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## The Dissolution of Effective Leadership: A Multiple-Case Study Analysis of Destructive Leadership

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# THE DISSOLUTION OF EFFECTIVE LEADERSHIP: A MULTIPLE-CASE STUDY ANALYSIS OF DESTRUCTIVE LEADERSHIP

by

Joshua Brandon Leonard

A Thesis

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The Distinction of: CHANCELLOR'S HONORS

Chancellor's Honors Program  
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### Abstract

This paper seeks to define the antecedents and destructive tendencies that inevitably impel an effective leader to organizational dissolution. A definition for destructive leadership is proposed and the concept is further illustrated using three separate models: a model of *constructive and destructive leadership behavior* (Einarsen, Aasland, & Skogstad, 2007), the *toxic triangle* (Padilla, Hogan, & Kaiser, 2007), and the *susceptible circle* (Thoroughgood, Padilla, Hunter, & Tate, 2012). The concepts are then discussed in conjunction with character profiling and case analysis to provide examples of and clarify specific dynamics such as follower susceptibility and conducive environments that contribute to destructive leadership. Enron was selected to demonstrate a business organization, Nazi Germany was identified to discuss political organizations, and the People's Temple was chosen to examine religious cults.

*Keywords:* destructive leadership; organizational dissolution; follower susceptibility; conducive environments

### The Dissolution of Effective Leadership

When used effectively, leadership has the power to achieve that which a single individual could never imagine to accomplish on his or her own (Cleavenger & Munyon, 2013). It goes without saying that an effective leader has the potential to significantly influence the course of an organization. Influence, however, is not always positive, and effective leadership is not always inherently beneficial. Throughout the course of history, many instances have occurred where otherwise effective leaders exploit both their power and their followers, ultimately resulting in the dissolution of their organization. Such extreme cases, although arguably rare, provide incredibly effective implications that elucidate what organizations can do generally to become more effective by mitigating destructive leadership (defined on p. 7).

Lucius Annaeus Seneca, a Roman philosopher, once stated that “He who has great power should use it lightly” (Blacketor, 2009, p. 245). Essentially, the most effective leader is one who uses his power to benefit his or her followers. Many factors, however, may cause even the most effective leaders to derail from their intended path. The simplest explanation thus far is that leadership can go wrong because of certain characteristics of leaders or because leaders are corrupt (Wesche, May, Peus, & Frey, 2010). However, this explanation neglects to specify that leaders are influenced by many external forces, all of which may contribute to the dissolution of their organization. Millar, Delves, and Harris (2010) remind us that any specific social or organizational situation may produce a desire potent enough to overwhelm the inherent characteristics of a leader. Thus, the strength of a situation can exert a powerful influence that modifies how a leader uses his or her power.

Knowing that leaders are not solely responsible for the actions of their entire organization, one must examine further the nature of the destructive leader’s relationship with

their followers. Reverend Theodore Hesburgh described the methodology of effective leadership well in saying, “The very essence of leadership is that you have to have a vision. It’s got to be a vision you articulate clearly and forcefully on every occasion. You can’t blow an uncertain trumpet” (Okoth-Okombo, 2011, p.67). Simply, an effective leader must not only be consistent in action but also confident in his or her direction. A powerful vision generates trust with one’s followers, whom in turn exhibit cues designed to influence their leader recursively. In the same vein, Davar (2004) explains that the ethical considerations of leaders can guide them directly to unethical decisions. Schyns and Hansbrough (2010) suggest that leaders have a tendency to believe that acting in the best interest of others directly provides moral justification for unethical behavior. Therefore, destructive leaders may, through reinforcement or other means, continue to drive the organization further into dissolution with the unknowing help of their followers.

"Just because something isn't a lie does not mean that it isn't deceptive. A liar knows that he is a liar, but one who speaks mere portions of truth in order to deceive is a craftsman of destruction"— Criss Jami (Cherian, p. 74). The combined destructive idealization and narcissism shared by means of projective processes between the group and leader can ultimately lead them to nihilism. An example cited by Davar is Nazi Germany in that it became much like a “collective paranoid psychosis with a whole nation following their leader to death and self-destruction” (2004, p. 450). As the psychosis progressed, the agenda underlying Hitler’s vision of a united, nationalistic Germany became “one of self-destruction, though Hitler or the German nation would not necessarily have known it” (Davar, 2004, p. 451).

Through qualitative case analysis, character profiling, and psychosomatic study, this thesis seeks to define the antecedents and destructive tendencies that inevitably impel an effective leader to organizational dissolution. Enron, Nazi Germany, and the People’s Temple

were selected to provide generalizable information regarding the phenomenon of destructive leadership for several reasons. First, a large variety of literature and data sources (e.g., documentation, diaries, and direct observations) exist, enhancing data credibility (Yin, 2014). Second, each organization was led to cessation by a destructive leader with susceptible followers who acted in a conducive environment. Finally, the cases span business, political, and religious contexts to allow for multiple facets of the phenomenon to be revealed, understood, and compared so that future cases of destructive leadership may be mitigated (Yin, 2014).

### **Deconstructing Effective Leadership**

Traditionally, researchers have focused on understanding the personality traits and character qualities that form an effective, constructive or successful leader (Kelloway, Mullen, & Francis, 2006). This has led to popular concepts such as transformational leadership (e.g., Bass, 1985), ethical leadership (e.g., Brown, Trevino, & Harrison, 2005) and authentic leadership (e.g., Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008) that emphasize positive leadership behavior and its effects. The resulting effects that a destructive leader can have on an organization, however, are just as important. What causes a nation to become subsumed under the fascist leadership of Hitler? Why would 909 people submit to suicide by cyanide poisoning as part of a religious gathering lead by Jim Jones? Only just recently have scholars begun research in the relatively new field of *destructive leadership*, a field introduced in the late 1980s (Conger, 1990; Kellerman, 2004; Luthans, Peterson, & Ibrayeva, 1998). By better understanding the antecedents of destructive leadership, disasters such as these and the financial collapses of Enron and WorldCom could possibly have been avoided.

### **Defining Destructive Leadership**

Numerous concepts have been proposed that fall within the domain of destructive leadership, yet scholars have not come to a consensus that explicitly defines it. Several other conceptualizations have emerged nearly at the same time. Abusive supervision may be defined as “subordinates’ perceptions of the extent to which their supervisors engage in the sustained display of hostile verbal and non-verbal behaviors, excluding physical contact” (Tepper, 2000, p.178). Lipman-Blumen (2005) describe “toxic leaders” in their toxic leadership concept as “leaders who act without integrity by dissembling and engaging in various other dishonorable behaviors” (p.18) including behaviors such as “corruption, hypocrisy, sabotage and manipulation, as well as other assorted unethical, illegal, and criminal acts” (p. 18). Ashforth (1994) describes petty tyrants in his model of petty tyranny as “someone who uses their power and authority oppressively, capriciously, and perhaps vindictively” (p. 126).

Einarsen, Aasland, and Skogstad (2007) argue that a definition for destructive leadership must ultimately be an all-inclusive concept in that it accounts for destructive behavior aimed at both subordinates and at the organization. They argue that destructive leadership can be both active and manifest, and also passive and indirect. Intention is not included as they focus on systematic and repeated behavior and assert that what makes leadership destructive has “less to do with the leaders’ intentions than with the outcomes of the leaders’ behavior” (Einarsen et al., 2007, p. 209). Therefore, mistakes due to carelessness or incompetence are just as manifest an element of destructive leadership as ignorance.

The following definition of destructive leadership as related to leader behaviors is adopted and utilized for discussion throughout the remainder of the paper:

*The systematic and repeated behavior by a leader, supervisor or manager that violates the legitimate interest of the organization by undermining and/or sabotaging the organization's goals, tasks, resources, and effectiveness and/or the motivation, well-being or job satisfaction of subordinates.*

(Einarsen, Aasland, & Skogstad, 2007, p. 208)

### **Models of Destructive Leadership**

To better illustrate the concept and impact of destructive leadership, three essential models will be presented: a model of *constructive and destructive leadership behavior* (Einarsen et al., 2007), the *toxic triangle* (Padilla, Hogan, & Kaiser, 2007), and the *susceptible circle* (Thoroughgood, Padilla, Hunter, & Tate, 2012). A grasp of these models will allow the reader to further understand how destructive leaders are able to gain and assert power over subordinates and to consider how such power might be challenged (Zehndorfer, 2013). The concepts will then be discussed in conjunction with character profiling and case analysis to provide examples of and clarify specific dynamics such as follower susceptibility and conducive environments that contribute to destructive leadership (cf., Munyon, Summers, Buckley, Ranft, & Ferris, 2010).

### **Constructive and Destructive Leadership Behavior**

Einarsen and colleagues (2007) propose the idea that, since destructive leadership is defined as behavior directed towards subordinates and behaviors directed towards the goals, tasks, and effectiveness of the organization, leaders have the ability to act destructively on one dimension while behaving constructively on the other. Therefore, destructive leadership may simultaneously produce both good and bad results. As Thoroughgood and colleagues (2012, p. 899) note: "Some of the worst political and business leaders, such as Hitler, Mao, Mussolini, Bernie Ebbers, and Dennis Kozlowski, created some positive outcomes for their constituents. At



the same time, some of the most highly effective leaders, such as Steve Jobs, Bobby Knight and Lyndon Johnson, were recognized for being highly demanding, aggressive, even egomaniacal, perfectionists.”

Figure 1 illustrates different types of leadership based on two basic dimensions: subordinate- and organization-oriented behaviors (Einarsen et al., 2007). Anti-subordinate behaviors directly violate the legitimate interest of the organization and negatively affect the motivation, well-being, or job satisfaction of subordinates through behaviors such as bullying and harassment. Pro-subordinate behaviors, however, advance the motivation, well-being, and job satisfaction of subordinates through supportive actions such as active listening, giving appreciation and respect, praising when due, and generally fostering social relations among subordinates.

Anti-organization behaviors violate the legitimate interest of the organization and involve harmful actions such as stealing (whether it be material, time or money), working towards goals that undermine the organization, or being involved in any form of corruption. Pro-organizational behaviors include supporting and fulfilling the organization’s goals, adhering to clear objectives, supporting strategic decisions, and implementing organizational change (Einarsen et al., 2007).

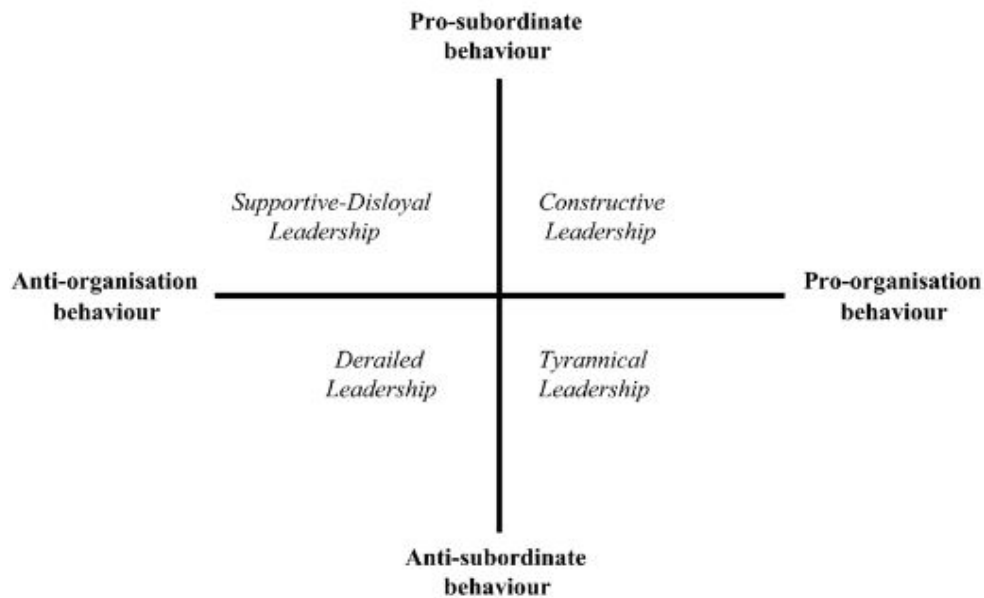


Figure 1. A model of destructive and constructive leadership behavior.

Source: Einarsen et al. (2007, p.211)

**Tyrannical Leadership** Tyrannical leaders focus on the goals, tasks and strategies of the organization, but they typically do so at the expense of subordinates (Ashforth, 1994; Einarsen et al., 2007; Tepper, 2000). They may publicly shame employees at lower performance levels in attempts to increase work effort. Since they take little interest in their subordinates, tyrannical leaders usually resort to humiliation and manipulation to coerce others into doing their bidding. Although this culture of intimidation and bullying behavior may initially have a positive organizational outcome due to increased work productivity, it is not maintainable (Zapf & Gross, 2001). It is important to note that subordinates may view the leader as a bully, whereas superiors may view him or her favorably (Einarsen et al., 2007).

**Derailed Leadership** Derailed leadership behavior negatively affects both the organization and its employees. These leaders display the anti-subordinate behaviors of the tyrannical leader while also engaging in anti-organizational behaviors such as “absenteeism, shirking, fraud, or theft” (Einarsen et al., 2007, p. 213). A leader’s failure to adapt to new

situations such as reorganization or a significant promotion often leads them to derailment, especially if they do not learn from their mistakes. Conger (1990) suggests that, if the leader's strategic vision reflects internal needs rather than those of their internal and external stakeholders, they are also prone to derailment.

**Supportive-Disloyal Leaders** Supportive-disloyal leaders may lack strategic competence but are able to foster friendly relationships with subordinates (Einarsen et al., 2007). This may be done through allowing employees to steal from the organization, show up late to work, perform their jobs inefficiently or by giving bonuses and perks that are not reasonable or in line with organizational standards.

**Constructive Leadership** Constructive leaders work towards the legitimate interests of the organization by supporting and enhancing its goals, tasks, and strategies. They also support the welfare of their followers through extended engagement and granting voice and participation in decision-making processes (Einarsen et al., 2007).

### **The Toxic Triangle**

Padilla and colleagues (2007) expand on the definition set forth by Einarsen et al. (2007) in that they argue that destructive leadership reflects a complex process involving three key elements: destructive leaders, susceptible followers, and conducive environments. Essentially, Einarsen et al. (2007) focuses on destructiveness from the vantage point of leader behaviors, while Padilla et al. (2007) expands the focus to consider the dynamics between leaders, followers, and contexts that contribute to the destructive leadership process.

Padilla and colleagues (2007) assert that there are five explicit features of destructive leadership. First, destructive leadership is seldom entirely or absolutely destructive. Second, destructive leadership involves coercion, control, and manipulation rather than commitment and

persuasion (Howell & Avolio, 1992; Sankowsky, 1995). Third, destructive leadership is inherently selfish in nature in that it focuses on a leader's objectives and goals rather than the welfare of the organization (Conger, 1990; Howell & Avolio, 1992). Fourth, the effects of destructive leadership are evident in outcomes that compromise the quality of life for organizational constituents and detract from the organization's main vision and mission (Einarsen et al., 2007; Hogan & Kaiser, 2005; Padilla et al., 2007; Thoroughgood et al., 2012). Finally, destructive organizational outcomes depend on susceptible followers and conducive environments (Kellerman, 2004; Lipman-Blumen, 2005; Padilla et al., 2007).

Figure 2. ('the toxic triangle: elements in three domains related to destructive leadership') seeks to define the antecedents that allow destructive leadership to occur by examining leader, follower, and environmental factors.

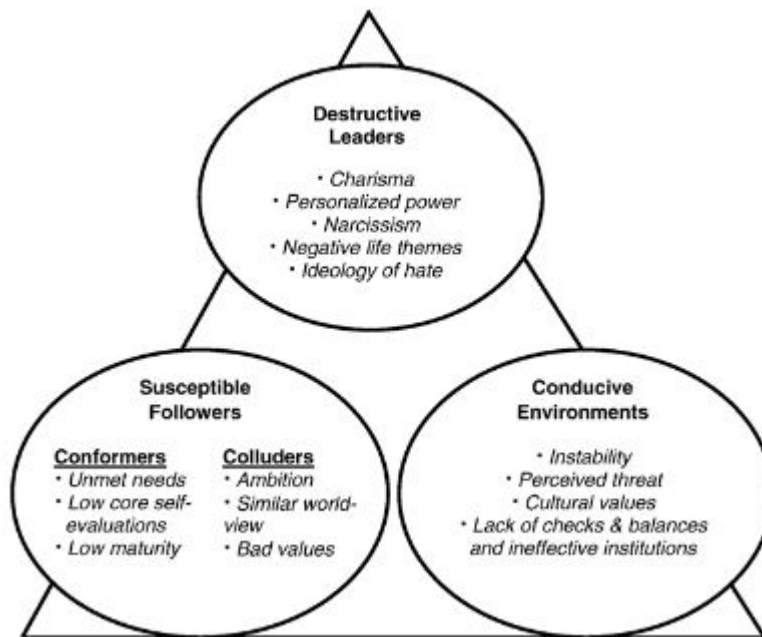


Figure 2. The toxic triangle: elements in three domains related to destructive leadership  
Source: Padilla et al., (2007, p. 180)

**Destructive Leaders** ‘Destructive leaders’ draws heavily from the theories of personalized power (McClelland & Burnham, 2003) and authentic leadership development in terms of the impact of life histories in the formation of leadership authenticity (Avolio & Gardner, 2005). McClelland and Burnham (2003) assert that managers who are interested above all in power and influence (e.g., have a personalized need for power) are more effective than those who have a high need to be liked or those who focus solely on achievement and recognition. Authentic leaders, as per Shamir and Eilam (2005), are true to themselves, motivated by personal convictions, lead from a personal point of view, and base their actions on personal values and convictions.

Historically, research into destructive leadership identifies charisma as a central characteristic (Conger 1990; Howell & Avolio, 1992; Padilla et al., 2007). Padilla and colleagues (2007) note that, while not all charismatic leaders are destructive, destructive leaders typically are charismatic. “Consider the following list: in government, Hitler, Stalin, Charles Taylor; in business, John Delorean, Joe Nacchio, Jeff Skilling; in religious cults, Charles Manson, Jim Jones, and David Koresh” (Padilla et al., 2007). Padilla et al. (2007) asserts that three components of charisma apply to destructive leaders: the ability to present a vision of a desirable future, self-presentational and rhetorical skills, and a high personal energy.

Narcissism is closely related to charisma and the personalized use of power and involves behaviors such as “dominance, grandiosity, arrogance, entitlement, and the selfish pursuit of pleasure” (Padilla et al., 2007, p. 181). Narcissistic leaders ignore other’s viewpoints and often claim special knowledge or privilege while demanding unquestioning obedience (O’Connor, Mumford, Clifton, Gessner, & Connelly, 1995). Their grandiose dreams of power and success

cause narcissists to ignore the external environment in attempts to fulfill their vision (Padilla et al., 2007).

O'Connor et al. (1995) found that destructive leaders also speak about themselves in terms of negative life stories. A negative life story may be defined as “the extent to which the leader had a destructive image of the world and his or her role in the world” (O'Connor et al., 1995, p. 539) and is often related to early life experiences. Padilla and colleagues (2007) state that abused children often distance themselves from others and disassociate painful issues, allowing them to ignore the feelings of others and therefore exploit them for self-serving desires. Childhood hardships may also be linked to an ideology of hate, often found in the rhetoric and worldview of destructive leaders (Padilla et al., 2007).

**Susceptible Followers** Padilla et al. (2007) raises awareness in regards to the importance of followers in the leadership process. “No matter how clever or devious, leaders alone cannot achieve toxic results” (Thoroughgood et al., 2012, p. 901). The model defines two groups of followers: a *conformer* and a *colluder*.

Conformers are followers who comply with destructive leaders in order to minimize the negative effects of not conforming to the leader's destructive agenda. Colluders are opportunists that seek personal gain through association with the destructive leader and his or her vision. Conformers often have unmet needs (Burns, 1978; Maslow, 1954) and possess a low level of psychological maturity that renders them more susceptible to manipulation. They also tend to have a poor locus of control, low self-efficacy, and low self-esteem that furthers their susceptibility to destructive leaders (Luthans et al., 1998).

Conversely, colluders are often highly ambitious. This makes them susceptible to coercion and manipulation as they may be more willing to compromise personal boundaries in

order to advance their personal agendas (McClelland, 1975). Colluders tend to possess unsocialized values such as greed and selfishness that make them more likely to engage in destructive acts. Further discussion on conformers and colluders may be found following Figure 3.

**Conducive Environments** Padilla et al. (2007) advocate that four environmental factors are important for destructive leadership: instability, perceived threat, cultural values, and absence of checks and balances and institutionalization.

Leaders may take advantage of times of instability by advocating radical change to restore order. In fact, leaders taking power in unstable environments are also granted more authority because instability requires fast action and unilateral decision making (Padilla et al., 2007). The perception of imminent threat is often related to organizational instability. When people feel threatened, they are more likely to accept assertive leadership. Padilla and colleagues (2007) note that objective threats are unnecessary; all that is needed is the perception of threat, and leaders often propagate the perception of threat as an external “enemy” as a means of strengthening their power and motivating followers.

Destructive leaders are more likely to emerge in collectivist, uncertainty-avoidant cultures with a high power distance. In uncertainty-avoidant cultures, followers seek strong leaders to provide hope. “Leaders exploit followers’ needs for security by providing structure, rituals, and rules that offer easy solutions to complex problems” (Padilla et al., 2007, p. 186). Collectivist cultures seek strong leaders to unite people in order to absolve citizens working out conflicts directly and to provide group identity. In high power distance cultures, “followers are more tolerant of the power asymmetries that characterize tyranny and despotism” (Padilla et al., 2007, p. 186).

Strong organizations and governments typically have strong institutions and balances of power. Corporations utilize a board of directors to prevent the agency problem and satisfy the internal and external stakeholders of the organization. Discretion, the degree to which managers are free from institutional constraints, allows destructive leaders to abuse their power (Kaiser & Hogan, 2007). Managerial discretion as a concept suggests that destructive leadership is mostly in senior positions (where there is less supervision), in younger organizations that have yet to establish thorough governance mechanisms, and in high-growth and rapidly transforming industries (Hambrick & Abrahamson, 1995). A perfect example of this is Enron at the height of their popularity (McLean & Elkind, 2013).

### **The Susceptible Circle**

The ‘toxic triangle’ model presented earlier (Padilla et al., 2007) introduced the key roles of *conformers* and *colluders* in the destructive leadership process. Thoroughgood et al. (2012) further expounds upon this work by developing a *taxonomy of followers* associated with destructive leadership (Figure 3, ‘the susceptible circle: a taxonomy of followers associated with destructive leadership’). In an attempt to better understand the dynamics between leaders and followers, the model extends the *conformer* and *colluder* categories to include more descriptive sub-types. Sub-types of *conformers* include *lost souls*, *bystanders* and *authoritarians*. Sub-types of *colluders* consist of *acolytes* and *opportunists*.



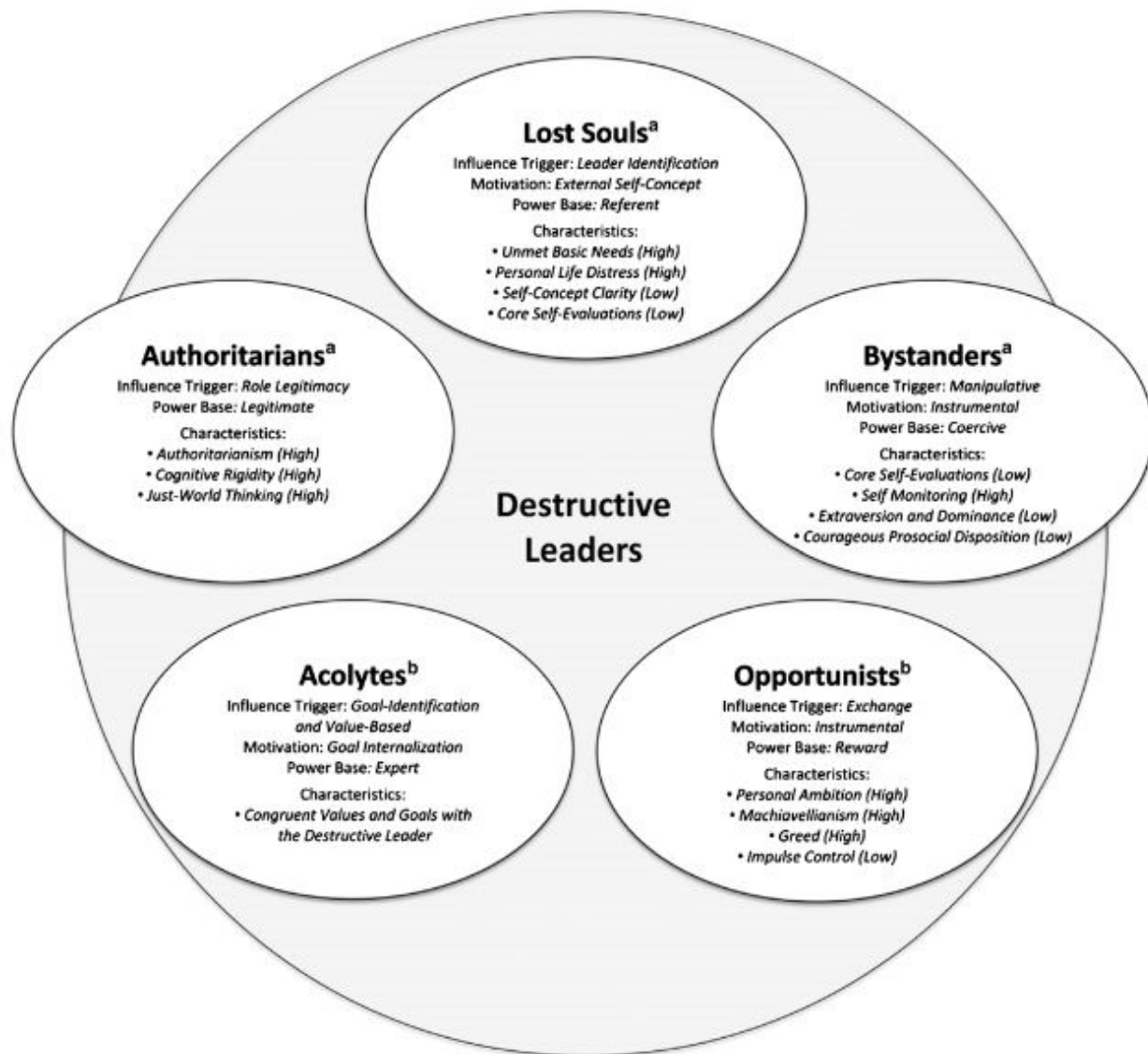


Figure 3. The susceptible circle: a taxonomy of followers associated with destructive leadership  
 Source: Thoroughgood et al. (2012, p. 902)

**Lost Souls** Labeled as the most widely cited susceptible follower, the lost soul is perhaps the most vulnerable to the seductive power of the charismatic leader. They are afflicted with negative self-evaluations and an ill-defined and malleable self-concept (Padilla et al., 2007). Lost souls seek clarity, direction and a clear sense of self from charismatic leaders. They form strong feelings of loyalty and affection towards the leader that result in dependence and vulnerability to manipulation (Thoroughgood et al., 2012). Lost souls' underlying motivations are centric to a

desire for self-affirmation from leaders, known as *external self-concept motivation* (Barbuto & Scholl, 1998), and adopt their self-images from role expectations of the leader.

Lost souls are characterized in having *unmet basic needs*. Based upon Maslow's (1954) hierarchy of needs, Burns (1978) suggested that followers' basic needs must be met before they can seek higher aspirations. Therefore, charismatic leaders are particularly attractive during times of uncertainty and instability when they promise to fulfill said needs and restore order (Padilla et al., 2007).

Even some of the most destructive leaders (e.g., Jim Jones, David Koresh) tend to be quite adept at providing for follower needs, including, for instance, those related to safety, certainty, group membership, love, affection, and a sense of purpose and meaning. (Thoroughgood et al., 2012, p. 903)

Lost souls may have suffered from some kind of *life distress*, rendering them temporarily vulnerable and susceptible to destructive leaders. They may attempt to seek out immediate solutions through needs for authority, companionship, and newfound meaning in life (Thoroughgood et al., 2012). Lost souls also experience *low self-concept clarity* that leads them to adopt a self-concept based upon their charismatic relationship with the leader (Howell & Shamir, 2005). Howell and Shamir (2005) propose that, without a mature and socially valued self-concept, they lack the internal values necessary to evaluate the leader's message and means of influence. Finally, lost souls possess *negative core self-evaluations* resulting in low self-esteem, a lack of self-efficacy, and a poor locus of control identified earlier in the work of Padilla et al. (2007).

**Authoritarians** By contrast, authoritarians are motivated by their rigid, hierarchical attitudes causing them to unconditionally accept a leader's legitimate right of power over them.

They feel an obligation to obey based on the leader's status and position, or their level of legitimate power (Thoroughgood et al., 2012). Authoritarian followers strictly adhere to in-group norms, rules, and social conventions while possessing a general intolerance toward perceived out-group members and dissidents. Thoroughgood et al. (2012) suggests that their rigid ideology may be partly a product of a strict authoritarian upbringing that stresses obedience at the expense of autonomy.

Authoritarians may also engage in 'just-world thinking' (Lerner, 1980) that distorts their view of reality. Just-world thinkers tend to deflect anxiety and fear by cognitively rationalizing inexplicable acts of violence and injustice through the devaluation of involved victims (Thoroughgood et al., 2012). An example of this is the mistreatment of Jews in Nazi Germany.

**Bystanders** On the converse of lost souls and authoritarians, bystanders are passive and motivated primarily by fear (Padilla et al., 2007). They are the most common type of susceptible followers and function in order to minimize the costs (e.g., loss of status, position, property, or life) of failing to conform to a destructive leader (Kellerman, 2004; Padilla et al., 2007; Thoroughgood et al., 2012).

Bystanders possess *negative core self-evaluations* much like the lost souls. Unlike lost souls who rely on leaders to take care of them, however, bystanders feel unable to defend against aggression and that they are unable to challenge destructive leaders or control the type of leadership governing them (Thoroughgood et al., 2012). Bystanders are often high *self-monitors* in that they adjust their behavior based on others' perception of them. By doing so, they seek to avoid undue suspicion from destructive leaders and their regimes in order to avoid punishment (Thoroughgood et al., 2012). Bystanders are characterized by *low extraversion and dominance* and *lack of courageous-prosocial disposition*, resulting in a less likely chance of the bystander to

take risks in order to voice their change-oriented ideas or attempt to correct the wrongdoings of a destructive leader (Thoroughgood et al., 2012).

**Opportunists** Closely resembling the dark personalities of their destructive leaders, opportunists view their alliance as a method for personal gain and follow in order to acquire financial, political, or professional outcomes (Lipman-Blumen, 2005; Padilla et al., 2007). They are motivated by *exchange triggers*, or an inclination to comply based on the anticipation of desired rewards or personal gain (Barbuto, 2000).

Opportunists are characterized by their voracious personal ambition and are willing to promote a leader's destructive agenda to get ahead. They also share unsocialized characteristics with destructive leaders such as Machiavellianism and greed that result in the tendency to display cunning, deception, manipulation, and forceful persuasion to gain personal power and control (Thoroughgood et al., 2012). It should be noted that opportunists have a high probability of becoming destructive themselves.

**Acolytes** The acolyte colludes with the destructive leader because they share congruent values and goals (Kellerman, 2004; Padilla et al., 2007). They hold a firm sense of self and seek expression of their ideological values through the leader's vision and mission (Howell & Shamir, 2005; Padilla et al., 2007). Acolytes are "true believers" and willingly assist destructive leaders in achieving their toxic goals (Thoroughgood et al., 2012).

### **Destructive Leadership Case Analyses and Character Profiling**

To better understand the antecedents and destructive tendencies described above that inevitably impel an effective leader to organizational dissolution, several real world examples were selected for further study. Enron was selected to demonstrate a business organization, Nazi Germany was identified to discuss political organizations, and the People's Temple was chosen

to examine religious cults. Padilla et al. (2007) suggests that qualitative methods may be useful for identifying historical trends. The multiple-case study methodology as described by Sims (2005) is an approach that is designed to facilitate the exploration of phenomenon within its context using a variety of data sources. Essentially, it sets the foundation for further analysis into the context of destructive leadership in order to elucidate the possible antecedents and destructive tendencies that impel an effective leader into organizational dissolution. From this analysis, comparisons will be drawn between the different cases in an effort to further develop the theory of destructive leadership while offering practical implications as to how organizations may mitigate its phenomenon in the future.

The analysis process consists of five steps beginning with the introduction of background information for the organization detailing how it began and its eventual destruction. Second, an analysis of the predominant destructive leaders heading the organization is conducted to better understand their personality, actions, and the reasoning behind their behavior. Third, the mechanisms by which followers are drawn to destructive leaders are introduced, including why some followers are more susceptible than others. Fourth, the specific context, or conducive environment, in which the organization's destructive tendencies were able to thrive is further elucidated. Finally, the outcomes and key takeaways of each case are illuminated.

Following the case analyses, comparisons and contrasts are made between the leaders, followers, contexts, and outcomes of each case to discern the similarities and differences leading to destructive leadership. Examining all three cases collectively serves to highlight the phenomenon leading to destructive leadership and how they may have been avoided. After analyzing the cases, practical implications that all organizations should generally follow to avoid destructive leadership are discussed.

### **Enron**

The word “Enron” has become synonymous for corruption on a colossal scale. Interestingly, the same company had previously been praised as a paragon of corporate responsibility and ethics. Its market capitalization exceeded \$60 billion, six times its book value, an indication of the stock market’s high projections about its future prospects (Healy & Palepu, 2003). Enron was previously rated the most innovative large company in America by *Fortune* magazine. Therefore, what exactly lead Enron to organizational dissolution?

Following the deregulation of electrical power markets in 1988, Enron extended its business from pipelines to become a financial trader in the power industry. Deregulation allowed Enron to be creative in their dealings and opened the industry up to experimentation. In order to retain their first-mover advantage against aggressive competitors, Enron began to implement the use of off-balance sheet financing vehicles and a range of questionable accounting practices in order to finance its activities. For example, in 2000, Enron signed a twenty-year entertainment on demand deal with Blockbuster. Although the project failed at the pilot stage, Enron still recorded a \$110 million estimated profit for the deal (Healy & Palepu, 2003). The company consistently misrepresented its value to its stakeholders through violated accounting standards.

By 2001, Enron’s fraudulent accounting practices had been identified. Enron was forced to announce a series of asset write-downs that represented 22% of Enron’s capital expenditures for the years 1998 to 2000 and a reduced company equity of \$1.1 billion (Healy & Palepu, 2003). Shortly thereafter, major credit rating agencies downgraded the company to junk status by the end of 2001 resulting in the company filing for bankruptcy on December 2, 2001.

**Enron’s destructive leadership** Founder and CEO Ken Lay and COO Jeffrey Skilling had quite a reputation at Enron. McLean and Elkind (2013) describe Skilling as having been

widely feared, known for his Darwinist view of the world. Both were constantly pushing the limits and expecting their employees to consistently add value even if it required deliberately breaking the rules. They were also both held accountable for multiple counts of fraud and sentenced to prison for their shady business practices.

Enron's reward system established a "win-at-all-costs" focus (Sims & Brinkmann, 2003). Enron's top management was heavily compensated in the form of stock options which in turn incited executives to keep the stock price up at any cost (Lardner, 2002). The company even held a 'Car Day' in which the most successful employees were publicly rewarded lavish sports cars (Sims & Brinkmann, 2003). Therefore, personal financial gain was the main focus of executives at the expense of the organization and its shareholders.

Lay and Skilling are prime examples of destructive leaders in the sense that they perpetuate tyrannical leadership behavior through public shaming and supportive-disloyal leadership behavior through extravagant bonuses, allowing theft and kickbacks, and encouraging blatant misrepresentation of financial metrics to boost short-term profits at the expense of the organization and its shareholders (Einarsen et al., 2007; McLean & Elkind, 2013).

**Susceptible followers.** Lay and Skilling fostered an elitist, competitive environment by only hiring Ivy-league graduates who were aggressive, voraciously ambitious, and willing to maximize short-term profits even if it required circumventing the rules (McLean & Elkind, 2013). Opportunistic individuals and acolytes with unchecked ambition as described earlier by Thoroughgood et al. (2012) thrived at Enron due to their aggressive, individualistic efforts to achieve profits. They possessed Machiavellian tendencies that were encouraged by management, and it was the norm for employees to overlook unethical conduct and misguided dealings.

**Conducive Environment** The downfall of Enron may be traced in part to the culture set in place by its destructive leadership. They perpetuated an annual “rank and yank” policy where the bottom fifteen to twenty percent of employees were fired or let go after a formal evaluation process each year. Enron also had associates grade their peers which created a great amount of distrust among employees, further increasing the hostility and self-serving nature of Enron’s culture. The bottom 5% were publicly shamed at each annual review (Sims & Brinkmann, 2003).

One major reason that Enron’s negligence went undetected for so long is that the firm’s auditor, Arthur Andersen, and the “sell-side” analysts who provide research to retail and professional investors had a vested interest in Enron. Arthur Andersen was accused of applying lax standards to their audits due to a conflict of interest over significant consulting fees provided by Enron. In 2000, Arthur Andersen was paid \$25 million in audit fees and \$27 million in consulting fees (Healy & Palepu, 2003). Healy and Palepu (2003) also note that investment banks earned more than \$125 million in underwriting fees from Enron from 1998 to 2000, and many of the financial analysts working at these banks received bonuses for their efforts in supporting investment banking.

**Destructive outcomes** When the company most needed a strong leader, Jeffery Skilling resigned as President and acting CEO of Enron and sold his shares of company stock totaling \$66 million dollars (Sims and Brinkmann, 2003). In the two months following, Enron restated earnings and froze its shares in an attempt to help stabilize the company. Enron’s managers had been forewarned and offloaded shares, whereas the employees were unable to reclaim their investments. Ken Lay returned as CEO, promising that there were no accounting, trading, or reserve issues at Enron and even insisted that the company was performing very well (Sims and Brinkmann, 2003). In the end, Lay was convicted on six counts of securities and wire fraud, and



he was subject to a maximum sentence of 45 years in prison. Skilling was convicted of 19 counts of securities fraud and wire fraud, and he was sentenced to 24 years and 4 months in prison. The Enron scandal resulted in the creation of the Sarbanes-Oxley act, a United States federal law that set new or enhanced standards for all U.S. public company boards, management and public accounting firms.

The key issue for Enron was the destructive culture brought upon by the unethical conduct of their top management team. In this case, managers had too much discretion to act on their own internal needs at the stake of the organization. Enron lacked a system of checks and balances to oversee their business and financial policies. They were effective but only in the short-term. A stronger, more diverse board of directors should have been implemented at Enron from the start, including outside members whose personalities contrasted those of Lay and Skilling (Kaiser & Hogan, 2007). The ideal solution would be to remove destructive leaders before they impel the organization to dissolution. To prevent such destructive behaviors, employees must trust that whistleblowers are guaranteed protection, procedures of investigating ethical problems will be fair, and management will take action to solve problems that are uncovered (Sims & Brinkmann, 2003).

The rewards system of Enron was extravagant and created a major agency problem, or a conflict of interest between the company's management and its stockholders. It fostered unethical, destructive behavior attributable to Machiavellian tendencies and served only to promote short-term profits for the organization. To counteract this problem, a system should have been set in place that rewards those who behave in ways that are consistent and reflective of the company's stated values: respect, integrity, communication, and excellence (McLean &

Elkind, 2013). Therefore, one may assume that a lack of commitment to ethical principles will ensure that employees will not be promoted (Healy & Palepu, 2003).

To deter those with overly aggressive Machiavellian tendencies that detriment the organization, clear policies should be established that outline the selection and dismissal of Enron employees. Only those who are committed to ethical principles should be considered candidates. Formal peer evaluations should only be used as a tool for defining areas of improvement rather than as a forum for public shaming.

### **Nazi Germany**

Adolf Hitler, arguably one of the most destructive leaders within living memory, inspired a whole nation to follow his lead under the hubris of the “Third Reich”. The Nazi Party played off of existing prejudice in the form of anti-Semitism and utilized nationalistic ideology to unite a nation suffering recent defeat and economic woes. Hitler spoke of a vision that entailed restoring Germany’s pride and self-respect by avenging the humiliation of the Versailles treaty. By 1921, Hitler was able to use propaganda, speaking, and the mobilization of the masses to gather a formidable following of some 2,500 members in Munich, Germany for the *Nationalsozialistische Deutsche Arbeiterpartei* (NSDAP, National Socialist German Workers’ Party) (Jacobsen & House, 2001). Following a year of imprisonment due to his *coup* of the government misfiring, he rebuilt the party and steadily increased his influence throughout the country. The party legally came to power through election in 1932.

**Destructive leadership** Hitler possessed what Kohut (1985, p. 82) termed a “chronic narcissistic rage”. This rage allowed him to “overcome all traces of morality and compassion and which propelled him into a course that led from victory to ultimate defeat” (Kohut, 1985, p. 82). In regards to his mission, Hitler believed that “fate wanted it so; Providence helped me”

(Dreijmanis, 2005, p.120). Following a failed assassination attempt on July 20, 1944, Hitler's idea that Providence guided his mission strengthened, and he was quoted as saying "again a proof that fate has chosen me for my mission, otherwise I would no longer be alive" (Dreijmanis, 2005, p. 123). "Even in desperate situations he displayed confidence in ultimate victory" (Speer, 1970, p. 292). In fact, "the more inexorably events moved toward catastrophe, the more inflexible he became, the more rigidly convinced that everything he decided on was right" (Speer, 1970, p. 292). This can be shown by his decision to stretch Germany's resources to dangerous vulnerability at the end of WW2 in attempts to fulfill his grandiose vision. Due to his dominance, entitlement, and demands for unquestioning obedience from his subordinates, Padilla et al. (2007) would argue Hitler as a classic example of a narcissistic and destructive leader.

In regards to his upbringing, Hitler had a negative relationship with his father. Hitler confessed to his secretary: "I didn't love my father but I was all the more afraid of him. He had tantrums and immediately became physically violent" (Hamann, 1999, p. 18). An entry in Goebbels' diary read: "Hitler suffered almost the same youth as I did. Father, a domestic tyrant, mother, a source of kindness and love" (Hamann, 1999, p. 11). Hitler was also quoted as saying "I know what a devil alcohol is! It really was—via my father—the worst enemy of my youth" (Hamann, 1999, p. 12). His relationship with his father is consistent with Padilla and colleagues' (2007) findings in that it may have contributed to his ability to ignore the feelings of others (e.g., Jews, Slavs, gypsies) and therefore exploit them for his self-serving desires. Albert Speer (1970, p. 100) remarked that Hitler "seldom revealed his feelings, and if he did so, instantly locked them away again."

After the death of President Paul von Hindenburg on August 2, 1934, Hitler combined the offices of president, Reich chancellor, commander of the armed forces, and party leader into the

new position he termed *der Führer und Reichskanzler* (the leader and Reich chancellor).

Therefore, Hitler fully acquired what he called the *Führerprinzip* (leadership principle):

“absolute responsibility unconditionally combined with absolute authority” (Dreijmanis, 2005, p.122). Nearly 90% of the voters approved it in a plebiscite on August 19, 1934 (Dreijmanis, 2005). From this point forward, Hitler held supreme control over Germany and the Nazi Party until he took his own life on April 30, 1945.

**Susceptible followers** Hitler surrounded himself by acolytes as described by Thoroughgood et al. (2012) that would promote his ideals and not question his authority. They were prodigal yes men who feared his wrath. Even if they tried to persuade him, Hitler stifled any debate for he always believed he was right. In fact, he blamed the German people and his generals for losing the war despite his ridiculous and unattainable mission. A prime example of an acolyte was Heinrich Himmler, *Reichsführer* of Hitler’s SS, as he was a “firm believer in the Aryan master race” and “steeped in every aspect of the radicalization of anti-Semitic policy” (Thoroughgood et al., 2012, p. 910). Opportunists may have joined the Nazi Party primarily in the search of financial, political, or professional outcomes (Lipman-Blumen, 2005; Padilla et al., 2007; Thoroughgood et al., 2012). Those who participated in the horrors of the holocaust could have been authoritarians who were just-world thinkers, allowing them to cognitively rationalize their inexplicable acts of violence through the devaluation of their victims (Thoroughgood et al., 2012). One reason defiance rarely existed is that many in Germany were prone to be bystanders as mentioned in Thoroughgood et al. (2012) because they would be executed for speaking ill of the Nazi Party or conspiring with Jews.

**Conducive environment** Hyperinflation and mass unemployment were rampant following the slant in the world economy and Germany’s defeat in World War I. The country

was under distress and experiencing “the perception of a fundamental crisis that seemed unsolvable under the existing political order” (Dreijmanis, 2005, p. 120). This may have contributed to a larger number of lost souls as described by Thoroughgood et al. (2012). Hitler and the national socialists used this as a way to secure power and introduce ideas of radical change. He offered people “the instantaneous feeling of intense power and pride and the sense of action-posed idealized omnipotence with which individual Germans could merge” (Kohut, 1985, p. 81). Due to his great oratory skills, Hitler was able to tap into his followers’ deepest emotions and build a positive reputation for the Nazi party.

O’Connor et al. (1995) argues that destructive leaders articulate a vision of a world characterized by threat and insecurity, where personal safety relies on the domination and defeat of rivals or out-groups. Hitler used Jews as a scapegoat for Germany’s problems and designated a goal to destroy Bolshevism and with it “our moral enemy: the Jew” (Dreijmanis, 2005, p.124). The Nuremberg Laws of 1935 excluded Jews from civil society and helped spark the systematic killing of Jews among other individuals in the Holocaust that ended up taking the lives of approximately 11 million people. As per Padilla et al. (2007), destructive leaders describe dissidents and rivals in diction that is designed to devalue and isolate them while promoting in-group solidarity. An example of his use of overt control is when neighborhood watch groups in East Germany spied on citizens.

**Destructive outcomes** Hitler and the Nazi Party is a prime example of destructive leadership in that it came to fruition in an almost perfectly conducive environment and preyed on the susceptibility of the German people following their defeat in World War I. The people were so enamored by his charismatic leadership ability that they often failed to recognize the atrocities that he perpetuated. One key detail to note is that Hitler had secured supreme authority at the

hands of the people before they realized that absolute power not only will corrupt an individual but often results in extreme destruction. He also appointed subordinates whose vision aligned with his own and were fearful of questioning his authority. Therefore, Germany lacked any form of checks and balances that could have prevented both World War II and the Holocaust.

To avoid being captured by the Red Army, Hitler committed suicide on April 30, 1945. After Berlin was captured by Soviet and Polish troops, the Germans unconditionally surrendered on May 8, 1945. Following the war, Germany was split into two independent states, the Federal Republic of Germany and the German Democratic Republic (Wettig, 2008). Millions of Germans were forced to evacuate from Eastern Europe to West Germany. This led to a dramatic increase in the population of West Germany, from “39 million in 1939 to 48 million in 1950” (Braun & Kvasnicka, 2014, p. 253). By means of external intervention or international pressure, the Western Powers may have been able to halt the Nazi Party sometime in the 1930s before they set upon their course for destruction. By the beginning of World War II, however, Hitler and Germany were a serious force that could only be conquered after years of combat and turmoil.

### **The People’s Temple**

On November 18, 1978, 918 people committed suicide or were murdered in Guyana in what is now called the Jonestown Massacre. It resulted in the largest single loss of American civilian life in a deliberate act until September 11, 2001. Reverend Jim Jones, leader of a church in California named the People’s Temple, convinced his followers to move to the remote jungles of Guyana in South America to build a utopian agricultural community. Chidester (1991) argues that most of the adult participants understood the mass suicide as a redemptive act. In essence, it would redeem “a human identity from dehumanization under the capitalist, racist, and fascist

oppression they associated with America” (Chidester, 1991, p. xviii). How could Jones convince so many people that he was a messiah and to willfully take their own lives?

**Destructive personality** Jim Jones declared “you can’t explain Father Jones, so there’s no way an intellectual can deal with me” (Chidester, 1991, p. xii). Jones claimed to celebrate a real God, a genuine God, which he defined as sharing, as love, as socialism, as “God, Almighty Socialism” (Chidester, 1991, p. xviii). He personally claimed to be God, the messiah, by asserting that he was an embodiment of divine socialism or even reincarnation of Jesus Christ. If anyone dared disagree with him, they were to be regarded as traitors to whom he continually and insistently maintained that “the punishment for defection was death” (Ulman & Abse, 1983, p. 653). “The fact that severe corporal punishment was frequently administered to temple members gave his threats a frightening air of reality” (Ulman & Abse, 1983, p. 653). He claimed that a nuclear holocaust would destroy everyone and that African-Americans would be put in concentration camps (Ulman & Abse, 1983, p. 655). He constantly instilled perceptions of threat to his followers to coerce them into doing his bidding. Jim Jones was incredibly narcissistic and claimed he had:

*...divine powers—that he had extra sensory perception and could heal the sick and could tell what everyone was thinking. He felt that as a consequence of being ridiculed and maligned, he would be denied a place in history. His obsession with his place in history was maniacal. When pondering the loss of what he considered his rightful place in history he would grow despondent and say all was lost.*

(Ulman & Abse, 1983, p. 652)

Jim Jones was the epitome of a tyrannical leader as detailed by Padilla et al. (2007). Specifically, he utilized perceived threats and psychological forms of control and coercion to

manipulate the group. He used “massive doses of Quaaludes, Demerol, Valium, morphine, and Thorazine to control the behavior of the members of the People’s Temple” (Ulman & Abse, 1983, p. 653). He also sexually antagonized members of the group by forcing both men and women to be involved with him in ways intended to induce humiliation and renunciation of their own dignity and pride, contributing to the group’s submission to his will (Ulman & Abse, 1983). “Beatings with paddles were used to discipline doubters, and forced marriages were arranged for women whom Jones had made pregnant” (Ulman & Abse, 1983, p. 655).

Practice for mass suicide was commonly held on what was called “white nights”. They were described by Deborah Blakey, a member of the inner circle of the People’s Temple who escaped from Jonestown, as follows:

*The entire population of Jonestown would be awakened by blaring sirens. Designated persons approximately fifty in number would arm themselves with rifles, move from cabin to cabin, and make certain that all members were responding. A mass meeting would ensue. Frequently during these crises, we would be told that the jungle was swarming with mercenaries and that death could be expected at any minute.*

(Ulman & Abse, 1983, p. 653)

Blakey goes on to note that during one “white night”:

*We were informed that our situation had become hopeless and that the only course of action open to us was a mass-suicide for the glory of socialism. We were told that we would be tortured by mercenaries—were we taken alive. Everyone, including the children, was told to line up. As we passed through the lines, we were given a small glass of red liquid to drink. We were told that the liquid contained poison and that we would die within 45 minutes. We all did as we were told.*



(Ulman & Abse, 1983, p. 653)

**Susceptible Followers** The root of Jim Jones's power lies with the susceptible followers who submitted themselves to his authority. Much like the Branch Davidians and the members of Heaven's Gate religious organizations, those who took their own lives at Jonestown were looking for a better, more peaceful world. They idealized Jones as an omnipotent leader through which they hoped to reach some sort of salvation. Ulman and Abse (1983) argue that the agony and self-hatred of Jones's followers were shaped by Jones in a way that gave their pain and anguish the seeming virtue of self-sacrifice and ennoblement. Jones preyed on *lost souls* as described by Thoroughgood et al. (2012) and their dependency and vulnerability to manipulation. He tapped into those who suffered from life distress and possessed a low self-concept clarity that Padilla et al. (2007) outlined as being particularly vulnerable. The vast majority of his followers had low self-esteem and were willing to die for Jones, whom they viewed as all powerful and of possessing the ability to perform miraculous cures.

**Conducive Environment** Seeing as his radical vision couldn't take place in California, Jim Jones moved his followers to Guyana in order to further isolate them and exert his control. There, in the deep jungles of South America, Jones had the ability to spread his beliefs without hindrance. It is highly unlikely that a community like Jonestown would be able to function in America without concerned relatives or media quickly getting wind of the atrocities that occurred there. Jones's frequent administration of drugs to control the behavior of his followers is a good example why. As mentioned earlier in the "white nights" demonstrations, Jones kept his followers in a constant state of terror and misery. By doing so, he created a need in these particular followers for his personal approval and ideologies.

**Destructive outcomes.** The horrors of Jonestown seem almost unimaginable. Jim Jones is the epitome of a destructive leader in that he systematically preyed upon his followers with no regard to their well-being and called for a mass suicide that ultimately dissolved the whole church, one-third of which were children. He was a highly neurotic leader and yet he managed to convince a vast following to do his bidding, ranging from sexual acts to murder. In reality, Jones only possessed power due to the incredible susceptibility of his followers. Once U.S. Representative Leo Ryan began investigations due to letters from concerned relatives, Jones realized it was time to fulfill his grand scheme and dissolved his entire following. If the U.S. State Department of California had acted on the pleas of concerned relatives earlier and became involved in the debacle rather than avoiding it due to possible legal ramifications, the Jonestown Massacre may have been avoided. The key takeaway in this case is that susceptible followers are required for destructive leadership to exist (Padilla et al., 2007; Thoroughgood et al., 2012).

### **Comparisons and contrasts**

**Destructive leadership** Ken Lay, Jeff Skilling, Adolf Hitler, and Jim Jones fall under the definition of destructive leadership in that they violated the legitimate interest of the organization by undermining and/or sabotaging the organization's goals, tasks, resources, and effectiveness and/or the motivation, well-being or job satisfaction of subordinates. Considered central to the efficacy of a destructive leader, Lay, Skilling, Hitler, and Jones possess the three components of charisma as outlined by Padilla et al. (2007): the ability to present a vision of a desirable future, self-presentational and rhetorical skills, and a high personal energy. However, the motivations driving Enron, the Nazi Party, and the People's Temple are extremely different.

Lay and Skilling presented a vision of status and mass wealth, Hitler spoke of a vision that entailed restoring Germany's pride and self-respect by avenging the humiliation of the

Versailles treaty, and Jones proclaimed a vision of redeeming oneself from the “human identity from dehumanization under the capitalist, racist, and fascist oppression they associated with America” (Chidester, 1991, p. xviii). Needless to say, each leader was very dedicated to achieving their vision and catered to widely different audiences. Hitler is unique in the sense that he is the only one who experienced negative life themes while he was younger that may have helped contribute to the ideology of hate that drove his anti-Semitic goals.

All four leaders pursued power and acted in a narcissistic manner that is consistent with their own beliefs regardless of whether or not their behaviors were ethical or morally sound. All four leaders demanded unquestioning obedience, and Hitler and Jones even claimed special knowledge unattainable by others (O'Connor, Mumford, Clifton, Gessner, & Connelly, 1995). Hitler believed that Providence supported his mission and decisions while Jones proclaimed he was God and the messiah walking on earth. In the case of Lay, Skilling, and Hitler, their grandiose dreams of power and success ultimately lead to their downfall. Enron became bankrupt due to accounting malpractice and fraud in the pursuit of financial gain, while the Nazi Party was defeated in WWII due to an overextension of resources in the pursuit of what Hitler would consider rightful Aryan territory. Hitler, like Skilling, was a Social Darwinist who believed the stronger dominate the weaker (Dreijmanis, 2005). Hitler's views, however, were more focused on the racial struggle of the Aryan race whereas Skilling was fixated on creating value and personal power through financial means.

**Susceptible followers.** The followers of Enron, the Nazi Party, and the People's Temple are substantially different, partially due to their context. Enron attracted Ivy-league graduates who were aggressive, voraciously ambitious, and willing to maximize short-term profits even if it required circumventing the rules (McLean & Elkind, 2013). Opportunistic individuals and

acolytes with unchecked ambition as described earlier by Thoroughgood et al. (2012) thrived at Enron due to their aggressive, individualistic efforts and unsocialized characteristics used to achieve profits. They possessed Machiavellian characteristics that were encouraged by management, and it was the norm for employees to overlook unethical conduct and misguided dealings. The followers at Enron were very competitive and would do whatever it takes to make a deal, even if it involved exploiting fellow employees (Sims and Brinkmann, 2003).

Hitler also appointed acolytes but for a different reason. His subordinates promoted his ideals and supported his decisions, acting as prodigal “yes men.” They were firm believers in the “Aryan master race” and fervent in every aspect of the radicalization of anti-Semitic policy. Opportunists may have joined the Nazi Party primarily in the search of financial, political, or professional outcomes (Lipman-Blumen, 2005; Padilla et al., 2007; Thoroughgood et al., 2012). Those who participated in the horrors of the Holocaust could have been authoritarians who were just-world thinkers, allowing them to cognitively rationalize their inexplicable acts of violence through the devaluation of their victims (Thoroughgood et al., 2012). Once the Nazi Party began losing popularity, many citizens became bystanders due to the fact that they would be punished or executed for speaking ill of the Nazi Party or accused of conspiring with Jews.

The following of the People’s Temple contrasts with Enron and Nazi Germany in that it consists primarily of lost souls (Thoroughgood et al., 2012). Many of them looked to have their basic needs met, possessed negative core self-evaluations, had recently undergone personal life distress, or were attempting to identify their own self-concept through Jim Jones and his teachings. They viewed Jones as a godlike leader who would bring them to some sort of salvation. As mentioned earlier, Ulman and Abse (1983) argue that the agony and self-hatred of Jones’s followers were shaped by Jones in a way that gave their pain and anguish the seeming

virtue of self-sacrifice and ennoblement. Jones's lost souls are quite the opposite of the goal-driven opportunistic and acolyte colluder types.

**Conducive environments.** The contexts that span the three cases are entirely different in regards to place and time. Enron was headquartered in Houston, Texas, and the scandal wasn't revealed until October, 2001. The Jonestown incident of the People's Temple occurred in Guyana, South America on November 18, 1978. The Nazi Party and its roots formed in Munich, Germany and existed from 1920-1945.

Enron's conducive environment was created by the behavior demonstrated by CEO Ken Lay and COO Jeff Skilling. They utilized "rank and yank" firing procedures, associate grading, and publicly shamed the bottom 5% of performers at each annual review (Sims & Brinkmann, 2003). They also gave kickbacks to their auditors, Arthur Andersen, to motivate lax accounting standards and low levels of monitoring. This signaled to employees that underhanded methods are appropriate in the pursuit of earnings.

The Nazi Party had the advantage of forming during a time of distress for the German population as a whole. Hyperinflation and mass unemployment were rampant following the slant in the world economy and Germany's defeat in World War I. Enron, in contrast, was reaching exorbitant levels in the stock market due to the recently deregulated energy market. German citizens actively sought a new political order to address the state of the economy, and Hitler led the Nazi Party in introducing ideas of radical change. He used Jews as a scapegoat for Germany's problems in order to align the nation under Nazi idealism. Once he had become *der Führer und Reichskanzler* (the leader and Reich chancellor), Hitler had obtained full executive power and ruled the Nazi Party much like a dictatorship. Out of the three cases, Hitler easily held the most responsibility and unsurprisingly left the largest impact on history.

The People's Temple Jonestown context is the most remote of the three. Jim Jones chose Guyana as the place to develop a Unitarian agricultural community knowing that it was well out of reach of the capitalist, racist, and fascist America. He obviously had intentions of using the seclusion of the environment to exploit and manipulate his followers based upon his "white nights" of terror. Unlike Enron and the Nazi Party, the People's Temple essentially bypassed the scrutiny of the public through its exotic location which allowed Jones to behave in a very destructive manner.

**Destructive outcomes.** In each case, destructive leadership effectively impelled the organization into dissolution. Although some had more dire consequences than others, the outcome in each case directly results in the death or cessation of the organization. In the case of Enron, Lay and Skilling were each sentenced to over 20 years in prison on account of securities and wire fraud. The company froze its shares before declaring bankruptcy, effectively nullifying any investment or savings employees had with the company. It did, however, lead to the creation of the Sarbanes-Oxley act which enhanced standards for all U.S. public company boards, management, and public accounting firms. The followers involved in the Nazi Party and the People's Temple were not as fortunate.

The Nazi Party was disbanded and banned following Germany's loss in WWII. Hitler committed suicide on April 30, 1945, and the Germans unconditionally surrendered on May 8, 1945. Following the war, Germany was split into two independent states, the Federal Republic of Germany and the German Democratic Republic (Wettig, 2008). Millions of Germans were forced to evacuate from Eastern Europe to West Germany. This led to a dramatic increase in the population of West Germany, from "39 million in 1939 to 48 million in 1950" (Braun & Kvasnicka, 2014, p. 253). In a sense, many of the Nazi soldiers who went to battle in attempts to

accomplish Hitler's grand vision could be compared to those who committed suicide in Jonestown. The followers of each organization were considered expendable when it came to accomplishing each leader's ultimate goals.

Jim Jones of the People's Temple appears to be the only leader who intended to cause an absolute, destructive outcome for his organization involving all of its members in Guyana and more. Several members of the Temple murdered U.S. Representative Leo Ryan and his visiting party after they became suspicious of the happenings of Jonestown. Shortly following this event, Jones decided it was time to enact that which had been practiced numerous times before during his "white nights". His followers first administered cyanide-laced Kool-Aid to the 300 or so children in the group before consuming the mixture themselves. Ironically, Jones died from a gunshot wound to the head it is suspected, like Hitler, that his death was a suicide.

**Findings** In all three cases, the organizations sought dissimilar missions that caused vastly different consequences while resulting in similar destructive outcomes. Each leader that was profiled exhibited behaviors and traits such as narcissism, charisma, and a desire for personalized power that have been identified in prior research (Conger 1990; Howell & Avolio, 1992; Einarsen et al., 2003; Padilla et al., 2007; Thoroughgood et al., 2012) as common antecedents to destructive leadership. The dynamics between leaders, followers, and environments of each organization, however, were contextual and required further analysis to pinpoint the particular phenomenon contributing to the destructive leadership process. With a more thorough understanding of how organizations may succumb to destructive leadership, the question stands, "What can an organization do generally to mitigate destructive leadership?" Implications for practice are discussed below.

## **Discussion**

Enron, the Nazi Party, and the People's Temple, although extreme, provide incredibly effective implications that elucidate what organizations can do generally to become more effective by mitigating destructive leadership. Padilla et al. (2007) refers to the problem of destructive leadership as "much of a practical problem as it is a theoretical one" (p. 189), emphasizing the need for researchers to develop models that better identify destructive leader tendencies at the recruitment stage and for further theoretical development of destructive leadership itself. The implications for practice are organized by leader, follower, and organizational structure approaches.

### **Leader Approach**

A variety of effective feedback and assessment tools have been developed that can be used to detect potentially destructive individuals in both the hiring and leadership development process. Potentially destructive leaders may be identified in the hiring process by including assessments of narcissism, selfish versus socialized motives, and moral and ethical standards (Padilla et al., 2007). Regarding leadership development, feedback and assessment tools are typically based on competency models that focus on the positive attributes associated with effective leaders and desirable leader qualities (Padilla et al, 2007). Such tools are used to further develop the efficacy of a leader and provide an example as to how the leader should behave. If Enron had utilized these tools to identify and punish destructive leader behavior rather than publicly shaming its employees, the organization may have averted the crises that led to it filing bankruptcy. Furthermore, CEO Lay and COO Skilling definitely could have brushed up on their ability to manage both effectively and ethically by reviewing and administering feedback and assessment tools based on desirable leader qualities rather than aggressive performance



evaluations. Of course, the drawback is that assessment tools are often only appropriate in a business organization and not as applicable in political or religious organizations.

### **Follower Approach**

Validated scales also exist for determining a follower's susceptibility such as bystanders' and lost souls' core self-evaluations, colluders' Machiavellianism, and authoritarians' right-wing authoritarianism (Thoroughgood et al., 2012). Thoroughgood et al. (2012) cites assessment centers as effective resources and robust predictors of various employee outcomes. Employees may complete a simulated leader-follower scenario in which resistance to an unethical leader's demands is a desirable course of action. Due to colluders' Machiavellian tendencies and probable intentional distortion of pen-and-paper personality assessments, practitioners may benefit from using biodata to identify potential colluders (Thoroughgood et al., 2012). Several scales may be used that identify the individual propensities for engagement in destructive acts. Understanding a follower's underlying motivations and probability of engaging in destructive acts allows a leader to better predict and correct their behavior. Again, this is predominantly associated with business contexts.

The most effective organizations and leaders grant autonomy and strike a sense of responsibility in their employees. They are given a voice in organizational decision-making processes and are not brushed off unless a logical reason can be offered as to why. This type of culture proactively prevents destructive leadership behavior as followers are encouraged to speak up. It establishes a sense of balance and control over authoritarian power and fosters more effective communication that leads to better decisions for the organization. In the case of Nazi Germany, for example, Hitler refused to consider the suggestions of others, often citing that his decisions are guided by Providence. If he had listened to the advice of his military cabinet and

avoided stretching his resources to unrealistic boundaries, the outcome of WWII could have been drastically different. The downside to granting subordinates autonomy is that leaders must relinquish some of their power.

### **Organizational Structure**

Perhaps the single most important contextual factor for preventing destructive leadership is the existence of checks and balances. At lower organizational levels, factors such as hierarchy, accountability, and a chain of command often provide needed controls. At the top of organizations, however, strong oversight by a diverse board of directors is necessary (Kaiser & Hogan, 2007; Summers, Munyon, Perryman, & Ferris, 2010). Padilla et al. (2007) lists certain essential conditions for boards to govern effectively. These conditions include board independence, with a substantial mass of outside members not picked by the CEO; policy-level oversight by the board in company affairs, including the processes for performance reviews and succession; and board accountability, granting the board responsibility for executive and organizational performance and the ability to sanction executives. Padilla et al. (2007) notes that these conditions aren't typically followed, possibly due to the fact that as board control increases, power and autonomy of the top management team tend to decline. If Enron had subscribed to these conditions, their accounting malpractice may have been caught sooner and corrected to avoid bankruptcy.

Effective leaders directly influence the culture of their organization by implementing and abiding by ethical, moral standards and codes of conduct. Howell & Avolio (1992) suggest that visible enforcement of such policies can deter unethical and destructive activities. Cultural values such as uncertainty avoidance, collectivism, and power distance should be avoided as they are associated with destructive leadership (Luthans et al., 1998). Brown et al. (2005) note that

supporting ethics-related discussions and rewarding leaders who serve as ethical role-models may help mitigate destructive leadership. Finally, a clear-cut whistle blowing procedure must be in place. Employees must trust that whistleblowers are guaranteed protection, procedures of investigating ethical problems will be fair, and management will take action to solve problems that are uncovered (Sims & Brinkmann, 2003). If someone early on at Enron had leaked the company's tendency to commit accounting malpractice, top management may have been shaken up enough to reconsider some of their shady methods.

### **Conclusion**

This thesis has attempted to elucidate the antecedents and destructive tendencies that inevitably impel an effective leader to organizational dissolution. The models and cases presented emphasize that both leader behaviors and the dynamics between leaders, followers, and contexts contribute to the destructive leadership process. By better understanding the potential for destructive leadership to occur in organizations, one is further prepared to mitigate and proactively avert such situations as they arise. As it is still a relatively new field of study, I recommend that more theoretical work and empirical studies be completed with a focus on developing instruments to measure destructive leadership.

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