

THE IMPACT OF MIS IN ORGANIZATIONS WITH FOUNDERS SYNDROME

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RÉSUMÉ

Chaque entrepreneur envisageant une longue vie à son entreprise peut souffrir du (syndrome du fondateur) Founders Syndrome qui représente une faiblesse managériale au sein de l'entreprise. Grâce à son succès, une entreprise passe d'une startup à une PME pour atteindre le niveau ultime de grande entreprise. Dans l'étape de passage d'une startup à une PME, les entrepreneurs s'impliquent personnellement dans chaque détail de gestion puisque l'entreprise a besoin de leurs talents. Alors que quand l'entreprise croît et passe à une échelle plus élevée, elle nécessitera plus d'organisation, de talents managériaux et administratifs. A ce niveau-là, l'entreprise aurait une soif pour plus d'expertise, de procédures de qualité, d'une claire structure organisationnelle, d'une matrice d'autorité bien structurée. Pour cela, dans cette étape de croissance, les entrepreneurs souffrant du Founders Syndrome nuisent à leur compagnie qui a besoin de plus de structure organisationnelle, et de procédures permettant le flux d'informations puisqu'ils continuent de diriger chaotiquement en interférant à tous les niveaux de gestion du plus petit au plus grand niveau. Si ce type d'entrepreneur est convaincu d'introduire un système de gestion de l'information (MIS) pour améliorer le flux d'information et le transfert de connaissance entre les différents départements ainsi que de rendre son entreprise plus automatisée, il pourra éviter, en partie à son entreprise, des erreurs de management et une faillite potentielle.

MOTS CLÉS/ KEYWORDS

Founders syndrome , management information system , organization excellence.

ABSTRACT

Founders syndrome is a management weakness and illness confronted by every entrepreneur envisioning and planning for a long term journey of his business. With success, businesses grow from startups to SMEs' until they become solid corporations. From start up to SME stage, entrepreneurs roll their sleeves and implicate themselves in every single aspect of the business, because during those stages, the firms require entrepreneurships and general management and administrative skills. When the business grows further and the firm moves from SME to larger scale, it requires organizational reforms and restructuring. At this stage, the entity has a hunger to functional expertise, quality engineered processes, clear organization structure, appropriate span of control, structured authority matrix and quality governance charter and code. Therefore, entrepreneurs with founders' syndromes hurt much their organizations at growth because while their entities seek organizational structure, management development and processed information flow, they keep on treating their entity in a chaotic manner while rolling into small and big affairs at the same time. That type of entrepreneurs, if they are at least convinced to introduce Management Information Systems to automate their businesses and enhance information flow and knowledge transfer among entity's department and divisions, they could partially save their firms from mismanagement and potential ruin.

INTRODUCTION & BACKGROUND

In today's complex environments, companies require more flexibility and speed in their decision making process, thus requiring all the times to review their strategies and improvement indicators, adapt their organizations structures and processes, appraise the caliber of their human resources and analyze their financial positions and financial management standards. But despite all this hard work, if those organizations suffer from founders syndrome and at the same time are not properly armed with a solid management information system, their expansion journey will be at stake while confronting serious corporate growth hurdles.

Founders Syndrome, despite its diversified definitions and meanings, is obviously regarded as an illness which is usually a harmful phenomena to any tangible or intangible state matter. In the business world, founders syndrome is a real leadership sickness whereas the original founder of the business suffers from lack of confidence, lust for powers, controls and lack of technical and functional expertise. Founders with such syndromes, unintentionally, do not help the organizations grow properly and harm the firm's identity because such identity is usually mixed with that of the founder himself.

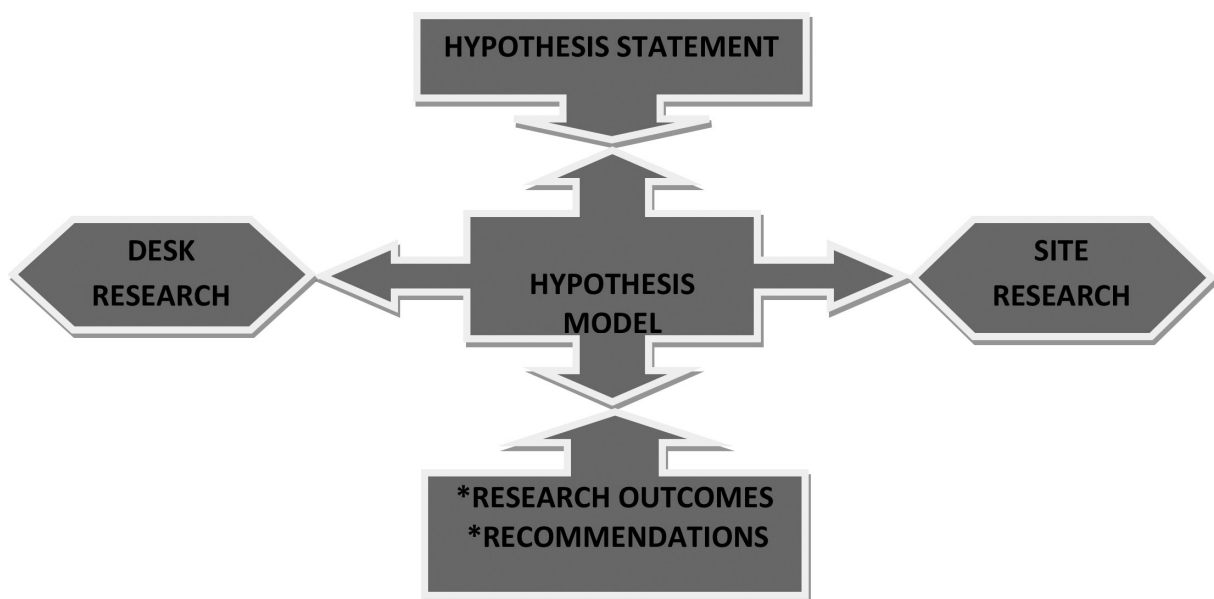
Moreover, founders with such syndrome, try to formulate all the small and big decisions of the business, bypassing the organization engineered processes, related authority matrixes and neglecting serious development of the organization information technology infrastructure and management information system. Strategy planning and development is practically not existing in their dictionary, triggering them to become more reactive to corporate risks and confront continuous and frequent business crisis. The crisis mode they enter themselves into, lead them to false perception of indispensability within their organization. Therefore, they select a fit size key staff and board members to simply support their business behaviors and decisions and even push their colleagues to their personal loyalty rather than the business itself. Anyone who challenges this cycle will be treated as a disruptive influence, ignored and removed.

Even though at minimum, but the existence of a management information system in organizations, with sick founders, is critically crucial because it helps reducing a bit the operational business risks that companies confront due to founders false reactive decisions, and at the same time aid in proper transferring information to others at exit time of such founders from their organizations. With a minimal MIS support, the functional managers of the company, and despite their founder's leadership illness, can be more efficient, monitoring daily operations and trying to contain risks. At least, they could be kept alerted by obtaining information indicating the probable trends in the various aspects of their business, and offer to their chaotic founders the proper advice.

1. METHODOLOGY OF WORK

This paper shall be elaborated throughout the development of a model in compliance with its adopted hypothesis statement. Desk research and site survey shall constitute the core elements of the document aiding in testing the modulated hypothesis statement. Desk research technique shall aid in illustrating a comprehensive literature review for the Model and site survey shall serve as an on ground comparative of the literature review elements and parameters of the Model. As a result, the outcomes generated from the tested model shall help researchers in holding the hypothesis sustained or not.

In general the contents of this paper shall be orbiting around main areas of Founders Syndrome, Organization’s Excellence and Management Information System whereby from them an hypothesis statement and respective model shall be drawn. As a matter of fact, the technical, diagnosis and prognosis structure of this document is designed as follows:



2. HYPOTHESIS

2.1 Hypothesis Statement

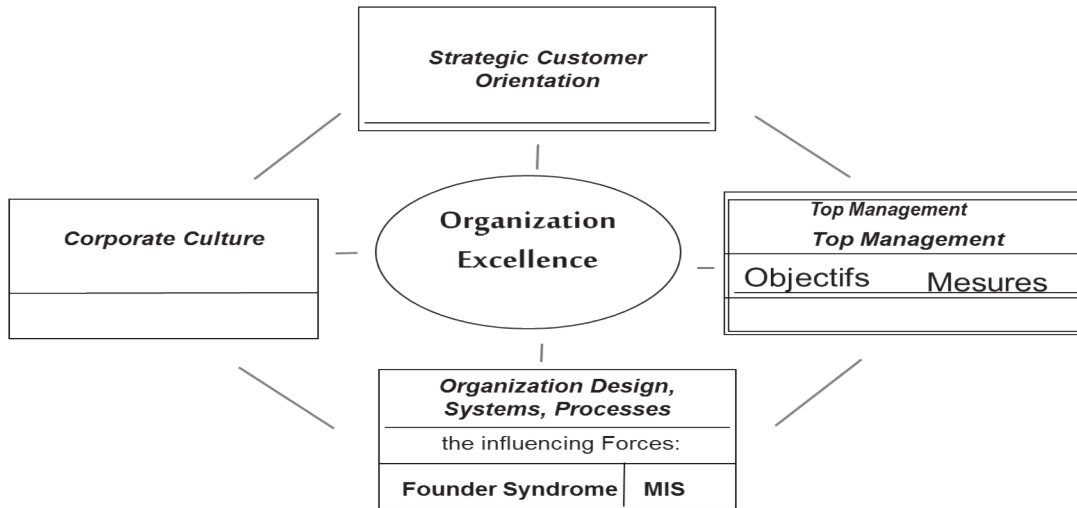
As already widely known, researched and defined, Founders Syndrome is extremely harmful to every organization as it affects quality of its operations, current growth and future expansionary journey. However, it is worth investing and studying the impact of Management Information Systems in organizations with founders syndrome effect, whereas it is assumed that the deployment of Management Information Systems in organizations with Founders Sickness can reduce the organizational excellence risks without having any impact on quality performance and empowerment of employees.

2.2 Hypothesis Model

As it has already been presented in the hypothesis, the researcher is questioning the positive / negative relationship of Founder’s Syndrome and Management Information System on Organization Excellence. The model hereto constitutes a scientific translation of the Hypothesis statement. The main purpose of this model is to be adopted as the researcher technical road map, which entitle him to test his Hypothesis and assumption in a process engineered manner.

3. LITERATURE REVIEW

This section of the paper shall elaborate and explain the theories of the Organization Excellence elements and related influencing forces included in our hypothesis model. Whereas later on in this document and after a thorough literature review a comparative analysis shall follow assessing the impact of those influencing forces on **one major element of Organization Excellence related to Organization Design, Systems and Processes.**



3.1. Organization excellence

Organization excellence is a strategy related to helping organizations to live longer, adapt to internal and external environments evolutions and chaos. And for this strategy to succeed, major organizational factors should be treated to reaching excellence. In brief, organizational excellence is the fact of staying close to customers, responding to their needs, and creating continuous new needs for them to help them evolve with the organization as well. No organization could remain close to its customers without an excellence strategy affecting the four organization elements:

1. Customer Orientation Highly focused client oriented organization
2. Top Management Commitment to Inspirational leadership
3. Organizational Design Lean structure for a flexible maneuver
4. Corporate Culture Confident environment

3.1.1. Customer Orientation

“Three characteristics identified in corporate research pertain to an organization’s strategic customer orientation: being close to customer, providing fast response, and have clear business focus on goals. Excellent organizations are customer driven due to their continuous proactive position. Fast response means successful companies respond quickly to problem and opportunities. They lead rather than follow. Moreover to sustain excellence, companies know that they need to focus on goals and keep up doing the thing they do best.”¹

¹ Organization Theory and Design, Richard L. Draft, 6th Edition, 1998. (P. 56)

3.1.2. Top Management

“Management processes and techniques are another dimensions of excellent organizations. To achieve and maintain excellence, an organization needs a special kind of leadership vision that provides leadership of the organization, not just leadership within the organization. Leaders must provide a vision of what the organization can be and what it stands for. They give employees a sense of direction, shared purpose, and meaning that persists despite changes. When asked to name the most important decisions contributing to Hewlett-Packard’s immense growth, David Packard speaks entirely in terms of organizational characteristics, such as creating an environment that encourages creativity rather than in terms of technological breakthrough.”²

3.1.3. Organization Design

Organizations are considered of excellence nature when they are characterized by their simple form, lean staff and decentralized nature aiding in increasing entrepreneurship within the organization.

“Simple form and lean staff means that the underlying form and systems of excellence organizations are elegantly simple and few personnel are in staff positions. There is little bureaucracy. Large companies are divided into small divisions for simplicity and adaptability. Organizations structure is decentralized to encourage innovation and change. Creativity and innovation of employees at all levels are encouraged and rewarded. Technical people are located near marketing so they can lunch together. Organizational units are kept small to create a sense of belonging and shared problem solving.”³

3.1.4. Corporate Culture

With time and research it was found that commitment of employees is a crucial and core element for organization success and excellence. Knowing that an organization is mainly constituted of individuals cohabiting, coordinating and performing together to usually reach common goals. Therefore without employees’ commitment, organizational excellence becomes a hard thing to accomplish. Within organizations “a climate of trust is necessary so that employees can deal openly and honestly with one another. Collaborations across departments require trust, managers and workers should trust one another to work together in joint problem solving. For example, at Ford Motor Company where workers were historically suspicious of management, a new climate of trust has led to increased productivity and reduced costs.”⁴

3.2. Influencing Forces

Now that the elements of organization excellence have been explained, it is fundamental to project light on the forces, chosen in this study, which intend to influence the element of Organization Design, Systems and Processes of the organizational excellence strategy related to our above defined model. Those two identified forces: Founder’s Syndrome and IS/ Management Information System, among other forces, shall be analyzed then tested to assess their impact on the above chosen element of organization excellence.

Through our research, no clear cut definition on Founders Syndrome has been found. Every industry and discipline describes and explains this concept in somehow different manner despite the fact that all try to head up to same outcome: with every beginning every Founder is of no doubt an essential part of an idea or a project which successfully turns it into a growing organization, however with time, when the syndrome catches the founder, he becomes with no doubt a burden to the organization, jeopardizing its expansion and journey.

This specific founder weakness is classified as a syndrome and whenever it is identified in an active founder of an organization a potential organizational risk hurdle is taken into account. Usually medical doctors diagnose specific body illness through symptoms analysis, and the same shall be applied

² Organization Theory and Design, Richard L. Draft, 6th Edition, 1998. (P. 56)

³ Organization Theory and Design, Richard L. Draft, 6th Edition, 1998. (P. 57)

⁴ Organization Theory and Design, Richard L. Draft, 6th Edition, 1998. (P. 57)

to founder's syndromes. For that matter, this paper has relied on the Syndrome diagnosis process questions, adopted by (Leadership Guide) document, which helped in conducting a proper symptoms diagnosis on Founder's syndrome, and aiding in understanding better the phenomena.

"If you answer (Yes) to the following questions, you may have Founder's Syndrome:

1. When you leave, will you feel skeptical that things might be managed differently?
2. Are you staying because it is best for the organization if you stay?
3. Do you identify with the organization as being part of who you are?
4. Do you fear the organization will change its mission contrary to your original mission?
5. Can you separate organizational issues from your personal viewpoint of the issues?
6. Do you relate to the organization as belonging to you by saying (My organization)?
7. Do you feel as though you are indispensable?
8. Do you want to stay involved after you depart to avoid feeling a sense of loss?"⁵

It is obvious now that the influencing force of founder's syndrome is of a negative nature on organization excellence strategy. But before conducting the impact analysis of influencing forces to the main variable defined as Organizational Excellence, yet management information system being the last influencing force in our model requires literature investigation.

3.3 Information System (IS) / Management Information system (MIS)

IS/MIS has become an integral part in organizations' evolution process journey. Researchers have developed multiple theories in explaining IS/MIS and its impact on organizations. In this paper and with regard to our hypothesis model above, IS/MIS is considered an influencing force to organization excellence and it will best be described in this document throughout the explanation of IS/MIS and its role in organizations.

"Information systems have become integral, online, interactive tools deeply involved in the minute-to-minute operations and decision making of large organizations. Over the last decade, information systems have fundamentally altered the economics of organizations and greatly increased the possibilities for organizing work."⁶

Large, bureaucratic organizations, which primarily developed before the computer age, are often inefficient, slow to change, and less competitive than newly created organizations. Some of these large organizations have downsized, reducing the number of employees and the number of levels in their organizational hierarchies.

"Behavioral researchers have theorized that information technology facilitates flattening of hierarchies by broadening the distribution of information to empower lower-level employees and increase management efficiency. IT pushes decision-making rights lower in the organization because lower-level employees receive the information they need to make decisions without supervision. Because managers now receive so much more accurate information on time, they become much faster at making decisions, so fewer managers are required. Management costs decline as a percentage of revenues, and the hierarchy becomes much more efficient."⁷

"According to **agency theory**, the firm is viewed as a "nexus of contracts" among self-interested individuals rather than as a unified, profit-maximizing entity (Jensen and Meckling, 1976). A principal (owner) employs "agents" (employees) to perform work on his or her behalf. However, agents need constant supervision and management; otherwise, they will tend to pursue their own interests rather than those of the owners. As firms grow in size and scope, agency costs or coordination costs rise because owners must expend more and more effort supervising and managing employees. Information

5 Leadership Guide - Building and Sustaining Leader-Full Organization, Transition Guides, July 2008

6 Managing Digital Firm, Keneth C. Laudon & Jane Price Laudon, 10th Edition, 2006. (P90)

7 Managing Digital Firm, Keneth C. Laudon & Jane Price Laudon, 10th Edition, 2006. (P91, P92)

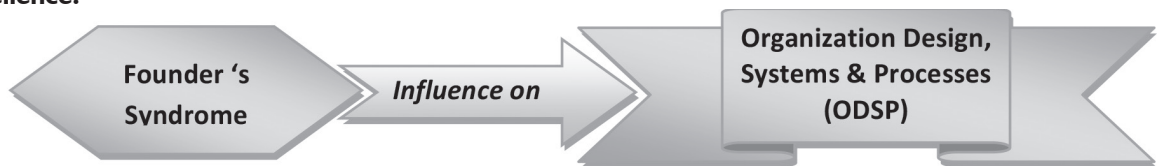
technology, by reducing the costs of acquiring and analyzing information, permits organizations to reduce agency costs because it becomes easier for managers to oversee a greater number of employees.”⁸

4. ANALYSIS OF THE HYPOTHESIS MODEL

Now that the literature and theoretical explanations of the main variable and forces constituting our hypothesis model have been accomplished, a comparative analysis shall be conducted to study the impact of influencing forces on the evolution of our main variable.

The Hypothesis Model analysis shall be dissected into two parts:

Part 1: Study of the influencing force of Founder’s syndrome on the elements of Organization Excellence:



Part 2: Study the influence of IS/MIS on an Organization Excellence affected by Founder’s Syndrome:



5. COMPARATIVE ANALYSIS

Throughout this paper and all researches, it was clearly obvious that Founder’s syndrome is nothing but a leadership illness, once sneaked into an organization, it will affect its quality performance and excellence elements through an infection of its Corporate Culture, Top Management, Organization Structure and Design (ODSP), and Customer Orientation. For the sake and size of this paper and as exposed previously, one element of organization excellence has been chosen for analysis. In this section, an analysis shall be conducted to assess the influence of the Founders Syndrome force on (ODSP) then introducing the assumption of accepting the deployment of an MIS in an affected and ill (ODSP).

⁸ Managing Digital Firm, Keneth C. Laudon & Jane Price Laudon, 10th Edition, 2006. (P.91 , P.92)

Influenced (ODSP) with Founder's Syndrome	Introducing an IS/MIS to a Sick (ODSP)
<ul style="list-style-type: none"> • Founder's syndrome can entice a rigid structure triggering a centralised orientation whereby communication streams are vertically oriented and most of time in the hands of Founder. • The hierarchal referral is usually high and upward. Most of problems raised are lifted up vertically for decision making. And most of substantial decisions are many times deposited on the table of the Founder for cut off. • Due to high vertical integration and centralisation of decisions, many times matrix authorities and systems are breached to the expense of Founder chaos behavior. • Authorities and systems breach might trigger weak internal control of procedures thus exposing the organization to higher operational risk • In such an environment and due to its vertical orientation, patriarchal approach and illness of founder; flow of documentations and reporting schemes becomes excessively slow to an extent whereby approvals and decisions process are excessively slow leading to employees de-motivation and probable loss in business and market 	<ul style="list-style-type: none"> • IS/MIS renders the organization more lean and flatter because with more computerised control operational risks could be diminished and therefore processes becomes more horizontally oriented rather than raised vertically for extra approvals • IS/MIS strengthen the implementation of a defined system and minimize the possibility of Founder to breach procedures as they are electronically executed and controlled • With a lean structure and soft vertical orientation, the founder and despite his syndrome will start willingly and unwillingly unleashing controls. Making up such a leadership flexibility, the IS/MIS shall compensate through the production of specific reports to management and hence the founder • Heavy horizontal communication and coordination among departments through the use of cross functional information systems whereas it enables information exchange on problems, opportunities, activities and decisions. • Due to storage and processing of data into useful information available throughout the whole organization. Control of such information in the hand of founder is not possible anymore. Hence when information and knowledge is stretched vertically and horizontally, management replacement and succession planning become an easier task.

6. SITE SURVEY

The site survey was held on 4 organizations in different economic sectors and with variable employees' number and different sizes. Some are in the industry others in services and other in distribution. The founder is still currently in the organization and they already have an established IS.

Sector / Activities	Number of Employees
Rent a car and taxi Services	48
Petroleum company	190
Distribution Markets (16 branches)	72
Pharmaceutical -retail – industry- cosmetic.... (multinational company)	Around 500

The questionnaire results are as follows:

		Company in distribution, industry.... frequent answers
1	major worries when you area absent	Weak performance/Client neglected/Attendance breached/poor quality output
2	the main reasons that keep you staying in the organization	more control/solving problems quickly/Clients trust my presence/Quality control
3	your relation with the organization	My Grown Baby/My life journey/My Life Self Esteem/My Family
4	your fears in the future	Lose Control/Weak growth/No Healthy take over/Losing Leadership
5	separation in organizational issues and personal viewpoint	What I see is right for the firm/I'm ready to listen to managers advices/I hired professionals for their opinion/My opinion is crucial for the organization
6	Do you relate to the organization as belonging to you by saying (My Firm)?	It is mine/of course I built it/It is my ultimate asset/of course it is
7	your current role in the organization	CEO/GM
8	the indispensable role	My Leadership/My presence/My management
9	reducing your involvement in the firm through IS/MIS	in certain areas/better control I intervene less/ Yes I solve less problems/administration is electronic my involvement is less
10	introducing MIS to your organization	only finance & HR/ERP system/Finance, HR and CRM/full ERP System
11	Advantages of MIS in enhancing knowledge transfer in your organization	Finance & HR exchange information big time/of course better cross functional performance/yes we can see that/Information transfer is easier and more practical
12	the impact of MIS on your role	Quicker reporting when requested/Less control on operational processes/better analysis/Less risk in operational failure

RECOMMENDATIONS AND CONCLUSION

The moment business owners and founders feel like they could be infected by the Founders syndrome, they should optimally do their best in avoiding that illness which could seriously harm not only the individual but also the overall organization. Entrepreneurs caught or not with that syndrome should not deprive their organizations from change and business transformation through the introduction of solid management information system in their enterprises. Despite founders syndrome and internal cultural hurdles, MIS can tighten control over processes, quicken transactions and assure availability of quality information within the organization, thus affecting positively and rectifying some organizational weaknesses mentioned previously. Organizations usually are into a business journey leading to further growth. Business expansion is healthy when enterprises get mature through their individuals, founders, availability of information and quality systems. Such maturity could be attained when founders enjoy more leadership skills and allow to properly structure and automate their organizations.

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