Management by Fear

Bosses who rule by instilling fear in their employees. Management systems that only strengthen the anxiety and feelings of arbitrariness with employees. The consequences are awful, and the cost is high – both for the employee and the company. *Donald Kalff* explains.

WHEN SIR ALEX FERGUSON STEPPED down as manager of Manchester United, several players mentioned his so-called *hairdryer treatment.* If Sir Alex wanted to express his dissatisfaction with a player's behaviour or performance, he brought his face close to the face of his victim. He then started shouting, face reddening and at full blast, about the faults as he saw them.

It's a remarkable fact that such behaviour was tolerated. Not a single player referred to the humiliation they must have felt, no one remarked that it must have been a very effective means of intimidating teammates watching, and no one pointed out the disadvantages of the rigid discipline that resulted.

Outside of the rough world of football, the situation is no different. There are plenty of CEOs or managers who misbehave. Their patron saint is Apple's acclaimed top executive Steve Jobs. He did not settle for just correcting his managers but was out to undermine their position and their self-respect.

If such directors alternate their anger with charm, sometimes spontaneously, often calculatedly, then the influence on the feelings and behaviour of subordinates is even greater. It means everyone must be permanently on his toes.

This is the profile of the *endearing bully*. These men and women appear (and sometimes are) accessible and empathetic. In the meantime, their subordinates polish form and content when they have to deliver an unpleasant message, worry about whether it's the right moment, and try to estimate how much credit they have in the 'corporate bank,' even though they know only too well that they won't escape their fate at the end of the day.

IT'S ALL ABOUT DRIVING AND exploiting fear as a management method. A seemingly efficient approach, one rarely called into question by the victims, because there is a taboo on admitting to be scared. The phenomenon of *systems justification* plays a part in this dynamic. The unreasonable outbursts must be swallowed by the victims, because the reality of the stronghold is too painful to face. And there seems to be no escape.

Where individual managers or CEOs, endowed with a personality disorder or not, are insufficiently rebutted, work relations become even more grim. In those situations, this management method becomes broadly institutionalised. Within large companies and institutions, structures, procedures, and instruments are put in place that make use of deep-rooted human fears. Whether this happens consciously or unconsciously is not important.

The fact that imminent loss of income and job security causes fear is well documented. It is also well known that working environments characterised by arbitrariness and powerlessness are detrimental to employees' health.

However, within a large number of companies, two other rich and deep sources of fear are tapped into. Firstly, the fear that one's own individual contribution to the greater whole is not seen or recognised, which is hard to bear in a world where one's is such an important source of self-esteem. In developmental psychology this is recognised as the need for autonomy.

Secondly, there is the fear of social exclusion. Behaviour in the workplace is largely determined by the group. People's expectations of each other are finely tuned, so any loss of context brings about feelings of insecurity and threat. In developmental psychology, this is recognised as the need for symbiosis.

People sometimes 'stack' their fears. The threat of loss of income, loss of face, feelings of uselessness, the forced exit of respected colleagues -- in combination, all this can translate into psychosocial problems. This has become the main cause of sickness, absenteeism and incapacity for work.

THERE ARE PLENTY OF examples. Holding employees accountable for the realisation of a limited number of quantitative targets considerably reduces their autonomy. Johnson and Johnson famously added to this their '*three strikes and you're out*' dictum: if an employee did not achieve his targets for a third time, he was fired.

These days, it's *two strikes and you're out.* In this process, circumstances are deemed irrelevant, which makes dismissal arbitrary and stirs up feelings of powerlessness. Employees are required to achieve set goals, regardless of any moves on the part of customers and competitors, using – of course – as few resources as possible. This is at best naive optimism and at worst sheer manipulation.

Increasing the performance of employees by forcing them to compete with each other condemns them to perpetual feelings of caution and mistrust. Shell's setting up an internal labour market is an example of this. All vacancies are posted on the intranet and everyone is free to apply, within certain operational limits.

Whereas in the past a powerful central Human Resources department recommended appointments, in the interest of both the company and the individual managers, everyone is now out for themselves.

In the old system, it was possible to do justice to unique combinations of experience, talent, and the ambitions of individual employees; now, it is necessary to fall back on standard qualifications for standardised positions. Since many people match these qualifications, the incumbent management can and may take personal preferences into account. Arbitrariness and the fear of exclusion prevail.

A third example. The decision to reduce costs – the easiest way to improve a company's performance in the short term – instantly puts all company relationships under permanent pressure. After all, reducing costs usually means restructuring and restructuring is usually just another word for firing people.

Unfortunately, the consultancy industry offers a range of instruments to justify getting rid of unwanted employees. The so-called 360-degree assessments, assessments by superiors, colleagues, and subordinates, will always yield some negative views. The *added value* analysis, in which employees have to put their personal contribution to the company down on paper, is also notorious. The fact that these employees are not responsible for their job description, and that their output (and the quality of it) is highly dependent on the work of others, is conveniently overlooked.

On top of all this, fear acts as a turbocharger on company politics. It's easier and usually more advantageous for managers to transfer risks and costs to other departments than to increase the performances of their own department. Fear of undermining one's position makes people draw up lines of defence or strike preventive attacks. All this can be temporarily forestalled by a flight to the false security of frequent and detailed monitoring. But here, the vicious circle closes in. Fear will feed the wish for more sophisticated fear-producing instruments and procedures.

THE MICRO-ECONOMIC CONSEQUENCES of fear, in terms of employees' diminishing sense of well-being, intrinsic motivation, commitment, creativity, cooperation, and entrepreneurship, can only be underestimated. The problem is that economic value gone uncreated is not recorded anywhere. The company suffers.

Donald Kalff *is an entrepreneur and strategic thinker. This publication was produced courtesy of the students of the* Leidse Veerstichting*. On September 19 and 20, 2003, they organised the symposium 'In staat van angst' (In a state of fear) in the Pieterskerk in Leiden.*