

Dysfunctional Leadership

by

M. Kets de Vries

2003/58/ENT

Working Paper Series

Dysfunctional Leadership¹

Manfred Kets de Vries²

¹ A contribution to the *Encyclopedia of Leadership*, Great Barrington, MA: Berkshire/Sage, 2004, forthcoming.

² Raoul de Vitry d'Avaucourt Clinical Professor in Leadership Development, INSEAD, France & Singapore.

Abstract

This article explores the origins and manifestations of dysfunctional leadership. Using concepts from human development, it reviews some of the psychological pressures leaders face, such as the loneliness of command, addiction to power, fear of envy, and depression. In addition, it examines the impact of narcissistic behavior on leadership effectiveness. To illuminate the narcissism trap, it makes a distinction between constructive and reactive variants of narcissism and demonstrates how reactive narcissism can contribute to collusive leader-follower relationships. It also examines the destructive interplay of idealizing and mirroring transference processes and explores the relationship between personality, leadership style, culture, strategy, and organization. It concludes with a typology of neurotic organizations.

KEY WORDS: Dysfunctional leadership; narcissism; transference; collusion; organizational culture; neurotic organization.

Introduction

A recent cartoon shows two children fighting. When they are pulled apart by their mother, one of the children points at the other and says, “She called me a CEO first!” Until leadership scandals such as those at Tyco, Enron, and WorldCom revealed leadership’s underbelly, leadership was viewed as an essentially benign activity, with leaders working for the good of the organization and all of its stakeholders. Most studies of leadership have emphasized its positive, transforming aspects, assigning an almost moral dimension to the task—one that involves a calling to a higher plane. Such orientations, laudable though they may be, ignore leadership’s shadow side, that part of the leadership equation that thrives on the power that comes with the role. This Darth Vader aspect of leadership, which grows out of personality traits such as self-aggrandizement and entitlement, thrives on narcissism, self-deceit, and the abuse of power. In the psychopathology of leadership, the combination of neurotic personality and personal power can (and almost inevitably does) create social and business disasters.

Despite the potency of the shadow side of leadership, many leaders are unwilling to face it. They hesitate to look inside themselves, and when they do, they refuse to acknowledge their weaknesses; they are unwilling to face up to how their defensive structures and character traits can negatively affect their organizations. They are all too quick to deny that the pressures that come with leadership can contribute to dysfunctional behavior and decisions. The psychological pressures of leadership can be formidable, however, contributing to dysfunctional behavior to the detriment of both leader and organization.

Psychological Pressures of Leadership

Among the pressures that leaders frequently experience are:

- *Loneliness of command.* Once a man or woman reaches a top position in an organization, stress and frustration often develop, as old relationships and support networks change and previous colleagues become distant.
- *Addiction to power.* The fear of losing what has been so difficult to gain—a top leadership position—sometimes encourages people to engage in malevolent acts.
- *Fear of envy.* Some people find being the subject of envy very disturbing. That fear can reach the point where dysfunctional self-destructive behavior “snatches defeat out of the jaws of victory.”

- *The experience of “What now?”* After achieving a lifetime’s ambition, leaders sometimes suffer from a sense of depression, feeling that they have little left to strive for.

All these psychological processes may cause stress, anxiety, and/or depression, which may in their turn provoke irresponsible and irrational behaviors that affect the organization’s culture and patterns of decision-making (Kets de Vries 1993; Kets de Vries 2001). Many of these experienced pressures derive from the way a particular individual learned to cope with the vicissitudes of narcissism.

The Role of Narcissism

The process of growing up is necessarily accompanied by a degree of frustration. During intrauterine existence, human beings are, in effect, on automatic pilot: any needs that exist are taken care of immediately and automatically. This situation changes the moment a baby makes its entry into the world. In dealing with the frustrations of trying to make his or her needs and wants known, and as a way of coping with feelings of helplessness, the infant tries to retain the original impression of the perfection and bliss of intrauterine life by creating both a grandiose, exhibitionistic image of the self and an all-powerful, idealized image of the parents (Kohut 1971). Over time, and with “good enough” care, these two configurations are “tamed” by the forces of reality—especially by parents, siblings, caretakers, and teachers, who modify the infant’s exhibitionism and channel the grandiose fantasies. How the major caretakers react to the child’s struggle to deal with the paradoxical quandary of infancy—that quandary being how to resolve the tension between childhood helplessness and the “grandiose sense of self” found in almost all children—is paramount to the child’s psychological health. The resolution of that tension is what determines a person’s feelings of potency versus impotency. Inadequate resolution often produces feelings of rage, a desire for vengeance, and a hunger for personal power. If that hunger is not properly resolved in the various stages of childhood, it may be acted out in highly destructive ways in adulthood.

A lot hangs on the “good enough” parenting mentioned earlier. Children exposed to extremes of dysfunctional parenting often believe that they cannot rely on anybody’s love or loyalty. As adults, they remain deeply troubled by a sense of deprivation, anger, and emptiness, and they cope with this by resorting to narcissistic excess.

From a conceptual point of view, a distinction can be made between two varieties of narcissism: constructive and reactive (Kets de Vries 1993). Constructive narcissists are those who were fortunate enough to have caretakers who knew how to provide age-appropriate frustration—i.e., enough frustration to challenge but not so much as to overwhelm. These caretakers were able to provide a supportive environment that led to feelings of basic trust and to a sense of control over one's actions. People exposed to such parenting tend to be relatively well-balanced; have a positive sense of self-esteem, a capacity for introspection, and an empathetic outlook; and radiate a sense of positive vitality.

Reactive narcissists, on the other hand, were not so fortunate as children. Instead of receiving age-appropriate frustration, they received over- or under-stimulation, or chaotic, inconsistent stimulation, and thus were left with a legacy of feelings of inadequacy and deprivation. As a way of mastering their feelings of inadequacy, such individuals often develop an exaggerated sense of self-importance and self-grandiosity and a concomitant need for admiration; as a way of mastering their sense of deprivation, they develop feelings of entitlement, believing that they deserve special treatment and that rules and regulations apply only to others. Furthermore, having not had empathic experiences, these people lack empathy; they are unable to experience how others feel. Typically, they become fixated on issues of power, status, prestige, and superiority. They may also suffer from what has been called the “Monte Cristo Complex” (after the protagonist in Alexandre Dumas's *The Count of Monte Cristo*), becoming preoccupied by feelings of envy, spite, revenge, and/or vindictive triumph over others; in short, they become haunted by the need to get even for real or imagined hurts.

Transferential Relationships

Transference, the act of using relationship patterns from the past to deal with situations in the present, is a common phenomenon. In fact, all of us act out transferential (or “historical”) reactions on a daily basis. The boss who shares our mother's unwillingness to listen or the colleague whose stealth reminds us of our father inspires in us the same feelings that those original caregivers did. The psychological imprints of crucial early caregivers—particularly our parents—cause confusion in time and place such that we act toward others in the present as if they were significant people from the past; and these imprints stay with us and guide our interactions throughout our life.

There are two subtypes of transference that are especially common in the workplace (and are often exaggerated in reactive narcissists): mirroring and idealizing. It is said that the first mirror a baby looks into is the

mother's face. A person's identity and mind are heavily shaped by contact with the mother, particularly during the early, narcissistic period of development. Starting with that first mirror, the process of mirroring—that is, taking our cues about being and behaving from those around us—becomes an ongoing aspect of our daily life and the relationships we have with others. Idealizing is another universal process: as a way of coping with feelings of helplessness, we idealize people important to us, beginning with our first caretakers, assigning powerful imagery to them. Through this idealizing process, we hope to combat helplessness and acquire some of the power of the person admired.

When idealizing and mirroring show up in organizational settings, these transference patterns accelerate a process whereby followers no longer respond to the leader according to the reality of the situation, but rather as if the leader were a significant figure from the past, such as a parent or other authoritative person. The followers' emotional legacy drives them to transfer many of their past hopes and fantasies to people in positions of power and authority. This idealizing transference creates a sense of being protected and a sharing of "reflected" power in the follower.

Reactive narcissistic leaders are especially responsive to such admiration, often becoming so dependent on it that they can no longer function without this emotional fix. It fatally seduces such leaders into believing that they are in fact the illusory creatures their followers have made them out to be. It is a two-way street, of course: followers project their fantasies onto their leaders, and leaders mirror themselves in the glow of their followers. The result for leaders who are reactive narcissists is that disposition and position work together to wreak havoc on reality-testing: they are happy to find themselves in a mutual admiration society—or, perhaps better, in a hall of mirrors that lets them hear and see only what they want to hear and see. When any followers rebel against a leader's distorted view of the world, the leader, perceiving such disagreement as a direct, personal attack, may react with an outburst of rage. This "tantrum," if you will—a reenactment of childhood behavior—originates from earlier feelings of helplessness and humiliation. Unlike in childhood, however, the power that such leaders now hold means that the impact of their rage on their immediate environment can be devastating.

Such outbursts compound the problem by intimidating followers, who then themselves regress to more childlike behavior. To overcome the severe anxiety prompted by the leader's aggression, followers may resort to the defensive reaction known as "identification with the aggressor," thus transforming themselves from the threatened to the threatening.

Within this climate of dependency, the world is seen as starkly black and white. In other words, people are either for or against the leader. Independent thinkers are removed, while those who hesitate to collaborate become the new “villains”—“deviants” who provide fresh targets for the leader’s anger. Those “identifying with the aggressor” support the leader in his or her destructive activities as a right of passage. They help deal with the leader’s “enemies.” The sharing of the guilt can be endlessly fed with new scapegoats, designated villains on whom the group enacts revenge whenever things go wrong. These scapegoats fulfill an important function: they become to others the external stabilizers of identity and inner control. They are a point of reference on which to project everything one is afraid of, everything that is perceived as bad.

This frightening scenario can have various outcomes—all negative. In extreme cases, it can lead to the self-destruction of the leader, professionally speaking, and the demise of the organization. Before the “fall,” there sometimes comes a point, however, when the organizational participants recognize that the price for participating in the collusion with the leader is becoming too high. The endgame may include a palace revolution whereby the leader is overthrown as the cycle of abusive behavior becomes unbearable. Followers may come to realize that they are next in line to be sacrificed on the insatiable altar of the leader’s wrath. The attempt to remove the leader becomes a desperate way to break the magic spell.

Neurotic Organizations

Although reactive narcissism is the most salient factor in dysfunctional leadership, there are a number of other personality configurations that can contribute to leader and organizational dysfunction. In organizations that have a strong concentration of power, those personality configurations can result in a parallel organizational “pathology.” In what I call “neurotic organizations,” one is likely to find a top executive whose rigid, neurotic style is strongly mirrored in inappropriate strategies, structures, organizational cultures, and patterns of decision-making.

There are five types of neurotic organizations most commonly found: dramatic/cyclothymic, suspicious, detached, depressive, and compulsive (Kets de Vries and Miller 1984). Table 1 outlines how, in each type of organization, the leader’s personal style and inner theatre interrelate with the organization’s characteristics. Each of the five organizational patterns has strengths as well as weaknesses, just as every emotion has a silver lining. In many cases a solid strength (for example, a leader’s careful attention to the actions of rivals) becomes a weakness over time (as when

healthy wariness becomes unmitigated suspicion), polluting the atmosphere of the organization. When that happens, change is needed if the organization is going to survive. Unfortunately, with corporate styles deeply rooted in history and personality, change never comes easily.

The first step toward change is recognition of the danger signs of dysfunctional leadership and dysfunctional organizations. This necessitates a willingness on the part of leaders to look within themselves and make an honest (and often painful) appraisal. Because it is difficult to identify problems and make new choices when the entire organization is caught in a self-destructive pattern, leaders in this position would do well to summon up the courage to ask for help. Caught in a psychic prison, they need the keys to their release. By encouraging them to see what they are doing to themselves and the organization, and by offering workable behavioral alternatives, trained outsiders offer those keys.

Napoleon once said that leaders are merchants of hope. They succeed best when they speak to the collective imagination of their people and create a sense of purpose and meaning. To effectively accomplish those tasks, they must mute the calls of the narcissistic sirens by looking deep within and acknowledging their own imperfections. They need to develop a sense of emotional intelligence, a process that starts with self-awareness. This is not news, of course; it is what the Oracle at Delphi and Sigmund Freud have been telling us all along.

Table 1: The Five “Neurotic” Styles: An Overview

Type	Organization	Executive	Culture	Strategy	Guiding Theme
<i>Dramatic/ Cyclothymic</i>	Characterized by overcentralization that obstructs the development of effective information systems; too primitive for its many products and broad market; lacking influence at the second-tier executive level.	Attention-seeking; craving excitement, activity, and stimulation; touched by a sense of entitlement; tending toward extremes.	Well-matched as to dependency needs of subordinates and protective tendencies of CEO; characterized by “idealizing” and “mirroring”; headed by leader who is catalyst for subordinates’ initiatives and morale.	Hyperactive, impulsive, venturesome, and dangerously uninhibited; favoring executive initiation of bold ventures; pursuing inconsistent diversification and growth; encouraging action for action’s sake; based on nonparticipative decision-making.	“I want to get attention from and impress the people who count in my life.”
<i>Suspicious</i>	Characterized by elaborate information processing, abundant analysis of external trends, and centralization of power.	Vigilantly prepared to counter any attacks and personal threats; hypersensitive; cold and lacking emotional expression; suspicious and distrustful; overinvolved in rules and details to secure complete control; craving information; sometimes vindictive.	Fostering “fight-or flight” mode, including dependency and fear of attack; emphasizing the power of information; nurturing intimidation, uniformity, and lack of trust.	Reactive and conservative, overly analytical, diversified, and secretive.	“Some menacing force is out to get me. I'd better be on my guard. I can't really trust anybody.
<i>Detached</i>	Characterized by internal focus, insufficient scanning of the external environment, and self-imposed barriers to free flow of information.	Withdrawn and uninvolved; lacking interest in present or future; sometimes indifferent to praise or criticism.	Lacking warmth or emotions; conflict-ridden; plagued by insecurity and jockeying for power.	Vacillating, indecisive, and inconsistent; growing out of narrow, parochial perspectives.	“Reality doesn't offer any satisfaction. Interaction with others is destined to fail, so it's safer to remain distant.”

<i>Depressive</i>	Characterized by ritualism, bureaucracy, inflexibility, excessive hierarchy, poor internal communications, and resistance to change.	Lacking self-confidence; plagued by self-esteem problems; afraid of success (and therefore tolerant of mediocrity and failure); dependent on “messiahs.”	Passive and lacking initiative; lacking motivation; ignorant of markets; characterized by leadership vacuum; avoidant.	Plagued by “decidophobia”; focusing inward; lacking vigilance over changing market conditions; drifting, with no sense of direction; confined to antiquated, mature markets.	“It’s hopeless to try to change the course of events. I’m just not good enough.”
<i>Compulsive</i>	Characterized by rigid formal codes, elaborate information systems, ritualized evaluation procedures, excessive thoroughness and exactness, and a hierarchy in which individual executive status derives directly from specific positions.	Tending to dominate the organization from top to bottom; insistent that others conform to tightly prescribed rules; dogmatic or obstinate; obsessed with perfectionism, detail, routine, rituals, efficiency, and lockstep organization.	Rigid, inward-directed, and insular; peopled with submissive, uncreative, insecure employees.	Tightly calculated and focused; characterized by exhaustive evaluation; slow and nonadaptive; reliant on a narrow, established theme; obsessed with a single aspect of strategy—e.g., cost-cutting or quality—to the exclusion of other factors.	“I don’t want to be at the mercy of events. I have to master and control all the things affecting me.”

References

Kets de Vries, M. F. R. (1993). Leaders, Fools, and Impostors. San Francisco, Jossey-Bass.

Kets de Vries, M. F. R. (2001). The Leadership Mystique. London, Financial Times/Prentice Hall.

Kets de Vries, M. F. R. and D. Miller (1984). The Neurotic Organization. San Francisco, Jossey-Bass.

Kohut, H. (1971). The Analysis of the Self. New York, International Universities Press.