination of the crisis. To overcome this gap, researchers are recommending an adoption of crisis leadership to lessen the impact of chaos on people (Klann, 2003). In addition, some studies suggest that what is required from a leader during times of crisis may differ from what is needed in non-crisis times (Haddon et al., 2015; Hannah et al., 2009; Knights and McCabe, 2015). Hannah, Uhl-Bien, Avolio, and Cavarretta (2009) suggest that extreme contexts create unique constraints, contingencies, and causalities for leadership. For example, in extreme events, it may be critical for leaders to assist organisation members in sense making, in order to help them find a meaning for what is happening (Hannah et al., 2009). For Knights and McCabe (2015), past leadership theories, whereby leaders are seen as heroic characters that predict the future (e.g., "Masters of the Universe"), have proven their inadequacy to examine the phenomenon in the context of the global financial crisis. For the authors, these leadership assumptions and representations have contributed to the financial crisis. Furthermore, another commonly-used leadership framework - the transformational leadership approach, has failed to adequately capture leadership in a crisis context, because it failed to encapsulate any of the qualitative findings of the study, such as employees' expectations of leader to take action quickly, while engaging in continuous communication with employees (Haddon et al., 2015).

3. Economic crisis: The Portuguese Case

In the case of Portugal, the economy was hit hard by the global financial crisis. In 2009, Portugal entered a deep recession with an average growth rate of GDP of – 3.0%, followed by a three-year recession during 2011-2013 (OECD). International capital flows dried up and weak growth prospects resulted in a loss of market confidence and a sharp rise in interest rates. The unemployment rate reached a peak of 16.5% in 2013, while gross fixed capital formation registered a five-year negative growth rate. The overall economic climate was affected by the rampant increase on gross public debt as a percentage of GDP from 80.4% in 2009 to 127.3% in 2014. As a result, the Portuguese government had to implement harsh measures, both in terms of public expenditure and revenues, in order to comply with the requirements of the Economic and Financial Assistance Programme.

This adverse context of the Portuguese economy had a tremendous impact on the business confidence felt by entrepreneurs and managers. Furthermore, according to OECD indicators, the business confidence index decreased significantly in 2008 and 2011 (respectively, to levels of 96.4 and 97.7), reflecting an overall distrust in the economic recovery. In addition, the consumer confidence index, which is based on the households' plans for major purchases and economic situation also decreased in the same years to 97.9 and 96.8, respectively. In a global marketplace typified by uncertainty, turbulence, and economic crisis, leaders face an additional challenge to cope with ongoing organisational performance.

4. Methodology

4.1. Participants and procedures

In this study, a qualitative methodology is appropriate, as the leadership process is complex and dynamic, and leadership is likely to have a symbolic and subjective component, which is difficult to capture through purely quantitative methods (Conger, 1998). In addition, some authors argue that accepted measures of leadership (e.g., charismatic and transformational leadership measures) will be unlikely to capture leadership in a crisis context (Haddon et al., 2015; van Knippenberg and Sitkin, 2013). Consequently, we followed a qualitative approach to understand corporate managers' perceptions of how leaders have handle the economic crisis in their organisations. The inclusion of diverse participants from various industries and different job functions as key participants is an attempt to comply with the qualitative research method requirements that multiple perspectives be systematically addressed during a research inquiry (Strauss and Corbin, 1998).

In line with these approaches, we conducted 20 in-depth interviews with corporate managers representing Portuguese firms. To determine the sample size, we followed Green and Thorogood's (2004: 103) argument that 'the experience of most qualitative researchers is that in interview studies little that is "new" comes out of transcripts after you have interviewed 20 or so people', which some have labelled "theoretical saturation" (Eisenhardt, 1989). The sample was drawn from a list of organisations belonging to industries that were strongly affected by the economic crisis (Table 1). An email was sent to the human resource managers from each organisation with an invitation to participate in the study, and a request was made for a senior executive to be interviewed. All of the senior executives who were

invited agreed to participate in the interviews. The profile of the interviewees is presented in Table 2. The average age of the respondents was 49 years' old, and 60% were female. On average, the respondents had 9.3 years of tenure in their current job positions, and 13.9 years of tenure in their organisation.

Table 1. List of Invited Organisations

Industry	Organisations
Automotive & Transportation	AutoEuropa, TAP
Banking	Banco Santander Totta, Millennium BCP
Consumer Goods	Colgate-Palmolive, Mars, PepsiCo, Soc. Central de Cervejas
Energy	BP, EDP, Efacec
Holdings	Cofina, SONAE
Information Technology	Fujitsu, Microsoft
Pharmaceuticals & Healthcare Products	Alliance Healthcare, Bial, Covidien, Johnson & Johnson, Merck Sharp & Dohme

Table 2. Profile of Interviewees and Size of Transcripts

Date & Time	Name	Interviewee	Gender	Age
17/05 17:00	ELP	Executive Director	Female	51
22/05 13:00	CL	Executive Director	Male	50
24/05 17:00	AP	Human Resources Director	Female	47
28/05 16:00	JMS	Human Resources Director	Male	55
29/05 19:00	APR	Executive Director	Female	45
01/06 15:00	MB	Human Resources Director	Female	55
04/06 14:00	AMD	Member of the Board	Female	66
15/06 15:00	IB	Human Resources Director	Female	44
29/06 15:00	NMC	Member of the Board	Male	52
02/07 17:00	IV	Human Resources Director	Female	54
04/07 15:00	IH	Human Resources Director	Female	41
05/07 15:00	AA	Managing Director	Female	51
06/07 11:00	AF	Sales Director	Female	48
10/07 15:00	IM	HR Director Iberia	Male	52
16/07 12:00	PG	Human Resources Director	Female	49
17/07 16:30	ACL	PR & Sustainability Director	Female	47
19/07 10:00	FM	Executive Director	Male	51
19/07 12:00	MAF	Publishing Director	Male	40
25/07 16:00	PVS	Sales Director Iberia	Male	40
07/09 10:30	NFP	Marketing & Sales Director	Male	38

We collected our data between May and September of 2012. This period was particularly important for capturing the perceptions of corporate managers during the economic crisis, as it corresponds to the period during which the second wave of the recession hit the economy (between 2009 and 2013). All the interviews were conducted at the interviewees' offices in Lisbon and Porto. The interviews were face-to-face, informal, open-ended, and were carried out in a conversational style, following an interview protocol. The purpose for using such techniques was to collect relevant perspectives by asking the corporate managers to talk about leadership through the identification of specific leaders from their personal experience. This approach to qualitative research was suggested by Taylor and Bogdan (1984), and it emphasises an interest in obtaining the respondents' perspectives.

The data collected during this stage included interview transcripts, field notes from observations, and a variety of records and reporting documents that were subjected to content analysis. Three processes were included during this stage: collection, coding, and data analysis (Glaser and Strauss, 1967). This approach enables flexibility, which is important for qualitative researchers, as it allows them to change lines of inquiry and to move in new directions, as more information and a better understanding of the relevant data are acquired (Blumer, 1986). All of the in-depth interviews were recorded. The interview transcripts and other data were analysed using NVivo, a software programme that uses a coding system organised around different topics and themes, to perform a systematic analysis of the content and an interpretative analysis of the latent content. After the categorisation process had been completed for each sample, the reliability was determined, based on a calculation of inter-rater agreement, using the P statistic (Light, 1971), which involves dividing the number of codes for which the raters agreed by the total number of codes (reliability = 92.4%).

4.2. Content analysis and codification process

Following an interpretivist tradition, we assume that through a thorough reading of the source material, it is possible to capture the "essence" of the interviewee's answers (Miles and Huberman, 1994). By considering a corporate manager's perspective, we conducted an analysis based on sense making, grounding our analysis in categories by moving through successive stages of meaning, from the ordinary to the abstract, in order to generate and develop a theoretical framework of leadership in crisis situations. In line with Creswell's (2003) recommendations, the content analysis involved several steps. First, the data were organised and prepared for analysis (e.g., transcribing interviews, scanning material, and typing field notes). Next, we read all the data, in order to obtain meaning from the information upon which to reflect. A detailed analysis was conducted with a coding process (i.e., the material was organised into categories and was then labelled).

After the categorisation process was complete, we used a narrative passage to present the findings, and finally produced an interpretation of the data derived from a comparison of the findings that emerged from the interviewees' verbatim comments. Table 3 shows the data structure: the first column depicts the first-order concepts, and the second column includes the associated categories that emerged from the patterns of the interviewees' perspectives. These thematic categories resulted from an interpretation of the data collected, in conjunction with the extant literature on leadership. The third column represents the overarching dimensions that resulted from a higher level of abstraction.

Table 3. Data Structure

First order concepts	Second order topics	Grouping the categories
Team members support each other in adverse situations. Leaders rely on team members to achieve their goals. Leaders engage the team members asking for their opinions.	Collaborative leadership	Build a strong link with the team as a barrier against distrust
Continuous communication effort to encourage the team members. Clear, simple and honest speech about the main problems. Leaders listen to the opinion of others even if it diverges from their own.	Reinforce communication	
Formality raises obstacles that may paralyse the organisations. Leaders develop close relationships with their team members to understand their abilities, problems and needs.	Proximal relationship	
Leaders motivate team members to bring new ideas. Leaders engage team members through non-monetary rewards. In adverse situations, thinking out-of-the-box is more important.	Engagement and motivation	
Leaders create the future for the organization. Even in difficult situations, the leader knows where the organization is heading. Leaders are open-minded and don't see the crisis as a fatality.	Vision and future orientation	Pursue their vision boldly as a barrier against uncertainty
Leaders are agile as possible to take advantage of the market opportunities. Leaders implement well-designed and realistic strategies. Leaders manage to align their team members into the same direction.	Strategic implementation and alignment	
In turbulent times, leaders are aware that the same methods used in the past will no longer work, so they must reinvent every day. Leaders can challenge their team members in the face of chaos.	Creative thinking and innovation	
In a crisis, leaders must decide quickly. The decision chain is different in adverse contexts. Leaders have the courage to make difficult decisions.	Problem-solving and decision-making	
In adverse contexts, the leader's boldness or lack of it is more visible. Leaders have high self-esteem in the sense that they are not afraid to make risky and controversial decisions. Leaders are not insecure and are not afraid to make mistake.	Self-confidence	Convey emotional stability and positivism as a barrier against toxic emotions
Leaders have high emotional control in adverse contexts. Leaders have an important role in sharing ways to solve problems without stressing out the organization.	Emotional control	
In a depressive context, positive leadership has an important role. Leaders energise their team members because they have the ability to go beyond the professional sphere.	Positive attitude	
Despite the urgency, leaders try to keep their team members calm and focused on the best way to achieve their goals. Leaders try to give their team members the best direction in order to tranquilise them.	Calm down the team	
Leaders speak openly with their team members sharing the main problems of the organization.	Open and transparent	

In a crisis, it is important to have an open and transparent culture where people can share worries, problems and creative solutions.		
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5. Findings

At a higher level of abstraction, the analysis resulted in three dimensions, namely: 1) leaders build a strong link with the team; 2) leaders are bold in following their vision, and; 3) leaders have emotional stability and positivism, which were then compared with the extant literature on leadership.

5.1. Leaders build a strong link with the team as a barrier against distrust

Collaborative leadership: Several of our respondents narrated their experience during the early days of the economic crisis as direct reports of the leader in charge. According to our respondents, those leaders engage in a collaborative leadership style, continuously involving their team members and asking them for their opinions and suggestions to solve problems. In these adverse situations, leaders rely on their team members to reach the organisational goals, whilst supporting each other. For example, these respondents mention the leadership style required in an economic recession:

“The leadership style that we currently need, not only for the Company, but also for any company, are leaderships that know that they cannot do everything on their own, and who recognised that they are in a world turned upside down, and that what is the truth today, is not anymore tomorrow.” (IM, male, 52 years’ old)

“Participative leadership styles that encourage people to express their opinions, and instead of merely being part of the problem or of complaining, they are part of the solution, and they suggest suggestion proposals” (MB, female, 55 years’ old)

Reinforce communication: According to the respondents, these leaders engage in a continuous communication effort to encourage their team members to pursue the organisation’s vision. Often, these leaders reinforce their communication when dealing with critical situations. They develop a culture of listening inside the organisations. These leaders use clear and simple language, and employ honest speech with regard to the main problems faced by the organisation, and they listen to the opinion of others, even if this diverges from their own. In the words of this respondent:

“I think it's more important than ever for the leader to communicate, as we're doing difficult things, and people need to realise that that's part of the way that we can improve. And it has to be affirmative, you cannot go forward based on excuses and your reputation - you have to do what you have to do, and you have to communicate it the best you can, like it or not, 'but let's go forward'.” (PG, female, 49 years’ old)

Proximal relationship: In adverse contexts, formality raises obstacles that may paralyse the survival of the organisations. For this purpose, leaders develop close relationships with their team members, based on informality, in order to better understand their abilities, problems, and needs. In addition, the relationship proximity is important during periods of crisis to tranquilise the team members. As one respondent pointed out:

“I forgot to mention one thing that I think is more and more a success factor in terms of leadership, and that is informality. People tell me from time to time that in these difficult times, the more traditional way of running a business creates obstacles that paralyse successful survival. The perception of ease of access also passes through informality. This is not compatible with the philosophy of the ‘doctors’ and ‘engineers’, as this status is no longer of interest. What matters is the skills set.” (AF, female, 48 years’ old)

Engagement and Motivation: These leaders encourage their team members to bring new ideas to overcome the organisation’s problems. In these adverse situations, thinking differently and out-of-the-box is more important for the organisation. As a result, leaders engage their team members by using intrinsic rewarding mechanisms (i.e., non-monetary rewards) to increase their motivation, as this interviewee has illustrated:

“Sure, as long-term EBITDA is at risk, then we have to turn to the other question, which is: motivated, engaged people, people who feel valued, motivated, rewarded, etc., who are happy and fulfilled by what they do.” (NFP, male, 38 years’ old)

5.2. Leaders pursuit their vision boldly as a barrier against uncertainty

Vision and Future Orientation: Our respondents referenced the role leaders have in guiding the firm to survive in extreme situations. They refer that, even in difficult situations, the leader knows where the organisation is heading (e.g., the ship may be sinking, but the team will find alternative ways to get to their destination). For these respondents, leaders are open-minded and do not see the crisis as a fatality, as they focus instead on life the after-crisis, and specifically, they do not lose their sense of direction. As one manager said, describing his leader’s reaction to a sense of anticipated danger:

“He knew where he was going, and basically dealt with the organisation from a solid point of view, as our boat could have sunk, but we were sure that our lifeboat was in good condition, whereas the others were not. For to ensure that the boat doesn’t sink, he was prepared to give his life, although many would not, and it is this example that ensures that doesn’t happen.” (NFP, male, 38 years’ old)

Strategic Implementation and Alignment: Respondents mentioned how leaders found the best way to implement projects in a specific context. This included well-designed and realistic strategies, which their team members found achievable. Despite all the difficulties, their leaders managed to align the team members in the same direction, redirecting them whenever

was needed to focus on the organisation's goals. A manager, recounting a situation in which she participated stated:

"It was all very well planned, and he was very strict with complying with dates and goals. He had a monthly reporting system with costs, results, and deviations. It was easy to follow the company's evolution against the major goals. The planning system worked well to guide the whole company towards the short, medium and long-term goals." (AMD, female, 66 years' old)

Creative thinking and innovation: Several of our interviewees narrated their experiences during which their leaders encouraged their team members to participate in creative thinking. This was explained as being an important requirement, as in turbulent times, leaders must reinvent themselves and be creative everyday – as old solutions for new problems do not work. At such times, leaders must foster an innovative environment that permeates the whole organisation, and they must challenge their team members in the face of chaos:

"The leader has to be able to see how we are going to get out of it, and that we are going to come out more innovated, giving the client what they hadn't even thought about. We have to exceed our customers' expectations and exceeding customers' expectations is a case of innovating, bringing innovative products to the market, products that the consumer has never even thought of, which are necessary, or which make a difference. For now in these times of the crisis that we are experiencing, does it make sense to look there? It makes sense, as we are not forecasting these sales for today, but rather for tomorrow. If we cannot move ahead with own brands through innovation, then we are lost, which is why more and more companies such as C. are investing in innovation centres and the skills needed to bring added value with innovative products where own brands cannot succeed." (IM, male, 52 years' old)

Problem-solving and decision-making: In narrative after narrative, our interviewees related the ability of their leaders to finding the best solutions to solving problems. These leaders encourage their team members to be proactive in solving problems (e.g., "don't bring me the problem, bring me the solution, or several of them"). They were able to stop the urgency in critical situations, in order to understand which was the best approach, and mostly had the courage to make difficult decisions. In a crisis, respondents report that the decision chain is different to enable leaders to decide quickly. As this respondent illustrates:

"Only yesterday we were talking about it, and about how things have changed with regards to the management within organisations, and that nowadays with the way we make decisions we can arrive at the same outcome, but the chain of decision that we follow today is completely different from the one we followed three or four years ago. For those who fall into the temptation of applying problem solving formulas that are identical to those that were used one, two, or three years ago, the probability of failure is enormous. What a manager and a decision-maker has to always think about – is that every day they will be tested, every day they will have to re-invent, every day they will have to think about new things. I think that at this stage, the panic is so well installed,

that uncertainty and insecurity affects those who are currently in decision-making roles.” (IB, female, 44 years’ old)

5.3. Leaders convey emotional stability and positivism as a barrier against toxic/negative emotions

Self-confidence: During adverse contexts, our respondents often reported situations where their leaders displayed high self-esteem in the sense that they were not afraid to make risky and controversial decisions. This boldness, or lack of it, was more visible to the team members in those situations, which worked as a way to differentiate their perceptions of effective leaders from non-effective ones. As one manager stated, describing an event when his leader confided in him,

“He was a self-confident person, who believed in his own abilities. We were discussing pricing, and he gave us some examples from things that he had done in the past. But one could see the pride that he had in these examples, which were examples of millions of dollars in this case, and they were good examples for what we were discussing at the time. Therefore, by saying “this is possible, because I have already done it”, he also showed that it would be possible for us to do the same, although with some nuances, obviously.” (PVS, male, 40 years’ old)

Emotional control: Our respondents refer that their leaders always had a high level of emotional control, most importantly when facing difficult situations. The pressure of an economic crisis inevitably is a source of external problems for the team members, which may affect their productivity in the workplace. In these situation, the leaders tried to remain calm, offering some advice and help, or just by listening, they showed that they cared. As a result, these leaders help their team members solve their personal problems without stressing the whole organisation. This manager observed this salient characteristic of her leader:

“I admired him for his emotional control, as I saw things that I knew were going on around him, which he didn’t let the team know about, and that’s an important thing, because if we are worried and don’t really know what to do, then if we show this to the team, this means that there are 10, or 20, or 30 who are worrying. This is the ability that he had.” (AP, female, 47 years’ old)

Positive attitude: In a depressive context, positive leadership has an important role to convey energy to teams. An informant discussing this need reported that his leader had the ability to go beyond the professional sphere to re-focus on the external environment as a way of relativising his own problems and of bringing positivism to the organisation.

“In the contexts that we are living in now, where we have a depressed country, we also have organisations that are depressed. The leader, and positive leadership play a crucial role. Clearly, we are talking about inspiring and positive leadership. The leader today has to be a positive leader, as the overriding situation is so black. To be a leader is to be able to transmit energy to people - a positive energy, and we have to stop being

within the professional sphere, and we have to get on with the staff. Bringing positive energy to the workplace is a critical thing, and today the leader has to be much less self-centred and much more outward-facing, otherwise we will begin to focus too much on ourselves and our problems and our things, and forget those around us. We also act out those messages that leaders can get across, inciting their staff to be optimistic.” (AP, female, 47 years’ old)

Calm down the team: These leaders make an effort to keep their team members calm and focused, as this is the best way to achieve the organisation’s goals. For this purpose, these leaders must delineate a direction in which their team members strongly believe to raise their optimism in the future. Another informant reveals what he had agreed with his executive director what he was going to do during the first meeting of the year:

“We were discussing what the MD was going to say at the meeting at the beginning of the year, whether he should, or should not say that no cut of personnel was planned. And then we decided that we should tell people that it was not planned, and that this is not the plan, which does not mean that it will not happen, as everything can change. But we decided that it was important to mention this, as it would reassure people.” (MB, female, 55 years’ old)

Open and transparent: Several respondents elicit the openness and transparency of their leaders in dealing with critical situations. Frequently, these leaders spoke openly with their team members, sharing the main problems that the company was facing. This culture encouraged everyone to share worries, problems, and above all, creative solutions. An example emerged from a discussion on the subject:

“I think back on the many things that he did, and I think that he managed to do all he did, in difficult circumstances, with a very difficult population, as he showed openness, which is to say, he believed in what he wanted, but also realised that to achieve this, he had to be involved and had to listen.” (AP, female, 47 years’ old)

6. Discussion

The results of this research bring additional insights to the field of leadership, as well as practical implications for leadership development. Specifically, the findings revealed that a paradox exists. On one hand, an economic crisis has certain social impacts on the organizational life that we should acknowledge, such as an increasing level of interpersonal distrust, greater uncertainty in the future, and dealing with more toxic emotions (Antonakakis et al., 2015; Haddon et al., 2015; Roth, 2009; Thiel et al., 2015; Tonkiss, 2009; Wagner, 2014). On the other hand, qualitative findings from this research show that leaders handling an economic crisis work as a barrier against these negative social impacts in their organisations.

The financial crisis had a significant impact on the levels of trust that citizens place in the system and in its institutions (Roth, 2009). Data show a significant fall in the level of citizens’ confidence in EU institutions (i.e., the Council of the European Union, the European Parliament and the European Commission). For example, this indicator for the European

Commission showed a strong decrease from 50% in 2007, to 38% in 2014, with a lower level of 38% in 2013 (Eurostat, 2017). In Portugal, this indicator decreased from 59% to 43% during the same period, with a minimum level attaining 31%, also in 2013. The economic crisis was so profound that it turned into a crisis of public confidence, affecting all three types of trust: confidence in government, business and other people (Uslaner, 2010). There is a broad consensus among researchers that a positive relationship exists between social trust and economic prosperity, in particular on account of the levels of interpersonal trust (i.e., trust in others) which are shaped by individuals' perceptions of the economy (Tonkiss, 2009). As this author states, individuals in prosperous economies are more likely to convey interpersonal trust and systemic trust (i.e., trust in political and economic institutions) than in depressive economies. However, our findings show that, despite the overall lower levels of systemic and interpersonal trust among Portuguese individuals, the corporate leaders work as a barrier against these levels of distrust in their organisations. The respondents' perception is that their corporate leaders have a special role in crisis situations, as they instil trust among their corporate members, avoiding any contamination that may emerge from the external negative perceptions. The leader becomes a source of guidance, using communication skills, creating a proximal relationship, and developing a collaborative leadership to provide support during stressful and distrustful periods, or in other words, "the leader becomes a rock in stormy waters" (Collins and Feeney, 2000).

At the same time, the economic policy uncertainty reached unprecedented levels, which reflected turmoil in the system and the severity of the economic recession (Antonakakis et al., 2015). For example, the UK economy faced a series of shocks resulting from the largest ever financial crisis, the Euro-area debt crisis, and their fiscal consolidation programme (Haddow et al., 2013). This macroeconomic uncertainty had a direct impact on all households and companies which became more uncertain about the current and future climate. According to these authors, the largest increases in uncertainty occurred during the economic recessions of 1990 and 2008. This evolution of uncertainty was similar to that of other European economies. In Portugal, the economic uncertainty index rose sharply in 2008, fell back somewhat from 2009 to 2010, and picked up again in November 2011, and remained high during 2012 and 2013 (Gunnemann, 2014). Again, our findings show that, in spite of the economic uncertainty that faced the Portuguese business landscape, the corporate leaders worked well as a barrier against uncertainty in their organisations. As the interviews showed, these leaders pursued their visions boldly, despite all the obstacles, and encouraged their corporate members to focus on these goals. The leaders exhibit tenacity, as they are persistently determined to achieve their organization's goal during difficult situations, and are consistently referred to as the person who "never gives up" (Mulvaney, 2016).

The financial crisis is likely to be seen as being both a personal and national threat to many people (Wagner, 2014). In a study carried out in Britain between 2005 and 2010, the results show that British citizens experienced fear and anger in reaction to a negative stimulus, such as the financial crisis (Wagner, 2014). At the organisational level, employees have deeply-held expectations in crisis situations, experiencing heightened levels of stress and emotions, including anger and feelings of uncertainty (Thiel et al., 2015). In our study, however, we found that corporate leaders have a high level of emotional control and have a leading role in managing corporate members' emotions. Respondents reported that these leaders show a positive attitude to energise their team members and as a mechanism for dealing with anxiety, anger, and fear. Under stressful conditions, corporate members may

react more favourably to the suppression of negative emotions, as this is the path to certainty and stability (Thiel et al., 2015).

From a managerial perspective, the research findings demonstrate the importance of understanding how an adverse context can influence leaders' behaviours, and the consequences of this process. Furthermore, corporations can use the results from this study to formulate the leadership concept to be used in their leadership training and development programmes. This leadership concept defines what an effective leader is for a corporation operating in an adverse context, based on the insights from this study. From this concept, the corporate HR department can identify which necessary skills and competencies that need to be developed, in order to achieve the ideal concept. For example, the HR department could carry out individual evaluations and 360 feedbacks to assess the current skills, and then design training and development programmes to cover potential gaps.

In parallel, as leadership is a dynamic and interactive process, these findings also serve to develop the necessary behaviours that are required to follow these leadership patterns. For this purpose, corporations can create development programmes for leaders and followers, which could contribute to an overall improvement in effectiveness levels. By shaping leaders' and followers' behaviours, corporations could change their organisational culture to become more effective. For example, corporations could: introduce current practices, such as informality (i.e., encourage everyone to address each other by their first name), focus on employees' well-being, and encourage open and transparent communication to develop closer working relationships among their employees.

7. Limitations and boundary conditions

Despite following an exhaustive qualitative method and a rigorous analytical procedure in this research, the findings reported should be interpreted in the light of several limitations. At the theoretical level, the roots of leadership effectiveness lie within the domain of strategic leadership. However, further theoretical research needs to integrate other relevant theoretical approaches (e.g., trait and skills approaches). Additionally, relevant links with other leadership theories (e.g., followership, shared leadership, situational leadership) are also important within this emerging perspective.

Another important limitation concerns the relatively small size of the sample of participants, which comprises 20 corporate managers. While the research offers an initial insight into the nature of effective leadership within an adverse context, further research needs to incorporate larger groups across different corporations and/or industries and/or countries. Specifically, the adoption of this perspective will lead to more generalised results and a cross-cultural comparison between countries facing the same economic cycle.

Despite these limitations, our study suggests the existence of specific patterns that are unique to effective leaders in adverse situations. By following an interpretivist perspective, several layers of behaviour espoused by corporate leaders were identified and grouped into three-dimensional patterns. Based on these findings, this study sheds light on the most effective leadership behaviours exhibited in adverse contexts. As a result, these findings contribute to deepen the previous taxonomy of effective leadership behaviours and to improve the understanding of specific behaviours displayed by effective leaders during the economic recession. Future research could continue to explore this topic in other countries facing similar economic constraints.

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