



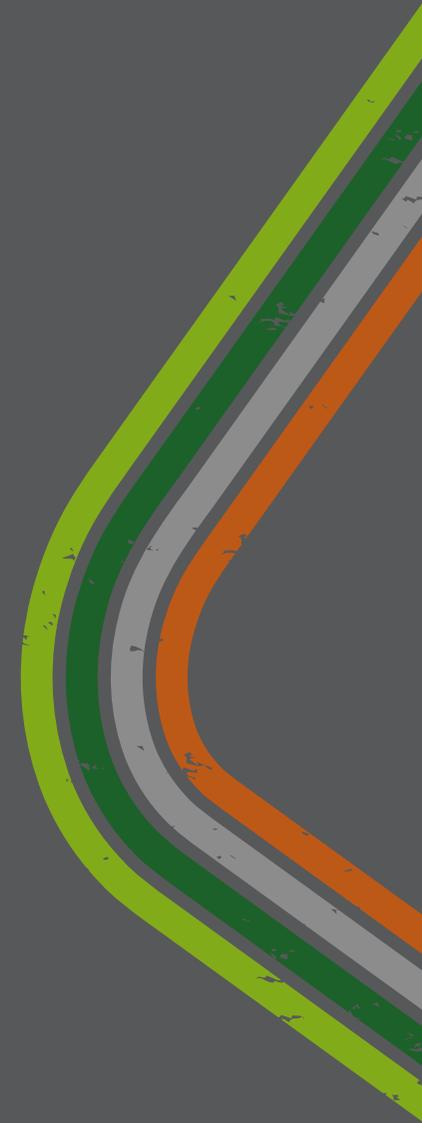
THE DARK SIDE
TROUBLING TIMES AT THE TOP
OF LEADERSHIP

AUTHOR: Colin Slattery

PUBLICATION DATE: November 2009

CORRESPONDENCE: Please direct all correspondence to info@semannslattery.com

COPYRIGHT: This document is protected under copyright legislation. This document cannot be reproduced, wholly or partly, without prior written consent from Semann & Slattery



Abstract

Spectacular failures of organisations such as WorldCom, Enron and Lehman Bros have highlighted the dark side of leadership and the relationship between leaders, followers and environmental factors. With 50 – 75% of leaders experiencing leadership problems or failures, the topic of the dark side of leadership has been increasingly popularised in academic and popular press. The definition of dark side of leadership in current literature is unclear. The causes of the dark side of leadership are multifaceted and are exposed through a combination of situational and behavioural factors which impact on organisational outcomes.

Between 50 – 75% of leaders do not perform well or experience leadership failure (Hogan & Kaiser, 2005). The vast majority of leadership literature focuses on the heroic nature of leadership. It entices leaders and managers to emulate the secrets of proven leaders to try step-by-step methods for leadership success. Yet, much of the literature ignores the darker side of leadership — a place inhabited by incompetence, flawed character and unethical behaviour. This shadowy world is further concealed through ambiguous definitions of the dark side of leadership.

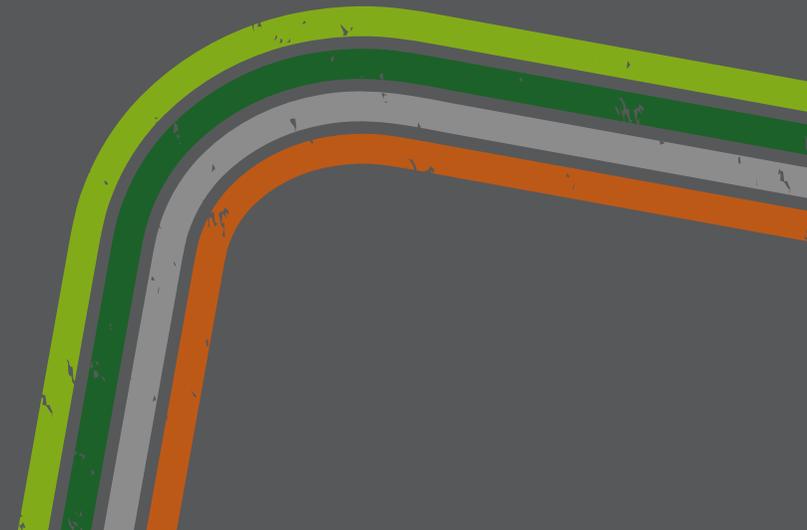
This discussion paper has several purposes. First it argues that the ‘dark side of leadership’ is ill defined and, depending on the scholar’s ideology, the definition becomes self-fulfilling. Second, it sets out the characteristics of the dark side of leadership and proposes a definition that encompasses leader, follower and situational factors that contribute to behaviour associated with leadership failure more broadly. Third, the importance of power from personalised and socialised perspectives is discussed and it will be argued that personalised power motives result in negative outcomes. Fourth, it examines the main causes of the dark side of leadership including incompetence, laissez-faire leadership; problems with charismatic leaders and personality disorders. Finally, it illustrates and discusses the problems experienced as a result of these main causes using short vignettes from the academic and popular press.

DISCUSSION

Leadership can be considered to be a reciprocal relationship between leader and follower, where the leader uses social influence to persuade people to set aside their own pursuits in order to attain organisational goals (Hogan & Kaiser, 2005). The vast majority of leadership literature over the past five decades has focused on determining the characteristics of 'good' or effective leadership (Higgs, 2009). This has led to the romanticisation of leadership. Consequently, leaders are often perceived as heroic or saviours of organisations in crisis (Bligh, Jeffrey, Pearce, Justin, & Stovall, 2007). In fact, Burns (2003, as cited in Higgs, 2009) argues that leadership is essentially good. This argument ignores the possibility of a darker side of leadership in which leadership is not necessarily good or constructive to organisational purposes. It ignores leadership behaviour which may steer organisations to a state of stagnation or decline (e.g. Mellahi, Jackson, & Sparks, 2002; Whicker, 1996).

More recently, there has been increasing focus on the darker side of leadership, its characteristics, causes and outcomes especially in the wake of highly publicised corporate disasters and unethical leadership such as Enron (Maccoby, 2002; Spector, 2003), Tyco (Milner, 2002; O'Clery, 2002), HIH, One Tel (Leung & Cooper, 2003) and Lehman Bros (Quigley, 2009).

The literature discussing and investigating the dark side of leadership is characterised by scant empirical studies, which are predominately qualitative or exploratory in nature. Although these contribute to a fuller picture of the dark side of leadership, they do not meet epistemological pursuits as advocated by scholars (e.g. Yukl, 2001). The literature is also characterised by a lack of a cohesive definition about the dark side of leadership. Instead, the literature focuses on particular characteristics or themes of dark side behaviour and traits and, depending on the author's particular viewpoint, the definition becomes self-fulfilling and reinforces their approach.



CHARACTERISTICS OF THE 'DARK SIDE OF LEADERSHIP'

Terms such as 'petty tyrants' (Ashforth, 1994); 'toxic leadership' (Benson & Hogan, 2008; Whicker, 1996); 'destructive leadership' (Einarsen, Aasland, & Skogstad, 2007); 'bad leadership' (Kellerman, 2005); 'leadership derailment' (Tepper, 2000) and 'aversive leadership' (Bligh et al., 2007) have been used to simultaneously describe and define the dark side of leadership behaviour.

Ashforth (1994) argues that leaders who frequently engage in a range of behaviours including: self-aggrandisement; belittling of followers; lack of consideration for others; a forcing style of conflict resolution; punishment for no apparent reason and discouraging initiative, undermine organisational goals and the well-being of followers. In a recent study, Schilling (2009) found that these leaders also exhibited behaviours that were aimed at obtaining personal rather than organisational goals. Similarly, Higgs (2009) found four themes relating to dark side behaviours including abuse of power; inflicting damage on others, over exercise of control and rule breaking to satisfy personal needs. Leaders exhibiting these behaviours are perceived as untrustworthy, overly ambitious and disingenuous by followers (Hogan, 1994).

Behaviours of followers and situational variables also contribute to dark side characteristics. In particular, followers may lack self-esteem, engage in power games, idealise the leader or have unmet psychological needs (Conger, 1990; Padilla, Hogan, & Kaiser, 2007). Thus the interaction of leader and follower makes a potent mix, and if supported by a conducive environment, can lead to organisational decline or destruction (Padilla et al., 2007). Conducive environments enable these behaviours to be exhibited and may involve company boards (e.g. Enron, Marks & Spencer, HIH); organisational processes; procedures; culture, peers and external pressures (e.g. competition and market forces) (Schilling, 2009).

DEFINING THE 'DARK SIDE OF LEADERSHIP'

A problem with many existing definitions of the dark side of leadership is that they only take into account a narrow theoretical position and not necessarily consider the multidimensional aspects of leadership that incorporate follower and environmental dynamics. For example, Einarsen et al. (2007) propose a definition of 'destructive leadership' as:

The systematic and repeated behaviour by a leader, supervisor or manager that violates the legitimate interest of the organisation by undermining and/or sabotaging the organisation's goals, tasks, resources, and effectiveness and/or the motivation, well being or job satisfaction of subordinates. (p. 208)

Einarsen et al. (2007) highlight ongoing leader behaviours as the primary influence over outcomes for organisations and followers. However, their definition fails to address four aspects of what is known about leadership. First, it does not consider environmental or situational factors, which have been demonstrated to influence leadership behaviours such as organisational crisis or increased market competition (Kellerman, 2004).

Second, the definition does not take into account any personality factors or traits also demonstrated to have an effect on leader behaviour (Hogan & Hogan, 2001; Hogan & Kaiser, 2005). Third, power relationships and power motives are ignored (Elias, 2008; Hughes, Ginnett, & Curphy, 1995; Raven, 1993).

Fourth, it ignores the possibility that some characteristics, such as narcissism and charisma, associated with the dark side of leadership may exist on a continuum from destructive to constructive behaviours, which have both positive and negative outcomes for an organisation (Maccoby, 2004; Padilla et al., 2007; Padilla & Mulvey, 2008).

Therefore, to remedy these shortcomings, the following definition is proposed - the dark side of leadership is an ongoing pattern of behaviour exhibited by a leader that results in overall negative organisational outcomes based on the interactions between the leader, follower and the environment. Organisational goals, morale and follower satisfaction are thwarted through the abuse of power and self-interest of the leader.

This definition has several advantages. First, it takes into account the contribution of followers to the leadership process. Leadership cannot exist without followership. Followers are integral to the performance of leadership and much of the literature does not take into account the impact of followers. Followers can contribute to negative organisational outcomes through compliance with unethical behaviours or active undermining of the leader (Padilla et al., 2007). Second, it takes into account the situational variables that have been demonstrated to impact on leader behaviour (Hersey & Blanchard, 1995). Third, the abuse of power and self-interest of both leader and followers is implicit. This contrasts with Padilla et al's. (2007) conception that followers are susceptible. If follower self interests are also met, they are more likely to actively contribute to ongoing negative results for an organisation. For example, follower selfish interests within Enron were rewarded through bonuses which encouraged further risk taking and deceitful behaviour (Spector, 2003).

THE IMPORTANCE OF POWER

The abuse of power by leaders has been widely documented (Higgs, 2009). Therefore analysis of power is important when considering the causes and outcomes of the dark side of leadership. This explains why some CEOs and top management teams continue on the path of destructive behaviour as in the well-publicised cases such as Enron (Maccoby, 2002; Spector, 2003).

Typologies of power differ among theorists and critical paradigms. Michel Foucault (Mills, 2003), Bradford & Cohen's Principles of Influence (Clawson, 2006) and French and Raven's taxonomy of social power (Raven, 1993) propose different understandings of power. Of these, French & Raven's original taxonomy of power is extensively used in organisational settings and validated through empirical studies (Elias, 2008).

Of particular interest in the study of contemporary leadership and their taxonomy is the abuse of reward; coercion; and expert and referent power and power motives (Hughes et al., 1995). Reward power is the potential to influence others through control over desired outcomes. This could be through the granting of bonuses and additional perks. Coercive power is the potential to influence others through punishment or negative sanctions.

This could be through ostracising others who are critical of the leader or group, or removal of particular conditions. Expert power refers to the ability to influence others through the application of specialist knowledge or expertise. Referent power refers to the ability to influence others through the strengths of the relationship between the leader and followers. This is particularly evident in charismatic leaders (cf Elias, 2008; Hughes et al., 1995).

Leaders who exercise socialised power do so for the good of an organisation in order to reach organisational goals. This results in the empowerment of followers and leads to constructive, positive outcomes (Hughes et al., 1995). However, leaders who prefer personalised power often serve their own needs and not those of the organisation, which can result in negative, destructive outcomes. This can be seen in examples such as the behaviour of Dennis Kozlowski of Tyco (Devlin, 2002) and executives during the decline of Marks & Spencer (Mellahi et al., 2002).

CAUSES AND OUTCOMES OF THE 'DARK SIDE OF LEADERSHIP'

Leaders may exhibit the dark side of leadership due to a range of factors and there is little empirical evidence pointing to definite causation. A leader may move from being 'constructive' to 'destructive' due to situational factors or personality traits. In some instances situational factors and personality traits combine to cause destructive behaviours (Maccoby, 2004). For example, a 'good' leader who is diligent and dutiful may become overbearing, demanding and perfectionist during times of stress.

Kellerman (2004, 2005) argues that ineffective or unethical leadership is the cause of these behaviours. Other scholars argue that the dark side of leadership is associated with personality disorders such as narcissism (Benson & Hogan, 2008; Goldman, 2006; Hogan & Hogan, 2001; Kets de Vries, 1997); failure of vision (Conger, 1990); corruption of charisma (DeCelles & Pfarrer, 2004); lack of emotional and socio-political intelligence (Hogan & Hogan, 2002 as cited in Burke, 2006; Goleman, 2000) or non-leadership (Skogstad, Einarsen, Torsheim, Aasland, & Hetland, 2007).

Regardless of the causes, the long-term outcomes for organisations are largely negative which result in workplace behaviours such as bullying, harassment, decreased productivity, conflict, theft and unethical behaviour. The popular and academic press is peppered with examples of organisations experiencing gradual organisational decline (e.g. Marks & Spencer) or catastrophic implosion (e.g. Lehman Brothers).

INEFFECTIVE OR INCOMPETENT LEADERSHIP

Kellerman (2004, 2005) and Whicker (1996) argue that leaders who are incompetent have a cautionary approach to organisational growth and fail to deliver on creating positive change. Kellerman (2004, 2005) further argues that incompetent leaders do the least damage. However, over the long term, significant damage may result from the inertia built within an organisation where it cannot respond adequately or effectively to external forces, or from ill executed strategies as in the case of Jill Barad of Mattel in late 1999 (Kellerman, 2004).

Chief Executive Officer (CEO), Jill Barad had been elevated from her background in marketing and product management to CEO. As a product specialist she revitalised Mattel's core business, which improved revenue and profits. However, as a CEO she was out of her depth and mismanaged the merger between Mattel and The Learning Company. Company profits had turned to losses along with 10% of its workforce (Kellerman, 2004). Although Kellerman (2004) attributes this example to incompetence, she pays little attention to two other important factors about Jill Barad's leadership style that her position as CEO exposed. First, her lack of emotional intelligence (particularly self control and organisational awareness) resulted in significant turnover in senior executives and second, the environment established by the passivity of Mattel's board despite reservations about her elevation to CEO (Kellerman, 2004).

LAISSEZ-FAIRE LEADERSHIP

Laissez-faire leadership, described by transformational leadership theory as passive leadership can be thought to be benign in nature as the focus of leadership success is the demonstration of transformational behaviours or styles (Antonakis, Avolio, & Sivasubramaniam, 2003). However, evidence from recent empirical studies suggests the contrary. Skogstad et al (2007) found that laissez-faire leadership behaviour was associated with role conflict, role ambiguity and conflict among co-workers which may escalate to bullying behaviour.



CHARISMA GONE WRONG

Like ineffective or incompetent leadership, charisma and its close cousin narcissism can poison organisations. Charismatic leaders attract loyal followers willing to follow their vision especially in times of crisis, significant organisational change or when followers need to look to a leader (O'Connor, Mumford, Clifton, Gessner, & Connelly, 1995). Adept at impression management, and providing a compelling vision, charismatic leaders can lead followers like the legendary piper of Hamelin. In the short term this can bring about transformational change and success within an organisation. However, over idealisation of a charismatic leader with personalised power motives can cause followers to unquestioningly follow their vision or engage in extraordinary behaviours. Automatic compliance can, in turn, strengthen the charismatic leader's power over followers, thus becoming a vicious cycle (DeCelles & Pfarrer, 2004). This can lead to the unfortunate side effect of group think (Janis, 1972 as cited in Eaton, 2001) in top management teams resulting in poor decisions or strategic mistakes. Charismatic leaders who exhibit the dark side of leadership can become blinded by their own vision and power.

Bernard Ebbers, founder and CEO of WorldCom was known for his cowboy boots and low-key dress sense. He was well regarded in his community and held high positions in his local church and was hailed as a visionary in the telecommunication industry (Padgett, 2002). Ebbers rewarded loyalty of followers through granting of bonuses and other perks, and established a culture of where decisions were largely unchallenged ("Keys to corporate success and failure," 2004). Few directors or senior executives of WorldCom would argue with him. Using his communication skills and impression management, Ebbers was able to conceal loans made to himself from WorldCom to fund his extravagant lifestyle. Ebbers personalised power motives were clear in the aftermath of WorldCom. The adulation of the popular press and influence with high-powered people, contributed to his feelings of invulnerability. This led to the inward and myopic vision at WorldCom.

NARCISSISM AND PERSONALITY DISORDERS

Goldman (2006) contends that difficulties arise in organisations due to leaders having a long-standing personality disorder (p. 393). Other scholars agree that personality flaws are pivotal in the dark side of leadership (Hogan & Hogan, 2001; Kets de Vries, 1997). Narcissism is the often-quoted personality type that derails leaders and organisations. It has four main themes: i) a sense of entitlement; ii) superiority and arrogance; iii) self admiration and self absorption and iv) authority and being the centre of attention (Emmons, 1997).

These, connected with abuse of power and lack of empathy can create a toxic culture within an organisation. As the destructive narcissist listens for their own ideas and opinions to be reinforced, critics are punished and agreement rewarded. Top management teams begin to believe in the validity of the behaviour and can lead to an organisation developing hubris as in the case of Enron.

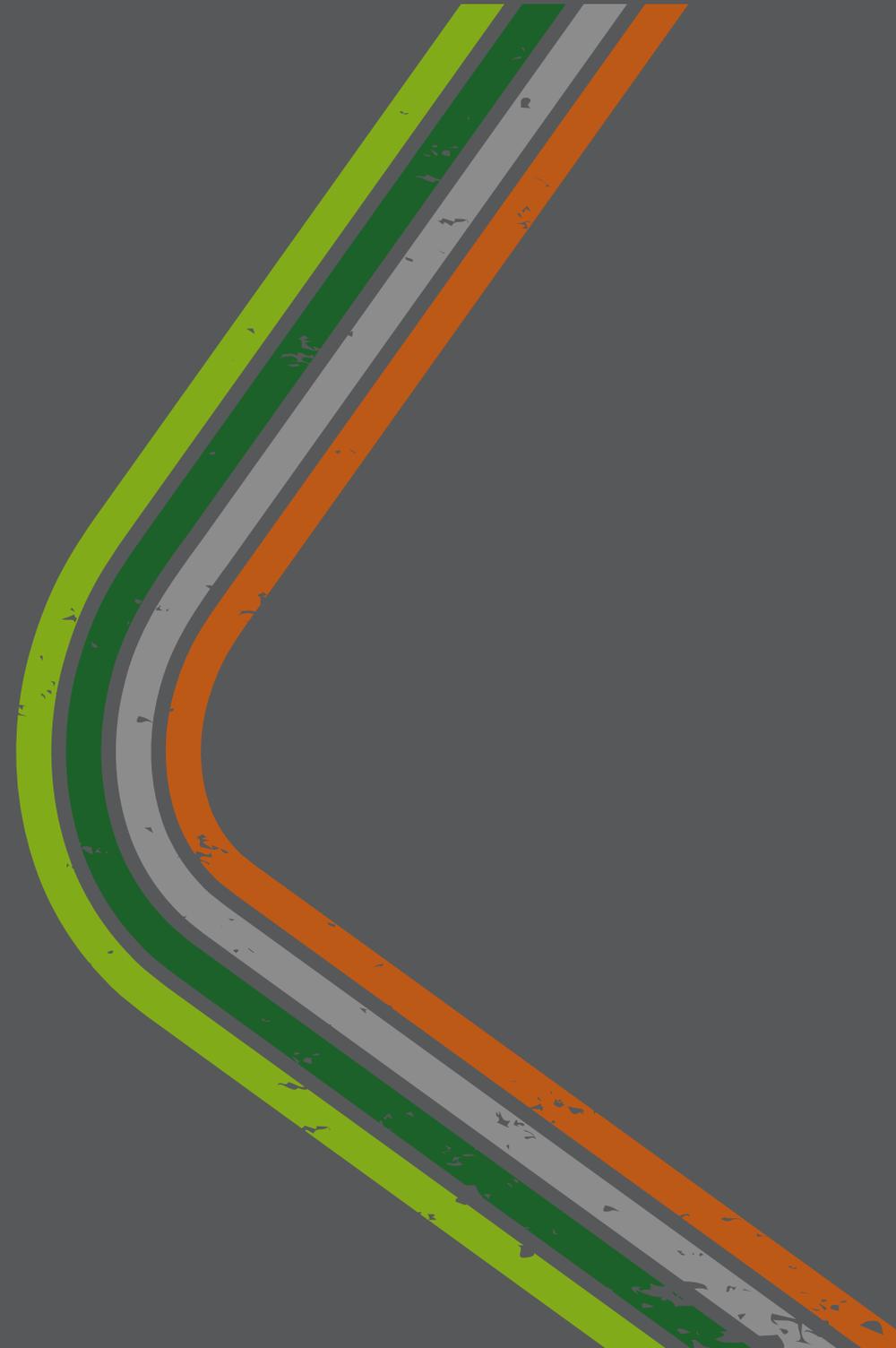
CEO, Jeffrey Skilling simultaneously transformed Enron's business and culture. Risk taking behaviour was rewarded and critics were publicly humiliated. While the rewards were great, executives were willing to turn a blind eye to possible unethical behaviour. Any public criticism of Skilling and Enron was met with derision and the organisation developed disconnect between espoused and enacted values. Essentially, the organisation became narcissistic and inward looking (Gladwell, 2002; McLean, 2001).

However, Maccoby (2004) and Kets de Vries (1997) argue that not all narcissist leaders are destructive. Instead, narcissistic leaders who have a degree of emotional intelligence and empathy, can be constructive to organisational outcomes as they use their extraordinary gifts of vision. For example, Jack Welch of GE reinvigorated the organisation to make it the leading company in many product categories (Milner, 2002).

CONCLUSION

This discussion paper has demonstrated the need for closer study of the dark side of leadership. It has shown that the current literature pertaining to the dark side of leadership lacks a cohesive definition and has thus proposed a definition that could be tested empirically. Further expansion of the definition would entail a conceptual model for consideration by the academy.

Although we may instinctively know what is the dark side of leadership is, this discussion paper has drawn out the principal reasons why leaders engage in these behaviours while considering the interplay between leader, follower, environmental factors and power. It has also demonstrated the outcomes or problems caused by leaders who exhibit this behaviour using examples from both academic and popular press. By understanding the dark side of leadership from past failures and empirical evidence, leaders can be in an advantageous position to limit the long-term negative outcomes for organisations and their stakeholders.



REFERENCES

Antonakis, J., Avolio, B., & Sivasubramaniam, N. (2003). Context and leadership: an examination of the nine-factor full-range leadership theory using the Multifactor Leadership Questionnaire. *Leadership Quarterly*, 14, 261-295.

Ashforth, B. (1994). Petty Tyranny in Organisations. *Human Relations*, 47(7), 755-778.

Benson, M., & Hogan, R. (2008). How Dark Side Leadership Personality Destroys Trust and Degrades Organisational Effectiveness. *Organisations & People*, 15(3), 10-18.

Bligh, M., Jeffrey, K., Pearce, C., Justin, J., & Stovall, J. (2007). When the romance is over: Follower perspectives of aversive leadership. *Applied Psychology: An International Review*, 56(4), 528-557.

Burke, R. (2006). Why Leaders Fail: exploring the dark side. In R. Burke & C. Cooper (Eds.), *Inspiring Leaders*. New York: Routledge.

Clawson, J. (2006). Power and leadership: leading others. In J. Clawson (Ed.), *Level three leadership: getting below the surface*. Saddle River, NJ: Pearson Prentice Hall.

Conger, J. (1990). The Dark Side of Leadership. *Organization Dynamics*, 19(2), 44-55.

DeCelles, K., & Pfarrer, M. (2004). Heroes or Villains? Corruption and the Charismatic Leader. *Journal of Leadership and Organizational Studies*, 11(1), 67.

Devlin, D. (2002). The good, the bad and the ugly. *The Star-Ledger*.

Eaton, J. (2001). Management communication: the threat of groupthink. *Corporate Communications*, 6(4), 183.

Einarsen, S., Aasland, M., & Skogstad, A. (2007). Destructive leadership behaviour: A definition and conceptual model. *The Leadership Quarterly*, 18, 207-216.

Elias, S. (2008). Fifty years of influence in the workplace. The evolution of the French and Raven power taxonomy. *Journal of Management History*, 14(3), 267-283.

Emmons, R. (1997). Narcissism: theory and measurement. *Journal of Personality & Social Psychology*, 52(1), 11-17.

Gladwell, M. (2002). The Talent Myth. *The New Yorker*.

Goldman, A. (2006). Personality disorders in leaders: Implications of the DSM IV-TR in assessing dysfunctional organizations. *Journal of Managerial Psychology*, 21(5), 392-414.

Goleman, D. (2000). *Leadership That Gets Results*. Harvard Business Review, March-April(78-90).

Hersey, P., & Blanchard, K. (1995). Situational Leadership. In T.Wren (Ed.), *The Leader's Companion. Insights on leadership through the ages*. New York: The Free Press.

Higgs, M. (2009). The Good, the bad and the ugly: Leadership and Narcissism. *Journal of Change Management*, 9(2), 165-178.

Hogan, R. (1994). Trouble at the Top: Causes and Consequences of Managerial Incompetence. *Consulting Psychology Journal*, Winter.

Hogan, R., & Hogan, J. (2001). Assessing Leadership: A view from the dark side. *International Journal of Assessment and Selection*, 9, 40-51.

Hogan, R., & Kaiser, R. (2005). What we know about leadership. *Review of General Psychology*, 9(2), 169-180.

Hughes, R., Ginnett, R., & Curphy, G. (1995). Power, Influence, and Influence Tactics. In T.Wren (Ed.), *The Leader's Companion. Insights on Leadership Through the Ages*. New York: The Free Press.

Kellerman, B. (2004). *Bad Leadership: what it is, how it happens, why it matters* Boston: Harvard Business School Press.

Kellerman, B. (2005). How bad leadership happens. *Leader to Leader*, 35(Winter).

Kets de Vries, M. (1997). *The Leadership Mystique*. In K. Grint (Ed.), *Leadership. Classical, Contemporary, and Critical Approaches*. Oxford: Oxford University Press.

Keys to corporate success and failure. (2004). *New Straits Times*.

Leung, P., & Cooper, B. (2003). The Mad Hatter's corporate tea party. *Managerial Auditing Journal*, 18(6/7), 505.

Maccoby, M. (2002). Learning the wrong lessons from Enron et al. *Research Technology Management*, 45(6), 57.

Maccoby, M. (2004). Narcissistic Leaders: The incredible pros the inevitable cons. *Harvard Business Review*, January, 92-101.

McLean, B. (2001). Why Enron went bust; Start with arrogance. Add greed, deceit, and financial chicanery. What do you get? A company that wasn't what it was cracked up to be. *Fortune*, 144.

Mellahi, K., Jackson, P., & Sparks, L. (2002). An Exploratory Study into Failure in Successful Organizations: The Case of Marks & Spencer. *British Journal of Management*, 13(15-29).

Mills, S. (2003). *Michel Foucault*. London: Routledge.

Milner, B. (2002). Welch, Kozlowski are brother in corporate greed, if little else. *The Globe and Mail*.

O'Clery, C. (2002). Corporate 'leader of conscience' may not taken own advice. *Irish Times*.

O'Connor, J., Mumford, M., Clifton, T., Gessner, T., & Connelly, M. (1995). Charismatic Leaders and Destructiveness: An Historiometric Study. *Leadership Quarterly*, 6(4), 529-555.

Padgett, T. (2002). The rise and fall of Bernie Ebbers: A bar bouncer turned telecom billionaire, he's now out of a job and \$366 million in debt. But he still has faith. *Time*, 159.

Padilla, A., Hogan, R., & Kaiser, R. (2007). The toxic triangle: Destructive leaders, susceptible followers, and conducive environments. *The Leadership Quarterly*, 18, 176-194.

Padilla, A., & Mulvey, P. (2008). Leadership Toxicity: Sources and Remedies. *Organisations & People*, 15(3), 29-39.

Quigley, D. (2009). The mythology of corporate success remains an enduring sham. *The Herald*.

Raven, B. (1993). Bases of power: Origins and recent developments. *Journal of Social Issues*, 49(4).

Schilling, J. (2009). From ineffectiveness to destruction: A qualitative Study on the Meaning of Negative Leadership. *Leadership*, 5, 102-128.

Skogstad, A., Einarsen, S., Torsheim, T., Aasland, M., & Hetland, H. (2007). The Destructiveness of Laissez-Faire Leadership Behaviour. *Journal of Occupational Health Psychology*, 12(1), 80-92.

Spector, B. (2003). HRM at Enron: The Unindicted Co-conspirator. *Organizational Dynamics*, 32(2), 207-220.

Tepper, B. (2000). Consequences of abusive supervision. *Academy of Management Journal*, 43(2), 178-190.

Whicker, M. (1996). *Toxic Leaders. When Organizations Go Bad*. Westport: CT: Quorum Books.

Yukl, G. (2001). *Leadership in Organizations* (5th ed.). NJ: Prentice Hall.