

BOOK REVIEW



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**Manfred, F.R., Kets de Vries, and  
Danny Miller. 1985.**

**THE NEUROTIC ORGANIZATION.**

San Francisco, California: Jossey-Bass, Inc.,  
241 pp.

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BUSINESS ORGANIZATIONS, including the academic and service institutions, are endlessly in pursuit of excellence. This is to be expected in an era marked by stiff competition and growing consumerism.

Such a quest for excellence almost always involves the arduous task of managing the premier asset of any organization: the human resources. And because Man, as compared to other resources, is much more complex and dynamic to handle, let alone understand, not any organization has been that successful in affecting, as one had coined it, a truly "Human Organization for Peak Performance." Thus, the search for new and better ways of improving the organization's overall performance continues to be attended to with ever-increasing zeal.

As revealed in this relatively new book with an intriguing title, organizations, and certainly the people that make them, can be neurotic. Human behavior is generally characterized by a mixture of neurotic styles. The same person may possess elements of many styles, each of which is triggered in different circumstances. In many individuals, however, the predominance of a particular style that consistently characterizes many aspects of behavior can be discerned.

Such neuroses can be any of these five types adequately described by the authors: *Paranoid,*

*Compulsive, Dramatic, Depressive, and Schizoid.* (Refer to Table 1 for a summary of these five styles as well as their corresponding strengths and weaknesses).

As illustrated by the authors through several vignettes and case histories borne out of their actual clinical and consultancy experiences, neurosis reflects the leadership style of the top management (the CEO or the COO). The neurosis, however, can be all pervasive, and can be found in the various levels and areas of organization as well.

The latter observation can be heightened in at least two organizational scenarios. The first is when the leader is undoubtedly charismatic, influential, and dictatorial to a point that the subordinates develop a quasi-cultist attitude towards the leader. Another is when there apparently is a leaderless organization marked by an extreme laissez-faire form of management. In this case, the second tier in management is characterized by executives heavily engaged in in-fighting and jockeying for position.

In certain instances, however, the authors have concluded that neurosis has developed over the years as part of an irrational organizational culture. This is most especially true when the organizational members preoccupy themselves with glossing over their problems and difficulties rather than mustering enough courage to

come out from such delusion and face squarely their problems.

But whatever the origins of such neuroses, as the authors have proven in their actual work with certain clients, they threaten an organization's well-being and even its continued survival. (For a more vivid illustration made by the authors of organizational problems and possible roots, refer to Table 2).

In the course of their work, the authors discovered that organizational problems have the following four properties which make these problems particularly difficult to address:

1. They are deeply rooted and are thus hard to diagnose. (This is most especially true for organizations that have existed for several decades.)
2. They are caused by long-standing personality characteristics that resist not only change but also recognition of the need to change. (This is most especially true of those so-called problem individuals who have become "institutions" in the organization and who are known widely for their deep-seated mental and/or emotional dysfunctions).
3. The problems center on emotionally sensitive issues, so that the consultant who probes these too vigorously or too high in the executive hierarchy is likely to find himself or herself without a client. (And this is likely to happen if the client is virtually closed-minded and has a strong bias against any reforms that may pose as a threat to his/her own survival.)
4. The social system of the organization amplifies the problems. (This may be pronounced in organizations marked by factionalism or parochialism among second-level managers who share anything but a common vision of the common good.)

Given these problem properties, the authors offer three general prescriptions for those trying to promote healthy, adaptive organizations.

These are:

1. A good deal of one's time and effort must be devoted to systematically diagnosing and addressing organizational problems to discover their roots and causal interconnections. (A lot of interventions fail when the problem roots are not determined and, worse, are ignored. Stop-gap measures or short-term panaceas, as a rule, never work nor produce the desired results.)
2. Much more attention must be paid to changing

key actors in organizations instead of simply trying to change what they do. (This may be easier said than done, especially if the key actor is one who controls majority of the shares of stock, is a protege of a high-ranking government official, or probably, is the only noted expert in his/her field).

Neurotic styles, according to the authors, don't self-destruct when an information system is introduced; debilitating transference interactions don't vanish when MBO appears. Much more emphasis is required to change key people--their insights, self-awareness, behavior, and where necessary, their positions.

3. Most important of all, a great deal more must be done in the way of preventive maintenance. The best way to deal with serious dysfunctions in organizations is to try to avoid them. (This admittedly is the best way to nip in the bud, any potential or latent problem. It is as the saying goes, an ounce of prevention which is better than a pound of cure).

Among the preventive measures recommended by the authors are:

1. Psychological screening in recruitment, promotion, and transfer. (It is no longer a myth that many executives tend to select and promote people in their own image and, worse, to ensure that potential "stars" are never given a chance to upstage and get ahead of the boss.)
2. Departmental and organizational audits every year or two by an expert from outside the organization. (This is definitely an effective means of recognizing any dysfunction even before it festers and serves as fetters to the organization. This, however, assumes the readiness and willingness of people, management particularly, to bare themselves for others to know whether they have any skeletons hidden in their closets, or none at all.)
3. Organizational ombudsmen whose function, among other things, is to try to straighten things out with management or the rank and file, before things get out of hand. (To be effective in this most sensitive position, the person must be very familiar with the organizational culture and should have a political clout, although he should not be a political opportunist. The ombudsman serves as the *conscience* of the organization. Therefore, he should be of unquestionable integrity.)

### Summary of the Five Neurotic Styles, and their Strengths and Weaknesses

Key Factor	Paranoid	Compulsive	Neurotic Style Dramatic	Depressive	Schizoid
Characteristics	Suspiciousness and mistrust of others; hypersensitivity and hyperalertness; readiness to counter perceived threats; overconcern with hidden motives and special meanings; intense attention span; cold, rational unemotional	Perfectionism; preoccupation with trivial details; insistence that others submit to own way of doing things; relationships seen in terms of dominance and submission; lack of spontaneity; inability to relax; meticulousness, dogmatism, obstinacy	Self-dramatization, excessive expression of emotions; incessant drawing of attention to self; narcissistic pre-occupation; a craving for activity and excitement; alternating between idealization and devaluation of others; exploitativeness; incapacity for concentration or sharply focused attention	Feelings of guilt, worthlessness, self-reproach, inadequacy; sense of helplessness and hopelessness, of being at the mercy of events; diminished ability to think clearly; loss of interest and motivation; inability to experience pleasure	Detachment, non-involvement, withdrawal; a sense of estrangement; lack of excitement or enthusiasm; indifference to praise or criticism; lack of interest in present or future; cold appearance, unemotional
Potential Strengths	Good knowledge of threats and opportunities inside and outside the firm  Reduced market risk from diversification	Fine internal controls and efficient operation  Well-integrated and product-market strategy	Creates the momentum for passing through the start-up phase of a firm  Some good ideas for revitalizing tired firms	Efficiency of internal process  Focused strategy	Second-tier managers share in strategy formulation; a variety of points of view may be brought to bear on problems
Potential Weaknesses	Lack of a concerted and consistent strategy--few distinctive competences  Insecurity and disenchantment among second-tier managers and their subordinates because of the atmosphere of distrust	Traditions embraced so firmly that strategy and structure become anachronistic  Things so programmed that bureaucratic dysfunctions, inflexibility, and inappropriate responses become common  Managers discontented owing to their lack of influence and discretion; stifling of initiative	Inconsistent strategies that have a very high element of risk and cause resources to be needlessly squandered  Problems in controlling widespread operations and in restoring their profitability  Rash and dangerous expansion policies Inadequate role played by second-tier managers	Anachronistic strategies and organizational stagnation  Confinement to dying market  Weak competitive posture due to poor product lines  Apathetic and inactive managers	Inconsistent or vacillating strategy issues decided by political negotiation more than facts  Lack of leadership  Climate of suspicion and distrust, which prevents collaboration

Table 2

Common Organizational Problems and Possible Roots

Possible Root Situation	
<p>Depressive firm: Leaderslessness                      Paranoid firm: Suspiciousness                      Dramatic firm: Overcentralization                      Mirroring transference: Dangerous grandiosity                      Binding mode: No delegation</p>	<p>Improper allocation of authority in the organization. Responsibilities are not commensurate with authority; those with the best information are not allowed to make decisions; those who make decisions have too broad and hectic job to do it well; top managers exercise very little authority, so that there are problems of control.</p>
<p>Dramatic firm: Excessive risk-taking                      Depressive firm: Excessive conservatism                      Mirroring transference: Dangerous grandiosity</p>	<p>Attitudes toward risk may be out of line. Too much or too little risk-taking and innovation take place relative to marketplace demands; excessive risk-taking and changes often threaten the firm's resources and may be costly; too little risk-taking and innovation lead to traditions that cause methods and products to become obsolete.</p>
<p>Dramatic firm: Undercontrol, over-centralization                      Depressive firm: Rigidity                      Utopian culture: Unsettledness</p>	<p>The organization structures may be inadequate to the task. They may be too uncontrolled or bureaucratic, too flexible or too rigid, too unsettled or too formal, too monolithic or too fragmented, too centralized or too decentralized.</p>
<p>Compulsive firm: Rigid, narrow focus                      Depressive firm: Vague strategy                      Utopian culture: Vague strategy</p>	<p>Strategies may be too vague or too rigid. Strategies concentrate on too few considerations; they are too sketchy to serve as a guide or too rigid to allow for adaptation.</p>
<p>Paranoid firm: No distribution of information                      Fight/flight culture: Factionalism, secretiveness                      Persecutory transference: Secretiveness</p>	<p>The right information may not be going to the right decision-makers                      The necessary communication cannot take place between different levels of managers; there are too few or too many financial and managerial controls in place; information on the environment is not gathered or disseminated.</p>
<p>Binding, proxy, or expelling top executives:                      Incapacity for independent action</p>	<p>The caliber of executive talent may be deficient. Many activities (for example, new-product development, capital budgeting) are neglected because there are no executive skills available to carry them out well.</p>

## MANAGING PEOPLE, MANAGING RESULTS

What is suggested as a fourth preventive measure is to contract consultants with tenure. This poses a greater opportunity for the management consultancy industry as there are many organizations that can surely be diagnosed as unhealthy.

The question worth pondering though is whether the organizations are ready and willing to invest in costly (but highly qualified) consultants who are versed in psychoanalysis/ psychodynamics on one hand, and on organizational management, change, and development, on the other.

This book, with its clear presentation of theories and non-technical treatment of actual cases, is must reading for professionals, academicians, and even students taking up courses in human resource management, human behavior in organization, and the like. While the cases are foreign, the issues are truly similar to those that abound

in our own society. And besides, the theories and concepts are universal and will find immediate application in our local setting.

The authors' objective in publishing this book is to excite debate and to raise questions with their bold conjectures, as the area for inquiry is still unexplored.

The book comes in two major parts: Part I - the nature and genesis of some very prevalent organizational problems from a clinical perspective; and Part II- the issue of organizational change, or how to resolve problems.

It is here where sources of dysfunctional resistance to change and adaptation are investigated, and the process of organizational change is outlined. An integrative case example of organizational diagnosis and prescription caps the whole book.