A Shift of Intention: From Inefficiency to Toxicity in the Working Environment

CAROL JARVIS

The introduction of an American presidential style CEO into a patriarchal European organisation shifted this company from comfortable progress towards anxiety, uncertainty and instability. This article explores how psychodynamics helped interpret what was happening under the surface and looks at a role of a 'toxic handler'.

KEYWORDS: Leadership, toxic, psychodynamics, anxiety.

Introduction

> Humans have a knack for getting trapped in webs of their own creation … Organisations and their members become trapped by constructions of reality that, at best, give an imperfect grasp on the world.
>
> Morgan 2006: 207

Morgan (2006) uses the metaphor of the 'psychic prison' to describe how the emotions, and particularly anxiety, that accompany working in groups and organisations can act as self-limiters, as we develop mechanisms to defend ourselves against them.

In this article, based on a case study, I trace the impact on the European arm of a global travel services business, head-quartered in the USA, of the move from a mild, home grown management team to the appointment of a much younger, aggressive, presidential CEO in the wake of a leveraged buy-out. This change of personnel at the senior level brought with it a significant shift in intention on the part of the senior management team; from a patriarchy with tens of years of history with the organisation and satisfaction with remote reporting of steady growth, to the introduction of a share price-focused turn-around specialist from a manufacturing background, looking at a five year tenure and associated reward.

I suggest that this change and, in particular, the very different leadership style of the new CEO moved an organisation from a position of inefficiency that nonetheless produced steady growth and a stable working environment, to a toxic working environment characterised by anxiety, uncertainty and instability. I explore how psychodynamics can help to interpret what is happening and go on to look critically at a number of consultancy interventions. I conclude by noting how a small number of individuals succeeded in using the uncertainty created to promote change and innovation.

Case Study Background

After postponing his visit a number of times, the new CEO appointed to deliver the Initial Public Offering (IPO) made his first visit to the European Division of this American multinational in the travel industry. The European senior management team had watched his webcasts and been in contact through intermediaries and email broadcasts, but this had only served to increase tension, for whilst his rhetoric suggested Europe was an important part of the organisation's growth plans, the detail of his talk had been all about what was happening elsewhere.

Greg, the new CEO, and the former colleagues he had begun to appoint to the senior management team, were from a very different mould than the managers (all men) they replaced. The previous US-based senior management team (SMT) comprised older men who had worked their way up through the organisation. Having worked hard to reach the top, they tended to believe they had 'earned the right' to enjoy the fruits of their labours. Their management style was characterised by targets and reports and, as long as the organisation continued to achieve steady growth, they were content to leave their divisional management teams around the world to manage and report the detail. An observer described it as being about 'shining your shoes and getting your story straight'. Although the SMT's offices in the American headquarters were, quite literally, soundproofed from the rest of the building their long association with the organisation brought with it an assumption that those on the top team would act in its best interests and those of its employees.

A Shift of Intention: The New CEO

By contrast, Greg and his new appointees all had manufacturing backgrounds and a more rigorous and 'hard-nosed' approach to managing. They gave priority to managing the expectations of financial analysts. The leveraged buy-out had left the company with a huge debt that had to be serviced and a group of shareholders whose main interest was, quite naturally, in reaping the dividends from their investment. The new senior management team brought with them an emphasis on new methods based largely on manufacturing management and tomorrow's targeted outcomes were often talked of as though they were already in place today.

Greg also took a higher profile than the previous senior managers. He gave quarterly webcasts, and his communications were everywhere. He came over as younger and virile with perfect appearance. On numbers and business levers he talked a good talk but was rather more evasive when it came to people issues. This was summed up in his edict 'no stories—just facts, data, analysis'. He talked of 'the workers' and of '*eliminating* posts'. He could be emotional himself—for example he was described as 'throwing a hissy fit' when things did not go his way—but he did not embrace emotion from other members of the business. As one consultant who

tried to make sense of his curious mixture of passion and dispassion commented:

> In a manufacturing environment, the widget produced can't reveal anything of the tears that have gone into making it… Widgets are not bleeding in front of you, and their pain is not visible to customers—that's not the same when you treat staff like that, it shows through to customers.

As well as introducing colleagues from former employment into the corporate senior management team in the US, Greg appointed external consultants who he felt he could work with and trust. Both groups adopted the approach of telling the CEO what he wanted to hear—for example adopting organisational structures and performance improvement strategies based on manufacturing 'best practice', rather than something from the service industry which may have been more appropriate to this organisation's needs. And the few challengers in the existing organisation were simply ignored or moved aside.

The consultants' structural recommendations were implemented to varying effect since few funds and little attention were made available for their implementation. Then, when the promised financial and other benefits were not realised, there followed a series of escalating threats, with each party trying to blame and scapegoat the other. New consulting firms were brought in, each adopting a different approach and each adding to the 'blame-the-predecessor' culture. In the end, five different firms were used in less than two years with no real attempt made to integrate and learn from the work they had produced.

All this added to confusion and uncertainty, increasing the levels of anxiety still further. And since these various external consultants were so closely associated with the CEO, the European leadership team were simultaneously concerned that the consultants' poor performance would be attributed to inadequacies in their own leadership and management than by the poor judgement being exercised by their new boss.

The Influence of Anxiety and Emotion

Above we see two very different styles of leadership—laissez-faire from the former CEO, and autocratic from Greg. On the surface the European management team responded to them in very similar ways; they talked things up and put a gloss on their performance. But below the surface, the reasons they did not 'tell it as it is' were quite different. Pre-IPO they were doing what they think was being asked of them—shining their shoes and telling a good story. Post-IPO their motivation was fear—it is just too dangerous to present information that Greg does not want to hear; there is no discourse, no consultation; and they 'live in fear of being brutalised'.

Neither of these responses is particularly healthy. In the first case the organisation was in a position of inefficiency. In the second, a toxic working environment characterised by anxiety, uncertainty and instability had been created. Psychodynamic thinking can be helpful to explore some of the implications of the high levels of anxiety and uncertainty found in the organisation post-IPO.

In brief, psychodynamics argues that anxiety is ever-present and that how effectively we are able to maintain our focus on the task in hand, will depend on the levels of anxiety present and how we respond to them. Furthermore, all members of an organisation bring their 'history' into a group and these combine to create that group's unique psychodynamic patterning and ways of functioning.

Bion (1961), a leading psychodynamic thinker, claims that all groups have a double task—the task above the surface that they formally exist to do and the task below the surface

that involves dealing with emotion in the group. In his view, when levels of emotion—and particularly anxiety—become too high, the group will go 'off-task' and 'forget' what it is there to do. He describes a group behaving in this way as a 'basic assumption group'. Bion (1961) suggests three forms of basic assumption behaviour based on different 'fantasies': fight/flight (the adrenaline response to danger, to confront it or flee); dependency (the heroic leader is seen as almost superhuman and on whom the group's hope rest); and pairing (a focus on a hopeful fantasy of the future, avoiding the difficult issues of today). Superficially, a group in 'basic assumption' mode may appear to be fully engaged in its formal task, however, much of its energy is actually directed at playing out its fantasy as noted above.

Interestingly, groups may oscillate between staying 'on-task' (an effective work group) and drifting 'off-task' (a group in 'basic assumption' mode). Going 'off-task' may be as simple as postponing discussing a difficult agenda item by devoting the time to social chat (flight), or it may reach a stage where the group is no longer capable of getting itself back 'on-task' and delivering against its objectives. In this case study, many members of the European senior management appear to spend a considerable proportion of their time working 'off-task'.

A Psychodynamic Interpretation of Events

In response to the levels of uncontained anxiety experienced by many of the senior managers in Europe, and drawing on the ideas outlined above, we can see a cycle of failure and mistrust developing, as shown in Figure 1.

A good example of how this cycle of mistrust developed and was reinforced is Greg's insistence that he wanted 'no stories—just facts, data, analysis.'

In the climate of fear and uncertainty that prevailed, this was taken literally. The senior managers gave Greg exactly what they thought

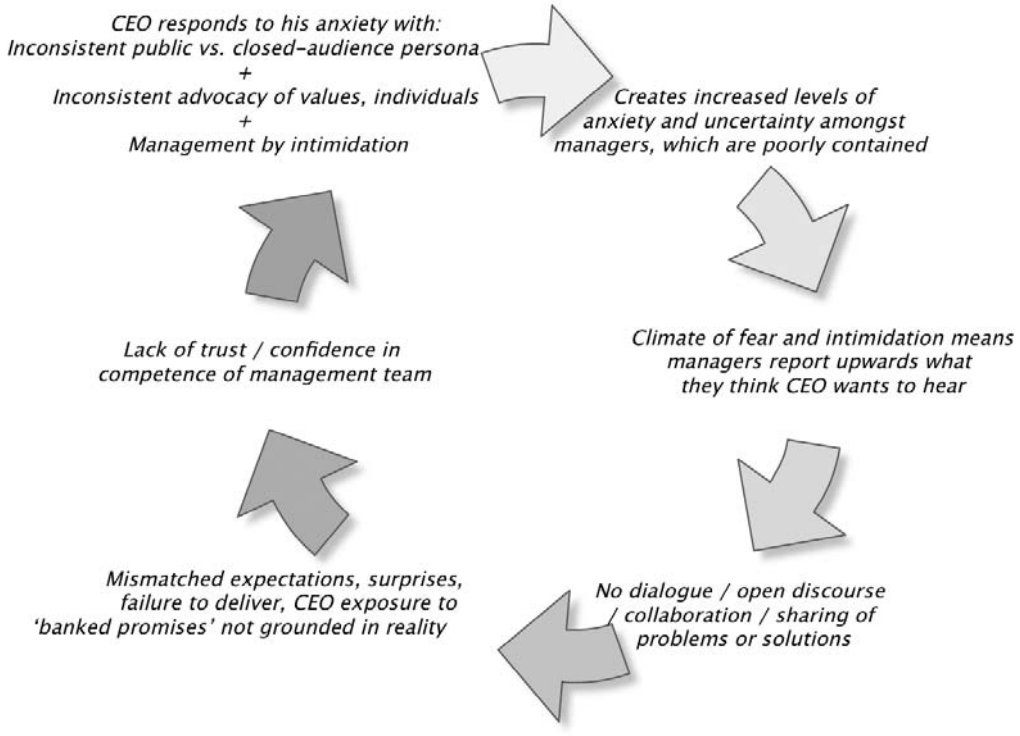

Figure 1: A Cycle of Mistrust

he wanted; lots of sets of numbers with little or no commentary to support them. Without any real dialogue or discussion, the numbers looked incoherent, with no obvious theme or indication of how they had been arrived at, and there was no way to correct this misunderstanding of what Greg had actually been asking for. Greg lost trust in the capability of the senior managers in Europe—he felt only the incompetent could provide so little support for their arguments and so consulted them even less. The less the Europeans saw of him, the less predictable they perceived his behaviour to be, the more intimidating he seemed and the more likely they became to tell him what they thought he wanted to hear. Thus a seemingly simple request designed to discourage 'talking-up' actually served to increase it.

Their aim became to prepare broad strategic plans that presented performance with a positive spin, whilst covering up weaker areas and any bad news. But since the new CEO proclaimed expertise in almost every functional domain ("I wrote the book about sales, there's no greater salesman than me"; "There's nothing I don't know about competency models, like most aspects of HR & people management"), and exerted a tighter control over the setting of performance targets and planning, there was a growing perception that there was 'nowhere to hide'. This provoked even more anxiety; at the same time that the senior managers in Europe felt increasing concern about their ability to deliver the results Greg expected, and had promised to financial analysts. The European management team's well-established strategy of 'putting a gloss on things' seemed likely to be less and less successful. As a group they began to move further off-task. Although on the surface, they appeared to be working hard to deliver the results, below the surface much of their energy was spent on developing new concealment and blame avoidance strategies.

Gabriel (1999: 145) describes this as a 'narcissistic process' where:

> We commit an inordinate amount of time to sustaining the leader's image of how the organisation should be working, as opposed to actually working.

The interpretation here is that the followers (the European management team) were protecting the leader (Greg) by not exposing him to the reality that his dream would not be fulfilled. By concealing problems in this way, the followers were putting the organisation, rather than simply the leader, at increased risk of defeat and were contributing to significant organisational dysfunction.

Through his narcissism and unwillingness to countenance failure, Greg introduced more anxiety into the system and did not provide 'good enough' containment of the anxiety generated. This anxiety was then 'passed around' (French, 2001). He could indeed be described as a toxic leader (Lipman-Blumen, 2005:29) whose "*destructive behaviours* and *dysfunctional personal qualities* generated a serious and enduring poisonous effect" on his followers.

Behind the somewhat bullying façade, there is some suggestion that Greg felt insecure and anxious. For example, his desire to surround himself with trusted colleagues and advisors, who only told him what he wanted to hear; or his unwillingness to engage with the differences of a service business environment but to keep looking to manufacturing, where he had acknowledged expertise. He turned a blind eye to information he did not want to hear, 'threw a hissy fit', and then moved on to the next fantasy—telling the analysts what he thought they wanted to hear and thus mirroring the relationship that had developed with the European leadership team. And whilst the men he replaced felt secure in the knowledge that they had 'earned the right' to their position, Greg knew that in the competitive world of the IPO

specialist, he would be judged only on the success of his last job. He therefore needed to 'cover his back' and ensure there was always someone else to scapegoat or blame when and if he failed to deliver the fantasy.

The Role of the Toxic Handler

As levels of anxiety in the organisation increased, so it became even more important to find containment for this anxiety if the group was to stay 'on-task'. One way of providing this 'anxiety containing' function, is through the emergence of toxic handlers, someone Frost and Robinson (1999: 98) describe as:

> a manager who voluntarily handles the sadness, frustration, bitterness, and anger that are endemic to organisational life.

The toxic handler is typically in a relatively senior position internally or is an external consultant. The role is an informal one—on top of the manager's/consultant's normal workload—and involves 'absorbing the heat' and finding ways of imparting difficult information. It is a draining role and toxic handlers often put themselves at increased risk of stress and burnout. In the case study, one European Vice President, Simon, took on the role of toxic handler, despite the risk to his future in the organisation. Although Simon risked much by putting his head above the parapet in this way, he was working from a position of some strength, due to his high level of performance and historical standing in the organisation.

Simon's approach was two pronged. On the one hand he established himself as an intermediary who could soak-up a great deal of the toxicity from the leadership team and on the other he sought to equip his European board colleagues with 'behind-the-scenes' support from consultants specialising in individual and leadership team development. The appointment of consultants, this time selected by Simon, rather than the CEO, to help individual senior managers deal with the impact of the new management regime—including, ironically, other consultants—proved to be a valuable lifeline for the European leadership, and helped to restore some self-belief in this beleaguered team.

These consultants provided support, protection and advocacy; they offered consistency and some sense of continuity across the fads and initiatives introduced by the new regime; and, perhaps most importantly, they worked with key members of the European team to strengthen their belief in their own abilities and contribution. They were able to contain and hold the anxiety that was being generated, a capability missing in Greg's leadership.

Simon, meanwhile, positioned himself as a toxic handler by assuming the role of European 'Lead' in the transformation process, in an attempt to ameliorate as much dysfunction as he could before being pushed out. In taking on this role, Simon and the consultants he employed enabled the European leadership team to find some forward momentum and to keep focused on the task of building the business. To this extent it was an important and successful strategy. However, the consultants' tenure, paid for as it was from funds that Simon had managed to keep control of and heavily dependent on his continued presence, was always shaky and they were limited in the actions they could take, without attracting too much attention from senior management in the US. Additionally, by acting as toxic handlers, Simon and the consultants he employed protected the European management, making movement possible but not really tackling the root cause of their problems; the underlying dysfunctional patterns of relationship between Greg and the European management team remained undisturbed. Greg continued to turn a blind eye to information he did not want to acknowledge and most mem-

bers of the European leadership team, whilst taking up their roles with a little more authority, still played along by presenting only the information they thought Greg wanted to hear.

Anxiety can Play a Positive Role

It was something of a revelation for the European Executives to be confronted by Simon and the consultants he appointed with the realisation that there was a high risk that they would largely be seen as a product of yesterday and not fit for tomorrow. Some resisted such a possibility—'not in my job description', 'speak with my lawyer', 'we're already doing that', etc.. Others adopted 'every-man-for-himself' approaches. Side deals were created to create new, albeit artificial, senior posts in order to 'keep loyal people'. Several however, were able to contain their anxieties and distaste about the new management regime and at the same time recognise weaknesses in the leadership of the division under their own tenure and thus get on with the real work of the organisation.

For example, several managers with outside experience saw the introduction of the new regime as an opportunity to move the organisation forward where before there was no mechanism to advance. They seemed to believe that for all the distasteful aspects of the CEO's leadership, the impatience and sense of urgency driven by his need for quick, bankable results provided an opportunity to remove existing barriers to advancement of their own projects and agendas. Like him or not they could now use the CEO's mantras to remove obstacles and forward their careers by adopting—or at least pretending to subscribe to—the new ways of working.

For these individuals, there had been 'good enough' containment of anxiety, and as a result learning had been promoted, rather than discouraged (Vince, 1998). But why are some individuals able to contain their anxiety, when many are not? The former can be seen to have some common characteristics. In particular, they were not members of the inner circle that had direct contact with Greg, so the impact of his bullying was mediated through the European management team; they were often newcomers who had limited exposure to the organisation's history; and they did have prior management experience, which had generally been positive. Perhaps most importantly of all, they perceived that they had other options; they could 'get out' if they really considered they needed to do so.

The perception of other options, combined with a sense of self-worth and recognition of their own expertise is a significant enabler, allowing these individuals to take the kind of risks others might find terrifying. They were able to use the anxiety—their own and the anxiety present in the system—that accompanies uncertainty to create a developmental space where uncertainty encouraged, rather than blocked, change and innovation. In doing so, they nullified the toxic qualities of the leader, to both their own and the organisation's benefit.

Conclusion

This article has indicated how a psychodynamic approach, with its emphasis on what is happening below the surface, can cast a different light on our understanding of organisational situations. In the case study organisation, the European management team responded to a change in the senior management team in the US by seemingly changing little; they continued to try to present information in the best possible light, omitting the details Greg and his colleagues in the US might find unpalatable. However, Greg's more narcissistic leadership, his emphasis on impressing the financial analysts rather than the staff, his apparently unpredictable behaviour, and the demanding growth targets he set with little or no

consultation, increased their perceptions of risk and uncertainty, and with it the levels of anxiety in the system. In response to this increased anxiety, the European management team spent more and more of its time working 'off-task', protecting Greg's dream—and, as they saw it, their own jobs—and less time on the real work of securing the organisation's future.

At this point, the introduction of a toxic handler (Simon) and a team of consultants to provide support, protection and a sense of consistency, created a 'good enough' container for their anxiety and allowed a small group of managers to find the psychological space to move forward and refocus their energy on their formal task. I suggest that by paying more attention to psychodynamics, and thus what is going on below the surface, organisations can gain fresh insights into their self-limiting defence mechanisms that may help them to overcome some of their barriers to change and development so often experienced.

Note: This article has been prepared in collaboration with a consultant to the case study organisation. In view of the sensitive nature of some of this material, he wishes to remain anonymous to protect client confidentiality. I would nonetheless like to acknowledge the significant contribution he has made to this article.

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BIOGRAPHICAL NOTE

Carol Jarvis is a lecturer in Organisation Studies at Bristol Business School, University of the West of England, Bristol. Before joining the University full-time in 2006, she spent 20 years as an independent management consultant, specialising in organisational and marketing research; organisational effectiveness and change; and internal communications.