Leadership in the Face of Threat

Understanding directive leadership in response to Brexit.

Four years ago, people in the United Kingdom voted in a referendum on whether the region should remain a member of the European Union (EU) or leave the union entirely.

In the period that followed, organizations postponed their investment decisions, uncertain whether or when the government would formally start the withdrawal procedure and what kind of agreement would be made with the EU.

What was certain, however, was that a wide range of sectors would be seriously impacted by new migration restrictions and barriers to trade, such as tariffs, caused by Brexit. Fearing a no-deal scenario, the UK's key employers, including Airbus and Siemens, threatened to relocate to other countries, together putting 30,000 jobs at risk. In fact, many organizations were re-evaluating their decision-making because of the Brexit vote and its implications for the economy—both known and unknown. In early 2018, leaders of over 150 companies in the UK had discussed potential relocation plans with the Dutch government. Overall, in the years following the referendum, many organizations have felt the looming threat of the UK leaving the EU.

These records provide some insights into how UK organizations perceived Brexit as a threat. But what they don't tell you is the actual response within those organizations following

the referendum outcome. This had led us to investigate: how did the outcome of the Brexit vote impact leadership in the UK?

To find out, we conducted a multi-level study that looked at how individual leaders reacted to the macro-level Brexit threat. And what we've found is that, following the referendum outcome, directive leadership behaviors had increased in a large sample of UK managers. This would suggest that these leaders perceived Brexit as a threat, and that the anticipation of harm can have effects as potent as the harm itself.

Our methodology

To understand leadership's response to Brexit, de Vries from the University of Groningen, Netherlands, together with the Korn Ferry Institute, applied the threat-rigidity hypothesis, a multi-level theory that maintains the general response to conditions of threat is similar for entities across different levels. We used the hypothesis to show how a macro-level crisis threat—in this case, Brexit—brought about a change in leadership style at the individual level.

Here, a threat is defined as "an environmental event that has impending negative consequences for the entity." In organizations, such conditions of threat are not uncommon, as an important managerial objective is to identify risks and opportunities. As a result, oftentimes changes in an organization's ecosystem are categorized in this manner, and its response will depend largely on how its managers interpret the situation.

When under threat, the threat-rigidity hypothesis predicts "a general tendency for individuals, groups, and organizations to behave rigidly." Overall, this rigidity takes the form of a restriction in information processing and a constriction of control. People increase their reliance on previously established information in their decision-making, and consequently respond to threatening situations in familiar ways. A similar reliance exists on the organizational level, resulting in a centralization of authority and a formalization of procedures.

The leadership response to a threat

What the threat-rigidity hypothesis predicted coincides with a directive leadership style. Leaders with a directive style provide their employees with detailed directions in which they structure their tasks. They engage in close supervision and rigidly require workers to provide detailed updates on their progress. In other words, micromanage. Directive leadership is less effective in the long run.

This parallels the constriction of control and centralization of authority that the threat-rigidity hypothesis predicts and can be perceived as attempts to regain control in the face of a threat. In line with this, previous research has found directive leadership behaviors to be more common in threatening situations. Two potential mechanisms underlie these findings:

- that certain aspects of threatening situations restrict leadership behaviors

- that leaders adapt to follower perceptions of prototypical effective leadership in these conditions.

Based on this, we devised the following hypothesis: the Brexit referendum outcome led to an increase in directive leadership in the UK.

We tested this hypothesis by comparing UK managers' directive leadership behaviors before and after the referendum outcome. To further determine whether classifying Brexit as a threat is accurate, we conducted two robustness checks. First, we assessed whether leaders display a change in participative leadership following the vote. This style of leading is characterized by

behaviors like delegating authority and involving subordinates in decision-making. Such behaviors run counter to the predictions of the threat-rigidity hypothesis, and our classification is strengthened if there is no increase in participative leadership. Second, we analyzed additional samples of French and German managers.

What we found was a significant positive effect of the Brexit referendum on directive leadership ($ß = 0.053$, $p < .05$). Overall, this finding supports the threat-rigidity hypothesis and classification of Brexit as a control-reducing threat. There was no significant change in the UK management for the participative leadership style.

As a check, we investigated whether and how these managers would have changed their leadership style, had there been no Brexit referendum. To simulate this counterfactual scenario, we used the information we have on managers and their organization in our sample outside the UK to construct a control group of managers that are comparable to the managers in the UK. And what we've found is that the increase in directive leadership observed for managers in the UK is not observed for managers in the matched sample in the rest of the EU.

The threat-rigidity hypothesis predicts that managers will constrict control following a threat, which runs counter to participative leadership behaviors. We reproduced the analyses on the participative leadership style, where 7.4% can be explained by the organization level. Across all specifications, no change in participative leadership following the referendum is observed. This reinforces the characterization of Brexit as a threat.

Conclusion

Ultimately, the Brexit referendum outcome marked the start of a long-lasting period of impending negative consequences. And our findings suggest that an increase in directive leadership will persist for as long as the threat of Brexit looms. This study replicates the findings of the effect of the financial crisis in 2009 on leadership behavior published in The Leadership Quarterly in 2019. It will be interesting to observe whether the reaction on the COVID-19 crisis follows the same pattern: an increase of directive leadership as a reaction on the pandemic.

As for the period after Brexit had occurred, we expect the level of directive leadership for UK managers to eventually return to its pre-referendum levels once the uncertainty around its impact has largely resolved, which may take a number of years. The level may also remain high, given the uncertainties around a "no deal Brexit".

Still, these findings indicate that shifts in context can have widespread and long-lasting consequences for leaders in organizations. It is important that these consequences are considered by both the policymakers who shape these events and the leaders who operate in their aftermath.

Contributors

Hein Wendt
Director, Korn Ferry Institute

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We work with organizations to design their organizational structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward, develop, and motivate their workforce. And, we help professionals navigate and advance their careers.

About the Korn Ferry Institute

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.

Appendix

Leadership Style	Description
DIRECTIVE Primary Objective: gaining immediate compliance	The Directive style relies on "directives" rather than "direction." There is little or no context setting or dialog. Feedback, if any, tends to be negative, corrective and at times coercive, often with an implied or explicit threat to ensure compliance and enforce norms.
VISIONARY Primary Objective: providing long term direction and context, and gaining buy-in and support	The Visionary style, like the Directive style, is about providing employees with the information they need to do their jobs. But rather than simply give directives, the Visionary style provides context and long-term direction. And instead of threats, it seeks engagement through dialog. Instead of telling people what to do, how and when, leaders use the Visionary style to provide an authoritative perspective on their business or organization. They explain the bigger picture, why it matters, and what team members need to do to achieve it. They engage people by assuring them that the direction they are taking is in the best interests of the team and the organization, and by seeking their reactions and input. And they monitor performance, providing timely, positive, and constructive feedback.
AFFILIATIVE Primary Objective: creating trust and harmony	The Affiliative style is all about people and relationships. The focus is on individuals and their needs, not on their performance. Affiliative leadership not only creates harmony, but – along with Visionary and Coaching; can also be used to build credibility, trust, and strong relationships.
PARTICIPATIVE Primary Objective: building consensus and commitment, and generating new ideas	The Participative style is designed to engage others in the leadership process. A democratic style, it assumes the equality and capability of team members. It can be used for resolving conflict, building consensus and commitment, generating new ideas and even collaborative decision-making. In using this style, leaders must first provide context and establish processes, rules and boundaries. They must also be willing to listen, to avoid negative feedback that could stifle discussion, and to accept the agreed outcome.
PACESETTING Primary Objective: accomplishing tasks to high standards of excellence	The Pacesetting style is all about doing things better. Leaders using this style typically have high standards and work to make sure those standards are met. They lead by example, are apprehensive about delegating and, because they are focused on accomplishing their own tasks, are disinclined to collaborate. They tend to be task-focused, provide little direction or coaching, and take over when tasks are not accomplished to their satisfaction.
COACHING Primary Objective: the long-term professional development of employees	Coaching, like Pacesetting, is all about developing capability. But unlike Pacesetting, Coaching focuses on the person and their potential, not on the task. Leaders who use the Coaching style help a person to identify their unique strengths and weaknesses and develop the skills and behaviors they need to achieve their professional aspirations. They helps their employees establish a development plan, provide ongoing support and feedback, and identify growth opportunities.