

**"PERSONALITY, CULTURE AND ORGANIZATION"**

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## PERSONALITY, CULTURE AND ORGANIZATION: A CONCEPTUAL FRAMEWORK

### ABSTRACT

In a previous paper we set out to establish the links between executive personality and the strategic and organizational orientations of troubled firms (Kets de Vries & Miller, 1984a). In the present work, we use our original typologies of neurotic styles and corporate pathology, but make the link between the two using the concept of organizational culture. This, we now feel is a useful vehicle for linking personality with strategy. The top executive creates a particular organizational culture and a set of interpersonal relationships which in turn influence strategy and structure.

While in our earlier work we argued that the personality of the top executive could influence strategy mainly in centralized firms, we now believe that this sometimes can happen even in decentralized organizations. That is, we now believe that a CEO's personality can directly influence strategy and structure, but may also influence organizational culture, which in turn will influence strategy and structure. Several sets of hypotheses are generated to formalize this position.

## Theme and Scope

All of us in dealing with the vicissitudes of life have specific styles, "ways of thinking and perceiving, ways of experiencing emotion, modes of subjective experience in general, and modes of activity that are associated with various pathologies"(Shapiro, 1965, p.1). We all possess certain patterns of dealing with the environment which are deeply embedded, pervasive and likely to continue over long periods of time. Human functioning is generally characterized by a mixture of these often neurotic styles. The same person may possess elements of many different styles, each of which gets triggered in different circumstances. Among many individuals, however, one specific neurotic style dominates and comes consistently to characterize many aspects of behaviour. Extreme manifestations of any one style can signal significant psychopathology that seriously impairs functioning. Our experience with top executives and organizations revealed that parallels could be drawn between individual pathology - the excessive use of one neurotic style - and organizational pathology, the latter resulting in problems and poor performance. This is the speculative theme of this paper.

We shall be concentrating on relatively dysfunctional top executives - that is, those who have significant neurotic tendencies that influence their managerial behaviour. Thus, our framework will be useful mainly to help us to understand dysfunctional rather than healthy organizations. These are, of course, very numerous. Our model will be especially applicable to firms in which decision making power is centralized in the hands of a top executive or a small, homogeneous dominant coalition. Where power is broadly distributed throughout a firm, its culture and strategies will be determined by many managers, and the

relationship between neurotic style and organizational pathology becomes more tenuous. Contextual influences then become the more dominant ones. Finally, we shall be concerned with the highest level of management, and with top "corporate" level rather than "business" level strategies (Schendel & Hofer, 1979 : 12-13). Top managers normally have the most impact on their organizations, so it is wise, at least as a first step, to focus our attention on them. Their concern is usually with corporate level issues and strategies, but where their neurotic tendencies prevent such a focus, and redirect it towards business level policies, our attention will shift accordingly. We believe that neurotic styles can have an impact at all levels of organization but we wish here to limit our scope to top management. At this stage it is not at all clear how the neurotic styles of different organizational members interact to influence overall strategy and structure.

### Neurotic Styles and Organizations

Strategy and even structure can strongly be influenced by the personality of the top manager (Miller, Kets de Vries & Toulouse, 1982). So can organizational culture (Kernberg, 1979; Jaques, 1951, 1970; Maccoby, 1976; Payne & Pugh, 1976; Zaleznik & Kets de Vries, 1975; Kets de Vries, 1980, 1984). The literature is filled with evidence to support this contention. Much of the research, however, has examined simple aspects of personality and related it to one or two organizational variables (Vroom, 1960; Tosi, 1970). Such studies have led to oversimplification of often very complex phenomena.

In our attempt to broaden the treatment of personality in management we have drawn on the psychoanalytic and psychiatric literature (especially as represented by the works of Fenichel (1945), La Planche & Pontalis (1973), Shapiro (1965),

Freedman, Kaplan & Sadock (1975) and Nicholi (1978)). These studies provide a more complete and far more integrated view of intrapsychic functioning and behaviour than found in the traditional psychological literature. Our focus will be on clusters of behaviour patterns, personality styles which remain relatively stable over the years, as opposed to simple dimensions of behaviour. These may better enable us to make a link between what happens in the inner world of the executive and his actual behaviour in organizations.

Our central thesis in this paper is that the rather stable and global psychological orientations (Klein, 1948; Sandler & Rosenblatt, 1962; Laplanche & Pontalis, 1973; Mahler, Pine & Bergman, 1975) of key organization members are major determinants of "neurotic styles" of their organizations and have many consequences. Top executives may create shared fantasies that permeate all levels of functioning, influence organizational culture, and make for a dominant organizational adaptive style (Kernberg, 1976). This style, we believe, will greatly influence decisions about strategy and structure.

The original idea behind our framework was that parallels could be drawn between common neurotic styles of behaviour and common modes of organizational failure, particularly those delineated by the empirical taxonomy of Miller & Friesen (1970, 1984). The pathological organizational types seemed in many ways to mirror the types of dysfunctions common to the most widely discussed neurotic styles among individuals (Shapiro, 1965; APA, 1980). For example, Miller & Friesen's (1978, 1984) Stagnant Bureaucracies were without clear goals, lacked initiative, reacted very sluggishly to any external changes, and were pervaded by managerial apathy, frustration and inaction. The depressive personality style exhibits very similar features. The anecdotal literature as well as our

experiences with organizations led us to the conclusion that depressive CEO's ran firms that fit Miller & Friesen's (1984) Stagnant Bureaucracy types.

One more example may serve further to illustrate this theme. Miller & Friesen's (1978, 1984) Impulsive firms are characterized by centralized power, bold and risk embracing decisions, and a tremendous urge for growth and expansion, often by acquiring other firms. The dramatic personality reflects many of these traits - the need to dominate others, to display prowess through major projects, and to impress with dramatic action. Again there seemed to be a link between a common mode of organizational failure and a very prevalent neurotic style.

We shall refer to these and other of Miller & Friesen's (1984) types in greater detail later in the text since they have served as the basis for the strategic and structural descriptions of many of the situations we describe. In general, what unites our approach with Miller & Friesen's (1984) is its "holistic" orientation. We too are seeking out representative common configurations that characterize many organizations and appear to be internally consistent, unified and thematic. We have added personality and cultural dimensions in an attempt to explain some of the sources of this unity.

It is important to note that we do not believe that Miller & Friesen's (1984) pathological types necessarily require that the CEO involved exhibit the neurotic styles that we discuss. Clearly, some organizations might employ such strategies for other reasons. For example, a depressive firm might be found in a declining industry that has dwindling markets or too much foreign competition, or in a firm that has been acquired and dominated by a conglomerate or that has too few resources to be able to initiate a significant turnaround.

The paper is structured as follows. We have identified a number of very common fantasies and neurotic styles, well established in the psychoanalytic and psychiatric literature (Shapiro, 1965; Fenichel, 1945; Nicholi 1978; Millon, 1981), and in the listing of personality disorders found in the latest Diagnostic and Statistical Manual of Mental Disorders (DSM III) published by the American Psychiatric Association (1980). We have also employed the common pathological organizational strategies and structures isolated by the empirical work of Miller & Friesen (1984). We will develop conjectures on the relationship between each style, its predominant motivating fantasy, the emerging organizational culture, and the strategy and structure of the overall organization (see Table 1). The discussion is speculative as its major grounding stems from Miller & Friesen's (1984) empirical analysis and from experience with many sick organizations and their top executives. Our account should be treated as a series of complex hypotheses, not as any final word or rigid framework (see Table 2). Also, it is worthwhile to remember that we are discussing common gestalts found in many failing firms. These are by no means the only dysfunctional types, and mixed types are quite common.

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Insert Tables 1 and 2 around here  
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### The Persecutory Preoccupation

The predominant concern associated with this vigilant style is the fantasy that nobody can really be trusted; that somewhere a menacing, superior force exists which is "out to get" one. Thus a major preoccupation is to be on guard,

to be ready for any attack -- real or imagined. This vigilant style is characterized by suspiciousness, mistrust of others, hypersensitivity and hyperalertness. Guardedness and secretiveness are pervasive (Nicholi, 1978). Vigilant style executives are constantly prepared to counter perceived threats. They may easily take offence and respond in anger. Envy and hostility are ever-present. These executives are overly preoccupied with hidden motives and special meanings. The actions of others are easily misread and distorted. Minor slights become magnified; mountains are made out of molehills. Vigilant style executives expect to find trickery and deception everywhere, seeking out facts that confirm their worst expectations. They possess an intense, narrowly focussed attention span and may come across as cold, rational and unemotional (APA, 1980). Our experience indicates that top executives with this style often give rise to the following dysfunctional organization setting.

#### Paranoid Cultures - Paranoid Firms

In the paranoid organization the interpersonal relationships between the leader and his subordinates are often characterized by a persecutory theme. The boss may feel hostile to those who report to him - he may want to harm or attack others as a defensive reaction to his own feelings of persecution and mistrust. Clearly, this is one of the most destructive attitudes of a leadership situation. The leader sees his/her subordinates as malingerers and incompetents, or as people who are deliberately out to raise his/her ire. As a consequence he/she is likely to gravitate towards two extremes. He/She might try to exert a tremendous amount of control through intensive personal supervision, formal controls and rules, and harsh punishments. This will take away all initiative from managers, lower their self esteem, and perhaps cause them to engage in a contest of wills with the boss. The absence of opportunity for growth or development may induce the most promising managers to leave.

The second less common, reaction of the hostile leader toward his/her subordinates may be one of overt aggression. He/she may be reluctant to provide emotional or material rewards, striving always to come out on the winning side of any "trades". Morale can suffer a good deal under these conditions, as subordinates hold back their contributions and concentrate mostly on protecting themselves from exploitation.

Vigilant style top executives generate group cultures, cultures which are pervaded by distrust, suspicion, and the identification of enemies. Bion (1959) has called these fight/flight cultures. In these cultures the members come to fear the same things as the top executive. An atmosphere of fear of attack exists and there is an identification of an enemy on whom one blames everything. The world and the people inhabiting it are split into simple-minded good and bad parts; those that act in accordance with the group members' needs, or against them. Group members deny responsibility for their own actions. They lack insight into their weaknesses. Again, fear and suspicion are the predominant emotions.

It is important to note that Bion (1959) believed that all groups have these fight/flight and various other phases as part of their normal evolution. But paranoid cultures become arrested at this level, so that the flight/fight fantasy endures and comes to dominate perceptions.

The paranoid culture tends to be a uniform one. The leader is careful to hire, reward and promote only those who share his/her views. People who differ or dissent from his/her opinions are mistrusted. They are ignored or denied promotions. Thus the dominant coalition will generally see things the same way - sharing the same fears and common enemies.

In fact, the search for the enemy results in a great mobilization of energy and a strong sense of conviction among the organizational members about the correctness of their actions. Unfortunately, too much stereotyping can lead to rigidity in decision making. "Enemies" are vigorously analyzed and explicitly countered with a competitive strategy. Employees suspected of disloyalty are fired. Power is centralized in the hands of the leader since "no one can be trusted".

The suspicious atmosphere in these organizations will often carry over to interpersonal, and even interdepartmental functioning. A premium is placed on information as a power resource and so departmental personnel may be reluctant to discuss common problems. An adversary relationship can develop that makes coordination difficult as secrets abound and a "protect yourself" ethic prevails.

In this type of company, which is derived from Miller & Friesen's (1984) "Under Fire" firms, managerial suspicions translate into a primary emphasis on organizational intelligence and controls. Managers develop sophisticated information systems to identify threats by the government, competitors and customers, and they develop budgets, cost centers, profit centers, cost accounting procedures and similar methods to control internal activities. The elaborate information-processing apparatus reflects their desire for perpetual vigilance and preparedness for emergencies.

This paranoia also influences decision-making. Frequently, key executives decide that it may be safer to direct their distrust externally rather than withhold information from one another. They share information and make concerted efforts to discover organizational problems and to select alternative solutions for dealing with them. Unfortunately, this type of decision-making can become overly cautious, with different people being asked for similar information. Such

"institutionalization of suspicion" sometimes ensures that accurate information gets to the top of the firm, but it may also lower morale and trust as well as waste valuable time and energy.

Paranoid firms tend to react rather than anticipate. If competitors lower prices, the firm may study the challenge and, eventually, react to it. If other firms introduce a product successfully, the paranoid firm will probably imitate them. But strategic paranoia carries with it a sizable element of conservatism. Fear often entails being afraid to innovate, overextend resources or take risks. This reactive orientation impedes the development of a concerted and consistent strategy. The paranoid firm's direction has too much to do with external forces and not enough with consistent goals, plans or unifying themes and traditions.

Paranoid firms frequently try product diversification, to reduce the risk of reliance on any one product, but because diversification requires more elaborate control and information-processing mechanisms, it actually reinforces the firm's paranoia.

Corporate paranoia often stems from a period of traumatic challenge. A strong market dries up, a powerful new competitor enters the market, or damaging legislation is passed. The harm done by these forces may cause managers to become very distrustful and fearful, to lose their nerve, to recognize the need for better intelligence.<sup>1</sup> These hypotheses are summarized on Table 3.

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1. More detailed descriptions of the structural correlates of this and the other four types can be found in Kets de Vries & Miller (1984a; 1984b).

### Helplessness and Hopelessness

The fantasy that it is hopeless to change the course of events in life and that one is just not good enough, dominates this depressive neurotic style. Depressive style managers lack self-confidence and initiative. Using the DSM III as a guide, depressive style managers are often dependent - avoidant mixed personalities. Psychiatrists claim that these dependent and sometimes avoidant personalities have a strong need for affection and nurturance, and possess very little self-esteem (Jacobson, 1971, Nicholi, 1978).

In this depressive style feelings of guilt, worthlessness and inadequacy are pervasive. Individuals tend to downgrade themselves; they are self-deprecating and feel inferior to others, claiming a lack of ability and talent. They abdicate responsibility. A sense of helplessness and hopelessness prevails. External sources for sustenance are needed to combat insecurity. Depressives submerge their individuality and look for protectors. They try to be ingratiating, adapting their behaviour to please those upon whom they depend and allowing others to assume responsibility for major areas of life.

Depressive style leaders are subject to feelings of persecution. They sometimes believe, often as a result of unpleasant past relationships, that people are out to get them, and this can lead to political infighting. Usually, however, there is no sound basis for these suspicions and depressive CEO's begin to feel guilty - to blame themselves. They turn their hostility inward in a phenomenon known as moral masochism. They seek psychic pain as a redemptive act, as a means of assuaging their guilt over unacceptable wishes. Defeat is seen as a just reward (Jacobson, 1971).

At the same time such leaders seem to be looking for a messiah, someone to protect them from the dangers around them (Bion, 1959). They experience a need to idealize others, be it consultants, members of their constituency such as bankers or directors, or other figures with whom they are in regular contact.

Those in charge thus display incompetence and fail to show any imagination. They wait for others to take initiative, often fearing success because they think it will make people envious and hostile. This sometimes prompts them to "snatch mediocrity from the jaws of victory". Executives adopt a passive orientation, shying away from action and becoming reclusive (Kernberg, 1979).

#### Avoidance Cultures - Depressive Organizations

The culture of the firm can be characterized as "avoidant". The executives look at the organization as a machine which simply has to be fed with routine input. There is a pervasive sense of futility, as executives try to reduce their contributions to the very minimum that is required of them. The CEO sets a climate of negativity and lethargy and the second tier executives take their cues from this. In some cases the boss's personality alone causes the depressive atmosphere. In others, an external force, such as the loss of the founder or a takeover by a conglomerate, causes healthy executives to lose their sense of control, their authority, their self-esteem, and consequently, their initiative. In either event, an avoidant culture is permeated by unmotivated, absentee executives, buck-passing, delays, and an absence of meaningful interaction and communication among managers. There exists a "decidophobia". Things just continue along the same path as always even when the firm begins to run into trouble.

Depressive firms are characterized by inactivity, lack of confidence, extreme conservatism and insularity. There is an atmosphere of passivity and purposelessness. What gets done is what has been programmed and routinized and requires no special initiative. Miller and Friesen's (1984) Stagnant Bureaucracies exhibit the typical strategies and structures of depressive firms.

Most depressive firms are well established and serve a mature market, one that has had the same technology and competitive patterns for many years. Trade agreements, restrictive trade practices and substantial tariffs are the rule. The primary steel industry and agricultural or industrial chemical businesses are the kinds of markets in which depressive firms are most commonly found. The low level of change, the absence of serious competition and the homogeneity of the customers make the administrative task fairly simple.

Although formal authority is centralized and based on position rather than expertise, the issue of power is not very important. Control is really exercised by formalized programs and policies rather than by managerial initiatives. Suggestions for change are resisted and action is inhibited. It is almost as if the top executives share a sense of impotence and incapacity. They just don't feel they can control events or that they have what it takes to revitalize the firm.

Content with the status quo, these organizations do little to discover the key threats and weaknesses in markets. It is difficult to say whether stagnation causes inattention to information gathering or vice versa. In either event, the two aspects go hand in hand in the depressive firm.

The sense of aimlessness and apathy among top managers precludes any attempt to give the firm clear direction or goals. Strategy is never explicitly considered, so no meaningful change occurs. Yesterday's products and markets become today's, not because of any policy of conservatism, but because of lethargy. Managers spend most of their time working out routine details while procrastinating on major decisions. These hypotheses are summarized on Table 4.

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#### The Need For Grandiosity

Central in this dramatic style is the need to draw attention to oneself and a fantasy that revolves around grandiosity. This style seems to mix characteristics of two personality types : the histrionic and the narcissistic. Although the genesis of these two personality types is quite different, there are many behavioural similarities which makes it difficult to differentiate between the two types in action. Consequently, for purposes of expediency we have lumped them together. Dramatic individuals experience a great need to get attention from and impress others. They often exaggerate their achievements and talents and display excessive emotion. Their behaviour has an exhibitionistic quality (Kets de Vries, 1981). Dramatic people seem to be driven by a need for excitement and stimulation that is often without substance. They lack self-discipline.

There is an incapacity for concentration and a tendency to overreact to minor events. Many of these individuals possess a sense of entitlement. They may be superficially warm and charming, but in fact often lack sincerity and are inconsiderate of others. Exploitativeness is not uncommon and empathy is usually lacking (Kernberg, 1979). Often unwittingly these CEO's take others for granted. Relationships thus tend to be unstable. In many instances they alternate between extremes of overidealization and devaluation. When fantasies of unlimited power, success and brilliance are cut short, dramatic CEO's may experience marked feelings of rage and anger and act vindictively.

The dramatic style may give rise to a specific role constellation in the firm. Dramatic leaders often attract subordinates with a dependent personality structure. Their action-orientated, grandiose style suits the dependency needs of insecure subordinates, allowing the latter to take responsibility for major areas of functioning and subordinating their own needs to those of the dramatic leader. The results are frequently as follows.

#### Charismatic Cultures-Dramatic Firms

Subordinates tend to idealize the charismatic leader, to ignore his faults and accentuate his strengths (idealization is often motivated by feelings of insecurity and unworthiness in the absence of a figure who can be admired). They become highly dependent on the idealized person, feeling a need to appeal to, support, and ingratiate themselves with him. They are prone to be very flattered by a few words of praise, and are devastated by the mildest of reprimands. They thus become extremely dependent on the leader and very easy to control and

manipulate. This is generally the exact situation that the dramatic leader wants to encourage. He wishes others to "nourish" him with their confirming and admiring ("mirroring") responses. Mirroring superiors in fact seek out idealizing subordinates - they demand not only conformity but praise and adulation (Kohut, 1971).

In the charismatic culture everything seems to revolve around the leader. The hopes and ambitions of the other executives and managers all center around this idealized person. Charismatic leaders are persons of action who strive aggressively and single-mindedly to implement a central goal that becomes a focal concern for the followers. A tremendous uniformity exists that derives from the leader's "charisma" - there is only one leader and many followers. There is thus an unquestioning, trustful climate of subordinacy among group members. Zealous followers help create an atmosphere in which the leader is seen as infallible. There is too little reflection or analysis as managers rely on the inspired judgement of the boss. The leader's power - both formal and informal - is so great that he has a great deal of latitude to make very bold and unilateral decisions. Typically, the leader does not permit any resistance or dissent from subordinates. Independent minded managers cannot last very long in this culture.

Dramatic firms are hyperactive, impulsive, dramatically venturesome and dangerously uninhibited. Their strategies, structures and decision making approaches are those of Impulsive firms. Impulsive-decision makers live in a world of hunches and impressions rather than facts as they haphazardly address an array of disparate markets. Their dramatic flair encourages the top people to centralize power, reserving their prerogative to initiate bold ventures.

Audacity, risk-taking and diversification are the corporate themes. Instead of reacting to the business environment, the top decision-maker attempts to create his/her own environment. He/She enters some markets and leaves others; he/she constantly is switching to new products while abandoning older ones, placing a sizable proportion of the firm's capital at risk. Unbridled growth is the goal, reflecting the top manager's considerable narcissistic needs, his/her desire for attention and visibility. He/She wants to be at center stage, showing how great an executive he/she really is.

The structure of the dramatic organization is usually far too primitive for its broad markets. First, too much power is concentrated in the chief executive, who meddles even in routine operating matters because he/she wants to put his/her personal stamp on (and take credit for) everything. A second problem follows from this overcentralization - namely, the absence of an effective information system. The top executive does little scanning of the business environment because he/she has too little time and prefers to act on intuition rather than facts. Finally, the leader's dominance obstructs effective internal communication, which is mostly from the top down. These hypotheses are summarized on Table 5.

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## The Need for Control

Compulsive style executives feel a need to counteract their fear of being at the mercy of events. Mastering and controlling whatever may affect their lives becomes an overwhelming preoccupation. These people see relationships in terms of dominance and submission; they insist that others submit to their ways of doing things. They can be deferential and ingratiating to superiors while at the same time behaving in a markedly autocratic way toward subordinates. There is a sense of perfectionism that interferes with their ability to see the big picture. Compulsives are preoccupied with trivial details, rules and regulations. They are attracted by routines and find it difficult to deviate from planned activity. The unfamiliar is upsetting and form takes precedence over substance. Meticulousness, dogmatism and obstinacy are common traits. Compulsives demonstrate an excessive concern about order, organization and efficiency. They lack spontaneity and are unable to relax. Although they may come across as industrious, their behaviour is rigid, making for a lack of imagination and much repetition. Compulsives are excessively devoted to work, to the exclusion of pleasure and meaningful relationships. Indecisiveness and procrastination for fear of making mistakes are other elements of their style (Fenichel, 1945, Shapiro, 1965) But what sorts of organizations do these managers create?

### Bureaucratic Cultures - Compulsive Organizations

In the compulsive firm, there is a degree of mistrust between the leader and his subordinates. He/she would rather rely on formal controls and direct supervision to effect coordination, than the good will, shared objectives, or talent of his management team. As a result, there are overtones of suspicion and

manipulation. There exists a constant preoccupation about losing control. Controls, however, can rob subordinates of their sense of discretion, involvement and personal responsibility. The prescription of work and the atmosphere of suspicion saps executives' enthusiasm and robs them of initiative.

The bureaucratic group culture is above all depersonalized and rigidified. It is permeated by top management's preoccupation with control over people, operations, and the external environment. The rules may be legacies of the past, codifying the original founder(s) notions about how to run the company to be successful. Formal policies, standard operating procedures, and detailed specifications for the accomplishment of tasks and the management of personnel prevail. These are all vehicles that the top managers use to control the firm. They manage by rules rather than through personal guidance or directives. They wish to avoid surprises and to determine what is to happen throughout the firm. The only managers that can survive happily in this setting are "bureaucrats" who love to follow rules and fear taking initiatives. Independent managers will find that they do not have enough latitude to act on their own, and leave. The controlling top executive is not willing to relinquish sufficient control over operations to allow for a deliberative, participative mode of decision making. Instead policies are the manifestation of compulsive features rather than objectives adaptive requirements. They are, as such, not subject to discussion. We hasten to add that we are not using the term bureaucracy in the strictly Weberian way. Our notions do not so much conform to a sociological construct describing an ideal form of formal organization, as to a mode of operating that is highly ritualistic and inwardly focussed.

The compulsive firm is wed to ritual. Every detail of operation is planned carefully in advance and carried out in routinized fashion. Thoroughness, completeness and conformity to established procedures are emphasized (see Mintzberg's, 1979, Machine Bureaucracies).

Like the paranoid firm, the compulsive firm emphasizes formal controls and information systems. But there is a crucial difference. In compulsive organizations, controls are really designed to monitor internal operations, production efficiency, costs and the scheduling and performance of projects, while the paranoid firm is interested chiefly in external conditions.

Operations are standardized as much as possible, and an elaborate set of formal policies and procedures evolves. These include not only production and marketing procedures but dress codes, frequent sales meetings and even suggested employee attitudes.

The compulsive organization is exceedingly hierarchical, a reflection of the leader's strong concern with control. The compulsive person is always worried about the next move and how he/she is going to make it. Such preoccupation has often been reinforced by periods when the firm was at the mercy of other organizations or circumstances. To prevent this from happening again, compulsive style executives try to reduce uncertainty and to attain a clearly specified objective in a carefully planned manner. Surprises must be avoided at all costs.

Compulsive firms show the same preoccupation with detail and established procedures in all their business strategies. They generally create a large number of action plans, budgets and capital expenditure plans. Each project is designed with many check-points, exhaustive performance evaluations and detailed schedules.

The compulsive firm has a particular orientation and distinctive competence, and its plans reflect them. This orientation, rather than what is going on in the world, serves as the major guide for the firm's strategy. For example, some organizations take pride in being the leading innovator in the market place; they try to be the first out with new products, whether or not these are called for by customers. Innovation may be inappropriate in the light of new market conditions, but the firm's strong inward focus prevents any realization of this fact. Change is difficult. These hypotheses are summarized on Table 6.

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#### The Need For Detachment

Some individuals are guided by a detached style and fantasize that the outside world does not offer them any satisfaction. They sense that all interactions with others will eventually fail and cause harm; that it is safer to remain distant. Psychiatrists have identified avoidant and schizoid personalities who are often beset by such preoccupations. Both personality types center around a pattern of social detachment. Avoidant personalities have had experiences of interpersonal rejection and deprecation that have led them to be mistrustful of others and to avoid close relationships; however, they long for closer attachments and greater social acceptance. In contrast, schizoid personalities often have cognitive and emotional deficits that render them unconcerned about social isolation (Kernberg, 1975; Kets de Vries, 1980). Given

the similarity in the behavioural manifestations of the two types, however, it is difficult to differentiate between them since both tend to be socially hesitant and unresponsive (APA, 1980).

What characterizes this detached style is the degree of non-involvement and withdrawal. Detached individuals are most unwilling to enter into emotional relationships. They prefer to be by themselves and feel no need to communicate. They distance themselves from close personal attachments and pursue non-involvement. Although on the surface there may be great indifference to praise, criticism, or the feelings of others, this behaviour is often a defensive manoeuvre against being hurt. Whatever the underlying reasons, these individuals appear cold and aloof. They display emotional blandness and an inability to express enthusiasm or pleasure. Detached managers are unable to engage in the give-and-take of reciprocal relationships; appearing to possess minimal human interest. To protect themselves, they refuse to enter into relationships and minimize involvements for fear of social derogation. The following type of organization may result.

#### Politicized Cultures - Schizoid Organizations

Miller & Fiesen's (1984) Headless firms suggest the strategies, structures and decision making approaches of these organizations. The politicized corporate culture is a product of a withdrawing executive who abdicates his responsibilities as a leader. His detached style causes him/her to avoid contact with others and so the management of the firm is left up to second tier managers, none of whom is very clear about his/her responsibilities. The members of the second tier are "gamesmen" (Maccoby, 1976; Lasch, 1978) who spend their time jockeying for position and power against their "rivals" in other departments.

They fill the leadership vacuum by politicking for their parochial interests with the detached leader. In this, they see opportunities for enhancing their spheres and resource bases. Needless to say, problems of coordination, cooperation, interdepartmental rivalry, and vacillating strategy are quite common here.

Strategy-making resides in a shifting coalition of careerist second-tier managers who try to influence the indecisive leader and simultaneously advance their pet projects and minor empires. The firm muddles through and drifts, making incremental changes in one area and then reversing them whenever a new group of managers wins favor. The initiatives of one group of managers are often neutralized or severely blunted by those of an opposing group.

The divided nature of the organization thwarts effective coordination and communication. Information is used more as a power resource than as a vehicle for effective adaptation; in fact; managers erect barriers to prevent the free flow of information. But this is not the only shortcoming of the information system. Another is the absence of information on the outside business environment. The company's focus is internal--on personal ambitions and catering to the top manager's desires. Second-tier managers find it more useful to ignore real-world events that might reflect poorly on their own behaviour or conflict with the wishes of the detached leader. These hypotheses are summarized on Table 7.

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## Conclusion

In describing the five dysfunctional types we have for purposes of simplification, focussed on the characteristics of "pure" constellations. In reality, however, the clinical picture is usually much more complicated. Combinations or mixtures among types often occur. The pages of Fortune, Forbes, Business Week or the Wall Street Journal constantly portray hybrids such as the paranoid - compulsive type, the depressive - compulsive type or the schizoid - depressive type. To make matters even more complex, we also find movement across organizational types, depending on who is in power, and the stage of the organization's life cycle. In addition, the style of the leader or of the dominant coalition may change through interactions with the evolving organization.

In addition, we must stress that although the personality of the top manager can vitally influence his organization, a reverse relationship will also exist. A failing organization that is rife with disappointment can cause a leader to become depressed. A series of vicious threats from the competition can awaken dormant paranoia. Clearly then the influence between organizational orientations and managerial disposition is reciprocal. Mutual causation is the rule.

It may be useful to highlight several advantages or strengths of our typology. First, it is holistic. It avoids the complexity of the "one variable at a time" approach by searching for common types and for the psychological and cultural factors that underly these types. Second, it meets personality in a rather global way, looking for major adaptive styles that motivate and characterize much of behaviour, and eschewing narrow dimensions of affect or cognition. Third, we feel the framework gets at the roots of some strategic,

structural and cultural problems in organizations. Fourth, the assignment to a particular type proves useful by alerting the organizational analyst to a range of unobserved but frequently related manifestations thus helping in the selection of the appropriate intervention strategy. Instead of dwelling on specific symptoms regarding the distribution of authority or the design of information systems, we are trying to search for the underlying cause of the conjunction of various symptoms. In doing so, we will become more effective as organizational diagnosticians, or at least more attuned to the limits of change.

One of the more pessimistic aspects of this research is that it seems to point to great areas of resistance to change. Neurotic styles of behaviour are deeply rooted; CEO's are very hard to change, especially when they hold all of the power. In many cases, we would expect meaningful organizational turnarounds to occur only after dramatic failure erodes the power base of the CEO, or after a new CEO takes over. This is consistent with the findings of Miller & Friesen (1980a, 1980b) who found that major organizational reorientations were motivated by extremely poor performance, changes in top management, or both. Therefore, much of the normative literature on policy, structure and culture might do well to recognize that many managerial prescriptions will run counter to the personalities of the CEO and thus be resisted, or, where implemented, would not fit into the overall organizational configuration and thus be lacking in appropriateness and impact.

We close by using some directions for further operationalization and testing of the framework. It is possible to measure most of the CEO personality orientations using the instruments of Millon (1981) and the concepts developed in the DSM III (APA, 1980). Strategy making, structural and cultural variables can

be measured using the instruments of Van de Ven & Ferry (1980), Miller & Friesen (1984), and others. Many strategy variables are suggested by Hofer & Schendel (1978). As we expect the associations between CEO personality and organizational variables to be statistically significant, correlation methods could be used to establish relationships. Alternatively, CEO's could be classified into various personality types. Analyses of variance could then be conducted on the organizational variables to see if the strategic, cultural and structural orientations vary systematically among categories of CEO's. It may even be possible to use methods of taxonomy such as cluster analysis or Q-factor analysis to derive naturally occurring common types. We hope that our framework is sufficiently interesting to induce such further testing.

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Table 1

Summary of the Five Constellations

<u>Fantasy</u>	<u>Neurotic Style</u>	<u>Culture</u>	<u>Organization</u>
persecution	vigilant	paranoid	paranoid
helplessness	depressive (avoidant/dependant)	avoidant	depressive
grandiosity	dramatic (histrionic/narcissistic)	charismatic	dramatic
control	compulsive	bureaucratic	compulsive
detachment	detached (schizoid/avoidant)	politicized	schizoid

Table 2

General Hypotheses

- 1) The more centralized the organization and the more powerful the CEO, the greater the impact of his personality (i.e. fantasy and neurotic style) on culture, strategy and structure.
- 2) The more similar the personalities of the top executives, the purer the cultural and organizational types---that is, the more closely they will adhere to the five types we have discussed.
- 3) The purer and more pronounced the personality type of the CEO (as measured by the DSM III (APA, 1980) or the Millon (1981) Inventory) the more it will be reflected in the culture, structure and strategy of his firm. This will be especially true in smaller centralized organizations.
- 4) Healthy firms will have a mixture of personality types which will not be as dysfunctional. Our hypotheses will not be borne out in such samples.

Table 3

Hypotheses for the Paranoid Constellation

- 1) The persecutory fantasy and the paranoid style will go together.
- 2) The more pronounced these are in the CEO and his top managers the more the organizational culture will be plagued by suspiciousness and mistrust, the search for and identification of enemies in the environment, poor morale, fight/flight attitudes, uniform but distorted perceptions, and the use of information as a power resource.
- 3) The more pronounced these personality and cultural factors, the more the structure of the organization will use sophisticated control and information systems, centralize power for decision making, and evolve a sophisticated scanning apparatus to study the environment.
- 4) The more pronounced these personality and cultural factors, the more wariness enters into decision making, the more reactive and fragmented the strategy, and the greater the proclivity to diversify.

Table 4

Hypotheses for the Depressive Constellation

- 1) The fantasy of helplessness and the depressive (avoidant/dependant) style will be found in the same CEO's.
- 2) the more pronounced these are in the CEO and his managers, the more the organizational culture will be characterized by a lack of initiative, unmotivated absentee executives, buck-passing, delays, "decidophobia", passivity and a sense of futility.
- 3) The more prominent these personality and cultural factors, the more the structure of the firm will be bureaucratic, rigid, impersonal, and based on formal position--in short, mechanistic. There will be very little scanning of the environment or communication among managers.
- 4) The more prominent these factors, the more moribund the strategy - which will be less likely to have changed materially in a long time, and which will be anachronistic even in the mature industries in which these firms are usually found. Extreme conservatism, a very vague set of goals and strategies, and an absence of plans will also be more common.

Table 5

Hypotheses for the Dramatic Constellation

- 1) The fantasy of grandiosity and the dramatic (histrionic/narcissistic) style will be found in the same personality.
- 2) The more pronounced these are in the CEO and his managers, the more the organization culture will be characterized by dependent subordinates who idealize the leader, hold him infallible, and never question him. There will be an enthusiastic adherence to the beliefs and goals of the CEO, and a paucity of independent-minded executives. In short, a charismatic culture will prevail.
- 3) The more prominent these personality and cultural factors, the more the structure of the organization will be extremely centralized, too informal for its administrative task, too primitive in its scanning and information processing apparatus, and too constrained in bottom-up communications.
- 4) The more prominent these factors the more intuitive, impulsive, and risky the decision making, and the more procreative, expansionist and acquisitions-orientated the strategy.

Table 6

Hypotheses for the Compulsive Constellation

- 1) The fantasy of control will conjoin with the compulsive style.
- 2) The more pronounced these are in the CEO and his managers, the more the organization culture will be centred around issues of control, with efficiency or the slavish adherence to some other archaic set of standards, and the prevalence of risk averse, bureaucracy-loving managers. Ritual will come to rule.
- 3) The more prominent these personality and cultural factors, the more the structure of the organization will be bureaucratic, hierarchical, rigid, rule-orientated, inwardly focussed, formalized, and centralized. Programmed, routinized and standardized practices will dominate. Cost controls will monitor efficiency but there will be very little analysis of the environment.
- 4) The more prominent these factors, the more decision making will be focussed on details and established procedures. A fixed strategy will most likely prevail which is never questioned but is merely "implemented" through action plans, capital budgets etc.

Table 7

Hypotheses for the Schizoid Constellation

- 1) The fantasy of detachment will coincide with the detached (schizoid/avoidant) style.
- 2) The more pronounced these are in the CEO, the more the culture of the organization will be characterized by a leadership vacuum, and dominance by a second tier of politicized "gamesmen" who jockey for power and position. Coordination and cooperation will be neglected.
- 3) The more prominent these personality and cultural factors, the more the structure of the organization will be fragmented into uncooperative "fiefdoms". Political battles will cause information systems to be used as power resources and effective communication and collaborations will be thwarted. Power will be spread among an altering coalition of second tier managers.
- 4) The more prominent these factors, the more fragmented, vacillating and inconsistent the strategies. The absence of consensus will make concerted and adaptive change less possible. Politics will be a far more important influence on decisions than rationality, and a muddling through orientation will be much more common.

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