

RELATEDNESS IN A GLOBAL ECONOMY



EDITED BY

**EDWARD B. KLEIN
& IAN L. PRITCHARD**

KARNAC

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This book is dedicated to my (EBK) grandchildren

Iris Ruth Parsons

Rebecca Iris Klein

Eli Robert Parsons

And to my (ILP) mother

Virginia Louise Pritchard

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CONTENTS

| | |
|---|-----|
| ACKNOWLEDGEMENTS | vi |
| CONTRIBUTORS | ix |
| INTRODUCTION | 3 |
| <i>Edward B. Klein</i> | |
| CHAPTER ONE | |
| Applying systems psychodynamics in an organizational consultation | 11 |
| <i>Edward B. Klein</i> | |
| CHAPTER TWO | |
| Whose globe is it, anyway? | 31 |
| <i>Rosemary Viswanath and Gouranga P. Chattopadhyay</i> | |
| CHAPTER THREE | |
| The dance of globalization: learning, thinking and balance | 57 |
| <i>Kenwyn K. Smith</i> | |
| CHAPTER FOUR | |
| Coping with unpredictability and conflict: managing in a global economy | 79 |
| <i>Lionel F. Stapley</i> | |
| | vii |

| | |
|--|-----|
| CHAPTER FIVE | |
| Management's fear of market demands: a psychodynamic exploration <i>James Dalgleish and Susan Long</i> | 101 |
| CHAPTER SIX | |
| Global identity and the superordinate task <i>Larry W. Penwell</i> | 124 |
| CHAPTER SEVEN | |
| C'est la vie: creating a French family business to serve the global information society <i>Faith Gabelnick</i> | 149 |
| CHAPTER EIGHT | |
| The complexity of leadership: the complexity of the organizational self <i>Marc Maltz and Kenneth Witt</i> | 166 |
| CHAPTER NINE | |
| [Re]thinking leadership in a global economy <i>Amy L. Fraher</i> | 190 |
| AFTERWORD <i>Edward B. Klein</i> | 211 |
| REFERENCES | 215 |
| INDEX | 229 |

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RELATEDNESS IN A GLOBAL ECONOMY

INTRODUCTION

Edward B. Klein

Instructions to contributing authors

Four years ago, I sent out a letter inviting colleagues to contribute a chapter to a new book on globalization. In part the letter read:

I'm interested in editing a third book; building on *The Psychodynamics of Leadership* (Klein, Gabelnick, & Herr, 1998) and *Dynamic Consultation in a Changing Workplace* (Klein, Gabelnick, & Herr, 2000), both published by Psychosocial Press. The tentative title for the book is *Relatedness in a Global Economy*. Some companies are located in one country; others have locations in a number of countries. How does the economy work across international boundaries? Does the way an organization manages its boundaries affect the relatedness within the enterprise and the larger environment? I envision the book building on the work of a number of dynamic systems authors. For instance, the concepts spelled out by Bion's (1961) *group-in-the-mind*, Hutton's (1997) *organization-in-the-mind*, and Armstrong's (1991) *institution-in-the-mind*. How does one look at the *global-economy-in-the-mind* in the early 21st century? How does that picture affect people's ability to relate at work and in the community? For example, how are relationships affected by information technology (IT), downsizing,

mergers, diversity, uncertainty, and the intensity of international competition?

I invited authors from a number of nations to contribute 20 to 25-page chapters to the volume. I suggested that:

Each chapter should contain actual case examples of your organizational work in private or public sectors. As a consultant/researcher/coach you use a combination of psychodynamic and systems theories to help institutions manage anxieties produced in organizational change/transition. Now, how can our theories help managers, executives, and administrators understand the dilemmas of relatedness in a global economy highlighted by working with different cultures, economies, and organizational scales? Please note that because of the WTC incident, the original deadline for submission of chapters has been extended.

Current issues

Globalization has affected the economy of most nations, industries, and billions of people. Originally, globalization indicated integration and unity. International integration is essential for poor people and third world nations. Trade has lifted 300 million Chinese, Japanese, Koreans, and Taiwanese out of poverty since 1970. The World Trade Organization (WTO) and the International Monetary Fund (IMF) helped nations grow and decreased the risk of economic depressions. As critics have noted, more recently the WTO and IMF have focused more on getting first world countries repaid than helping third world nations develop.

Things do not have to be this way. Chile cut poverty in half when its democratic government worked to spread education and health care across the country. Technology transfer helps countries develop, as shown by South Korea's demand to import knowledge along with assembly line jobs. Advanced countries and corporations can accept limits on their intellectual property rights so AIDS can be treated in Africa. First world countries should not dump surplus food products while protecting themselves with hidden agricultural subsidies. Loosening immigration rules would allow third world

citizens to live in first world countries, obtain an advanced education, and return to and improve their respective mother countries. Unfortunately, after 9/11 this will be a very difficult plan of action.

As noted, recent history has shown that trade has lifted hundreds of millions of third world citizens out of poverty. Globalization can work for millions more if it can be seen as a means of helping to provide food, health care, and modern education to impoverished nations. Such an enlightened approach ought to decrease third world anger towards Western countries, which are often seen as exploiting poorer nations by their industrial-political policies. A more balanced stance, with regard to trade and long-term socio-political strategic planning, as well as greater cultural sensitivity and global identification, would benefit both developing and developed countries.

Purpose of the book and intended audience

This book is intended for those in major organizational roles within public, private, and voluntary systems: executives, managers, organizational consultants, coaches, teachers, and students consulting to those in leadership roles. It is also directed toward those responsible for developing creativity in organizational life: human resource officers, group trainers, educational specialists, career counselors, and global relations practitioners. The following innovative papers offer the reader insights into the overt and covert workings of many organizations in a variety of countries, both developing and more technologically advanced. The book is also practical in helping leaders to assess changes to be made, and ways in which to more effectively deal with these changes in an unpredictable global economy. The recent expansion of consulting services, created by massive changes in modern institutions, government agencies and the global economy, makes this book highly relevant to organizational consultants who wish to deal with the complexities of the modern marketplace.

The book addresses the following issues:

1. Can a combination of social systems and psychoanalytic theories

- help us understand the dilemmas of relating in a complex, competitive global economy?
2. How can systems psychodynamic authors apply their theories to the market place?
 3. Using these theoretical perspectives, can consultants affect how we relate in the new economy?

In the following nine chapters, authors from Australia, England, India, and the United States address these issues in both technologically developed and developing countries, the ancient world, and in the future.

Chapter One reviews the history of the psychodynamic systems theory as developed at the Tavistock Institute since the 1950s. The theory underlining this consultative approach originated in the individual, clinical work of Melanie Klein (1959), was expanded to small group education and therapy by Wilfred Bion (1961) during World War II, and later applied to large complex organizations by Miller and Rice (1967). This approach then spread to other countries through training provided by the Tavistock Institute and the migration of many Tavistock staff to other countries. In addition to providing the theoretical framework used by the authors of this book, the chapter also contains an application of systems psychodynamics in a brief consultation to a utopian, multinational company. The case illustrates the power of splitting-off group conflict into one executive, and using him as the repository of unresolved collective issues. A dynamic intervention is presented that leads to other executives owning their personal issues, thus freeing up the stereotyped executive to be his own man, ultimately resulting in a significant increase in company effectiveness.

In Chapter Two, Rosemary Viswanath and Gouranga P. Chattopadhyay ask, "Whose globe is it, anyway?" They raise questions about the negative consequences of globalization, noting that the view from the top is not the view from the bottom of companies and nations. Mainstream globalization values trickle-down benefits, survival of the fittest, free markets, choice, and individualism. Grassroots globalization values democratic processes, shared power and leadership, justice, accountability, voice, dignity, and equity. The authors present three cases: first, a software firm in India's information technology capital Bangalore; second, a software development

company in eastern India. Although the two companies differ in having Indian versus American ownership, nevertheless both benefit from globalization. The third case is an emerging network of not-for-profit organizations in South India that uses some of the above noted grassroots methods in an attempt to ensure that a group of Untouchables (the lowest caste in India) are not pushed beyond the periphery of globalization.

Kenwyn Smith discusses “The dance of globalization: learning, thinking, and balance” in Chapter Three. He provides four illustrative cases: the foot-and-mouth crisis in the United Kingdom in 2001; how the internet is making it harder for Mongolia to participate in globalization; how Western development agencies do not appreciate Madagascan engagement in collective learning; and how global learning practices undermine the ecological thinking that enabled the Australian Aborigine to thrive in a harsh continent for over 50,000 years. He advocates a more balanced perspective when working in crisis settings and when different cultures need to collaborate. This sensitivity enhances the effectiveness of cross-cultural interventions.

Chapter Four by Lionel F. Stapley is entitled, “Coping with unpredictability and conflict: managing in a global economy”. He presents the case of a multinational steel company operating in Britain, and the way in which cheap steel elsewhere in the world impacted the organization’s domestic operations. To the CEO, the global-economy-in-the-mind is persecutory and threatening; therefore one must fight for survival. In addition, it is hard for employees to relate to others in the company. At a sociological level, managers adopted strategies to obtain as much control as possible in an uncertain world. From a psychological level, much of managers’ “rational” behavior is irrational, serving as defenses against anxiety. Since the very dynamics in which even the most sophisticated executives participate often prevent them from gaining a broader psychosocial perspective, an outside consultant can help them to understand such economically and emotionally loaded issues.

In Chapter Five, James Dalgleish and Susan Long discuss management’s fear of the market. They hypothesize that executives experience fear and anxiety with regard to the financial markets. Managers have difficulty holding such disturbing feelings in check because market players make judgments about their company’s

performance, which may have major consequences. Executives have almost no way of influencing these financial judgments. It is often persecutory feelings, in response to these market pressures, which interfere with management's thinking. This leads to breakdowns in cooperation between groups that must work together. The authors studied the effects of dynamics within and between IT and business groups in a multinational utilities company in the Asia Pacific region. When share prices collapsed, management too quickly responded by removing 17,000 of its 50,000 employees. Market analysts saw the company as overreacting without a long-term plan. Three months later, a more rational plan was put forward and accepted by external analysts. The authors found interdependence between the financial market players and the enterprise, but executives denied this relationship. Executive coaching or role analysis addressing the actual market complexities, in comparison to what is feared, should enhance more thoughtful work on these issues.

In Chapter Six, Larry Penwell discusses some critical ideas on "global identity and the superordinate task". He presents a socio-psychological view of the human species' proclivity to create organizational entities that take on a life of their own. The dynamics linked to the development of global identities and enterprises are explored. In particular, he reviews the need to overcome problems of inter-group competition, conflict, and war. A historical case (the pyramids of Egypt) illustrates organizational processes that may have contributed to the development of superordinate group identities, including nation building. He presents current projects and groups (e.g., international and global collaboration, worldwide trends and various sets of facilitators) that may lead to the development of global identities.

In Chapter Seven, Gabelnick uses adult development theory and family systems theory in describing a French family business. This is a story of two brothers who have a dream; to create a business and home where one has a more grounded sense of self and community. The family business is being developed on two continents while the brothers mature. This combination of theories helps us understand this modern family in a traditional setting trying to fit into the global economy in a creative and fulfilling fashion.

In Chapter Eight, Maltz and Witt explore "The complexity of leadership: the complexity of the organizational self". Executive

leadership is under attack today. The authors use psychodynamic perspectives (interpersonal and relational) to understand the complexity of the leadership “role” including adaptive leadership and authority relations in the workplace. A challenge leaders face today is part of a two-way process between the leader and the organization. In other words, the leader needs to effectively take up his role and be “allowed” to lead by those being led. The organization needs to be “allowed” to effectively follow while authorizing their leader to lead. Two cases are presented. First, how the managing partner of Arthur Andersen could not take up his role and the organization could not authorize him to lead; second, a firm that lost over a third of its employees in the WTC attack. The leadership provided was transparent, emotive, charismatic, effectively delegated, and decisive. The leader was open and helped to build a sense of community that strengthened his role and the company. During a crisis, all of the leader’s many parts are exposed. If the leader can adapt by taking in and exploring these aspects of him- or herself, the company will survive and should be stronger for going through the work involved.

In Chapter Nine, Amy Fraher discusses “[Re]thinking leadership in a global economy”. A paradox of globalization is the conflict between money values and life values. She addresses how group theory can help in thinking about globalization, leadership, and organizational change. Specifically, can adaptive skills keep pace with technological advances, and how can the field of Group Relations aid people in understanding this process? To explore these questions, Fraher interviewed 13 leading group experts to provide a historical perspective on the field and the way in which current organizations function. Two potential changes are offered to develop a more responsive strategic organizational approach. First, more refined definitions of leadership, authority, and their influence in modern organizations. Second, further development of alternative Group Relations approaches. Finally, the author cites a need for the field to be involved in the continued development of multidisciplinary applications of group theories in varied organizational and community settings.

The social systems and psychological approaches employed in this book aid readers in framing their ideas about person, role, work, and task in the complexity of the global economy. It is a contemporary

volume in that it facilitates thought, not just quick solutions for institutional success. Today, there is both global chaos and internal institutional instability. The strength of leaders is tested as they try to deal with such ambiguity. This is a difficult task for both managers and consultants. As the authors of this book show, consultants need to help executives develop more collaborative leadership in the context of pressures to downsize. These complex issues suggest that systems and psychodynamic theories can help leaders understand the structure of modern institutions.

To summarize, attempts to transform institutions falter because of resistance to change. Leadership in a global economy requires a sophisticated view of social systems, including the importance of culture, history, ethnicity, identity, language, politics, and violence on the ways people work. Therefore, leaders need to employ a dynamic systems framework to connect the individual, group, and organization to the global economy. Both consultants and managers should psychologically monitor the impact that these factors have on their jobs and may need support in maintaining a balanced view of their work and lives. The authors hope that this volume will help to produce more effective management, organizational consultation, and executive coaching in the complex global economy.

Applying systems psychodynamics in an organizational consultation

Edward B. Klein

Systems psychodynamics is an evolving area of theory and practice. This chapter illustrating systems psychodynamics applied to organizational consultation is divided into two parts:

1. theory development and history;
2. application of systems psychodynamics to a brief consultation in a utopian company.

My own consultation approach involves a psychodynamic developmental perspective on social systems and how people take up their roles in organizations. In keeping with Gould (2001), I view systems theory as focusing on company structure, authority individuals have in their roles, division of labor, primary task and sentient (social) relations among employees, and how the boundaries around these concepts are managed. The term *psychodynamics* refers to individual experiences such as resistance to change, transference to and fantasy about leaders, interpersonal or object relations, and unconscious group and organizational dynamics. Like Armstrong (1995), I try to maintain a balance between the internal

psychoanalytic and the external systems perspectives. Also, in keeping with Armstrong (2000), I think that emotions in organizations are not necessarily a sign of psychopathology but rather a potentially important indication of intelligence in institutional functioning.

To understand the dynamics of individuals within complex systems, I start from the infant and mother relationship as depicted by M. Klein (1959). She described how early life is marked by two tendencies:

1. splitting one thing into opposites—the good and the bad—as the basis for stereotypes later in life;
2. projective identification that leads to attributing larger than life characteristics to leaders.

“Good-enough” mothering in infancy decreases these tendencies and leads to healthier development in adulthood. Bion (1959) extended M. Klein’s theory about individual development to groups. He noted that task teams simultaneously exist at two levels; first, the work group with formal leadership, agenda and timeframe, and second, the basic assumption mode—including pairing, fight-flight and dependency towards leadership—which can decrease group and organizational productivity. Later the theory was applied at experiential conferences to teach about, and train participants in, group and systems dynamics (Miller, 1989, 1990a, 1990b).

Rice (1963, 1965) and Miller and Rice (1967) applied individual and group theory to the functioning of complex systems. This chapter focuses on seven systems psychodynamic concepts highlighting organizational life:

1. *Container-contained* is a holding function occurring in groups and organizations that can facilitate effective work in stressful situations.
2. The *primary task* is the work a unit has to do to survive.
3. A *boundary* defines what is in or out of the unit.
4. *Authority* is what managers use to regulate institutional boundaries lest chaos result.
5. *Leaders* are “Janus-like”, looking both inward and outward—allowing them to stand amidst multiple conflicting pressures.

6. *Social defenses* are unconscious behaviors used by groups to avoid activities evoking employee anxieties.
7. *Task and social roles* are integrated by leadership that also serves a boundary regulatory function (Astrachan, 1970).

These concepts have been found to be helpful in organizational consultation (E. B. Klein, 2000).

Systems psychodynamic theory

Psychodynamic/individual level

This psychodynamic approach evolved from the work of Melanie Klein (1959) who noted that in the first year of life there are two positions: the paranoid-schizoid and the depressive, with associated anxieties. In the first months of life, the self is vulnerable to harm from neglectful adults and aggressive internal drives. The infant imagines being attacked by bad objects that evoke persecutory anxiety. Good objects are connected to comforting and rewarding experiences used by the baby to defend against negative feelings. Klein called the objects in the paranoid-schizoid stage *part-objects* because of their association to strong affects and body parts.

Infants use the defense mechanism of splitting to cope with the powerful feelings they experience. Klein saw splitting as essential to understanding the baby's early anxieties. She viewed splitting as necessary for emotional survival since it enables the infant to separate good from bad and to preserve positive affects and objects free from contact with their negative counterparts.

Another defense mechanism used to deal with anxiety is projective identification, a process where the baby projects feelings into mother and, at the same time, identifies with the projected feelings. The mother thus becomes a container being filled up with projected feelings. The process moves toward closure with the infant's taking back such projections.

These early defenses are normal because they aid the baby in distinguishing between good and bad (splitting) and in developing affective communication (projective identification). Splitting and

projective identification are related mechanisms that provide a basic mode for the infant to organize early life experiences. These defenses prevent the good from being destroyed by the bad and allow the infant to experience disturbing aspects of the self and others at a safe distance until he is psychologically ready for the task of integration.

With “good-enough” mothering the infant moves on to the next stage, the depressive position. In this development the baby progresses from self-preoccupation to concern for mother as a separate person. There is a beginning integration of the good and bad aspects of mother. The infant is aware of separation, loss, envy, and guilt. The baby can distinguish me from not-me, self from the rest of the world. In the earlier developmental paranoid-schizoid position the infant relates to part-objects and experiences little ambivalence. An object is split into an ideal and a persecutory one; the fear is that persecutors may invade and destroy the self. In contrast, the depressive position involves integration and recognition of mother not as a collection of anatomical parts—breasts that feed, eyes that smile—but as a whole person with an independent existence, who is a source of good and bad experiences. Baby then realizes that it is he who both loves and hates mother. The infant now experiences ambivalence, which, developmentally, replaces splitting.

Development involves the movement of the psyche through these two stages. In the paranoid-schizoid position the task is to preserve the merging self from danger. In the depressive stage the work is to protect mother from the baby’s own aggression as facilitated by a greater reality orientation (recognition of self and mother as separate persons), and increased integration of the infant’s personality.

Psychological development in the depressive position (working through) depends on the capacity to make reparation. When the baby feels that he has destroyed his good objects, he experiences guilt and a longing for the lost harmony. A successful working-through is essential for mental health. In the process, the ego becomes integrated, capable of reality testing and enriched by the introjection of good objects. This, in turn, lessens the baby’s omnipotence, guilt, and fear of loss. Throughout life, a person moves between these two positions. At one extreme is an isolated patient who rarely reaches a depressive integration. At the other end is a mature person with a well-integrated inner world, who has overcome depressive anxiety with trust in himself and his own creative potential. The individual

brings these dynamics from the mother-child dyad to the family-group setting.

Group Relations level

Bion (1959) applied many of M. Klein's ideas to groups as director of the Northfield Military Psychiatric Hospital located in England's Midlands during World War II and, later, at the Tavistock Clinic in London. Bion incorporated insights from the work of M. Klein and Winnicott (1952) in his model for understanding group processes by drawing an analogy between the infant and mother relationship and that of the group-as-a-whole and the leader. For instance, Bion used the concept of projective identification in his description of unacceptable impulses or wishes being disowned and poured into the leader or the group just as the baby pours unwanted feelings into the mother.

Bion's major contribution was to posit two levels that occur in all groups. The *work group* pursues the primary task by having an agenda, timeframe and formal leadership. The leader leads as long as he serves the group task that usually involves rational task performance. The emotional aspects of groups, which Bion called *basic assumption* life, are stimulated by shared anxieties. Basic assumptions are collective stances that groups take to avoid dreaded relationships and/or in reaction to a leader's authority. When basic assumptions are operative the group acts "as if" some untested assumption is true and/or no timeframe is present. The group then attempts to seduce leaders out of their task role. Members experience the group as a magic place. When a work task promotes anxiety, basic assumption life enables participants to avoid their feelings of isolation.

Bion identified three basic assumptions: *dependency*, *fight-flight*, and *pairing*. These are conceptualized as emotional responses to "failed" leadership and suffuse the group. The *dependency group* aims to attain security. Participants act "as if" they are inadequate and immature, and the leader is all knowing. For example, this group stance may arise among task team members and a wise CEO. The wisdom of the CEO is not tested. He knows all and plans for the collective good. He is idealized and made into a father figure who will take care of his children. A major concern in this group is

greed; with childlike dependency, each person demands more than his share. The environment of the “outside world” looks cold in comparison to the warmth of the comfortable dependency group.

The basic assumption among members of the *fight-flight group* is that they should behave as if there is an enemy against whom they must defend themselves or from whom they must escape to survive. Participants see the environment as dangerous; people, particularly those in authority, are not trustworthy. The leader’s role is to mobilize for action—flight or fight. The dominant emotions are anger, fear, suspicion, and paranoia. The leader needs certain characteristics including paranoia and the abilities to rally dispirited troops and locate danger even when there is none.

The *pairing* basic assumption is that the group should act as if it has met for purposes of reproduction. Two people need to get together to create something new with the covert or overt aid of others. When pairing is present, hopefulness pervades the group. Members are living in the hope of the creation of a new leader or idea that will produce Utopia as in the following case. A powerful feeling of hope is evidence that the pairing group exists. Participants enjoy the optimism, with positive, soft and agreeable feelings predominating.

Two other basic assumptions have been reported: *Oneness* (Turquet, 1975) and *Me-ness* (Lawrence, Bain, & Gould, 1996). Oneness is depicted as the feeling that we are all alike, thereby denying differences. An illustration of oneness occurred in an Application Group at the end of an intensive three-day conference. A woman on my right said, “We are a well-functioning group of white professionals”, while a six-foot-two-inch Black man was seated on my left side, thereby denying racial differences. *Me-ness* (Lawrence *et al.*, 1996) is a relatively recent phenomenon, wherein participants in Group Relations conferences deny belonging to their group which has just met and employees deny their membership in a work group, thus focusing on their individuality.

Bion noted that members have a built-in valence toward a particular basic assumption. Some people are prone toward flight, leading the discussion away from any loaded intra-group topic back to the outside world. The basic assumption mode can provide emotional energy and vitality yet constantly seeks to divert the work group. Therefore, basic assumptions can either facilitate or impede the work.

The former happens when a group mobilizes to accomplish a work task. In the mature work group, when dependence is operating, the leader is dependable; when fighting, the leader is courageous, and when engaging in pairing, the leader is creative (Rioch, 1970).

Bion expanded on M. Klein's (1959) concept of projective identification, formulating the concept of *container-contained* to enhance understanding of the individual, group, and institution. The mother, by forming a *thinking couple* with the infant, aids in making sense out of the stimuli affecting the baby. Although this idea comes from the infant-mother interaction, it can be seen as a way in which the group acts as a container for participants. Disavowed anxiety may be contained as a basic assumption; a pair of participants may be a container for the hope of the group. Members can therefore discuss and work on difficult tasks in an organizational setting (e.g., address a manager's purposeful use of ambiguity to foster employee uncertainty and passivity). Having thoughts contained, understood and validated can aid collaboration in an organization (Bion, 1970). Bain (1999) presents a detailed application of the use of the container-contained concept to training groups and organizational consultation. Gould (1997) provides an overview of the relationship between Klein's positions and Bion's basic assumptions.

Systems level

These concepts were used by staff at the Tavistock Institute in applying individual and group theory to the working of complex social systems. Starting from the standpoint of Bion's work, they investigated task performance and authority relations as they were experienced in a group. The focus was on understanding group behavior and the influences of the social structure on individuals. As noted previously, when discussing systems and psychodynamics, Armstrong (1995) suggested that this perspective means that consultants should work equally both from the inside and the outside. Here we review concepts developed in organizational work—primary task, open systems, boundary, authority, leadership, socio-technical systems, social defenses, culture, and role—and their usefulness in consultation.

A major concept is the *primary task*: the work that an organization has to do to survive in its environment (Rice, 1963). This approach

emphasizes the primary task with group-level interventions. In this way of organizing work, employees form autonomous groups and are paid as a group rather than individually. For example, Trist and Bamforth (1951) studied a British coal-mining company that used two different approaches. The long-wall method minimized Group Relations. Employees were assigned to specific tasks and paid on an individual basis, which led to low performance, passivity, and high absenteeism. A group approach, with payment to teams of workers, was introduced (the composite long-wall method) leading to higher morale, productivity, attendance, and safety (Emery & Trist, 1960; Trist, Higgin, Murray, & Pollack, 1963).

Any enterprise may be seen as an *open system* with characteristics in common with a biological organism. An open system exists by exchanging materials with its environment. It imports materials, transforms them by means of conversion processes, consumes some of the converted products and exports the rest. These import-conversion-export processes are the work the organization has to do if it is to survive (Miller & Rice, 1967). For instance in the following case, under competitive pressures partners came to realize that their primary task was to become more open and effective internally if they were to survive in the global economy.

The *Boundary* is the region that separates the individual from the group or the group from the environment. Boundaries have temporal, spatial, and geographic aspects (Miller, 1959). An organization can survive only through ongoing interchange of materials with its environment. The boundary across which these materials flow separates the institution from its environment. Miller (1985) describes the internal part of the boundary as the *inline* under the control of a person or organization. The external part of the boundary is the *outline*; how others see the group or organization. To the extent that the inline and outline are congruent, there is a shared frame of reference and effective communication. If there is a lack of a frame of reference, there may be a breakdown in the relationship between a group and the larger environment. If a company does not take into account the characteristics of its competition, it will be taken over by a stronger competitor (Gould, Ebers, & Clincy, 1999). In the following case, the lack of attention to the changing external boundary negatively affected the internal company process.

Related to the concept of group boundary is the issue of the

leader's authority. Miller and Rice's (1969) basic ideas were that the effectiveness of every inter-Group Relationship is determined by the degree to which groups have to defend against uncertainty about the integrity of their boundaries, and that every relationship—between individuals, within and between groups—has the characteristics of an inter-Group Relationship. A corollary of the first proposition is that any inter-Group Relationship carries with it the possibility of a breakdown in *authority*, the threat of chaos and the fear of disaster. Miller and Rice worked to endorse leader authority in management of group and organizational boundaries. For instance, executives often deny or refuse to discuss the basis of their authority. Such a stance produces unclear boundaries in work groups, and prevents additional learning and change on the part of employees, as illustrated in the following case.

With regard to *leadership*, an important aspect of the executive function is to maintain a position on the external boundary of the group, relating the group to the external world and protecting the organization from environmental stresses. The leader uses her authority to protect the boundary by monitoring the forces that intrude on the work group. Without a well-managed external boundary, task teams are less than effective and an organization cannot survive (Hirschhorn, 1998). Indeed, Krantz (1998) suggests that leadership must visibly manage change, promote learning, preserve the sense of social context, provide a reflective space and foster boundary awareness to increase survival in the new order. Gabelnick and Klein (1998) note the paradox in the global economy as the proposition that leaders should be more connected and collaborative at the same time that work systems are becoming more diffuse and temporary. Psychodynamically, they advocate a more internally complex, integrated leadership stance in the face of externally increasing chaos and instability.

The *leader* is seen as looking inward and outward, dealing with pressure from both directions. Rice's (1965) emphasis upon the mutual dependency and hostility residing in employees and leaders is noteworthy because hostility is often ignored by other consulting approaches. The difference is due to the level of systems analysis. Open systems writers focus more on the external boundary management of top leaders than the needs of middle managers. Rice wanted leaders to develop insights that would allow them to stand

amid the multiple cross-pressures accompanying their roles. In this tradition, Hirschhorn (1998) has written about how the leader's vision can aid the organization.

The concept of a *socio-technical* system points to the relatedness of technical, social, and psychological factors in production enterprises. The thrust of this work has been to call into question the salience of technology as *primarily* determining social, political, and other relationships within enterprises. Organizational choice is possible by designing forms of work organization that optimize the best fit among these factors. Aram (1998) noted the dilemmas involved in the development of the self as influenced by networking technology in the often depersonalized, computer-driven workplace. The case described later in this chapter includes the fast pace of a data/information computer-driven company that lost its sense of family.

Open systems authors seek congruence between the organizational tasks and the structure utilized to enable those tasks to be carried out. There is an emphasis on unconscious motivation and hypotheses for relating institutional structures, such as social defenses, to individual ego-defensive processes. Menzies (1960) showed how the "rational" division of labor among nurses involved social defenses that reduced the stresses of dealing with dying patients. A social defense system is a collusive interaction and unconscious agreement between members of the organization to behave in particular ways (i.e., splitting of the nurse-patient relationship into defined brief tasks and denial of the individual through labeling as "the liver in bed 10"). The use of these social defenses was one of the earliest concepts defining the Tavistock's approach to institutional consultation. Since this original ground-breaking work, other authors (Diamond, 1993; Hirschhorn, 1990; Hirschhorn & Young, 1993) have found support for the view that unconscious anxieties are embedded in company design to protect employees against powerful feelings. Although Menzies' work is over 45 years old, change is still hardest in organizations using paranoid/schizoid defences (e.g., health care systems because of the inherent massive dependency in hospitals).

Kets de Vries and Miller (1985) illustrate how organizational *culture* is influenced by common group fantasies. They studied three organizational cultures: fight-flight, dependency, and utopian (pairing). Fight-flight businesses assume there is an enemy on whom they

project hostile feelings, are impulsive, have poorly defined goals and an insular management style. Dependency cultures assume a protective leader, are envious and guilty, have a present-time perspective and a charismatic management style. The utopian organization incorporates enthusiasm, a future-time perspective and a democratic, participative management. Miller (1995) has written about the characteristics of healthy organizations in the 1990s. On the other hand, the case presented later in this chapter illustrates a utopian culture with a democratic leader but, when under stress, a great deal of stereotypical thinking occurred among partners and associates.

Role is a social-psychological concept. There are both task and social roles. Organizations function best when leaders draw appropriate boundaries between the institution and the larger environment. Such boundaries determine where responsibilities and authority start and stop. Because of rapid societal changes, boundaries also create anxieties and fears that lead to withdrawal from the boundary back into the center of the organization. By working in one's organizationally sanctioned *role* and developing task-appropriate skills, a person can stay at the boundary because the value of his or her work may contain such fears (Hirschhorn, 1988). A useful framework for consulting to organizational "role holders" is provided by Krantz and Maltz (1997).

Another factor influencing organizations and work groups is prior social relations. Employees know each other through formal work relations and/or social contacts. These social dimensions are termed *sentient* relations—a connection of mutual choice and commitment not necessarily prescribed by institutional roles (Rice, 1970). Such sentient links affect how employees feel while working in teams and organizations. These informal relations may subvert effective leadership and work group task performance, when not directly discussed, as shown in the case presented later in this chapter.

History

Trist and Murray (1993) present the most extensive history of the development of Tavistock theory and its three interrelated perspectives (socio-psychological, socio-technical, and socio-ecological).

They show how the work spread from London to Scotland, Norway, Holland, Switzerland, Australia, Canada, India and the United States (Wright Institute, Berkeley; UCLA; The Wharton School and the A. K. Rice Institute). Classical papers illustrate how the socio-technical perspective shaped a new field—the development of a rich conceptual viewpoint based on many case studies (some of great length) of organizational interventions and how collaborative action research grew out of this emerging framework for understanding complex institutions. Indeed, at least six of the 12 large-group interventions listed by Bunker and Alben (1997) in their overview of effective training and organizational interventions come from the socio-technical work developed at the Tavistock by Trist, Emery, Bridges and others.

Most European systems work has occurred in industrial settings. Consultants have worked with labor, management, and government groups for over fifty years. Interventions growing out of the socio-technical mining studies (Emery & Trist, 1960) have increased productivity in the Shell Philosophy Project in England (Hill, 1971) and decreased alienation in the Norwegian Industrial Democracy Project (Thorsrud, 1969; Trist, 1970). More recently Miller (1998) has noted how downsizing has produced greater distance between leaders and employees.

A recent collection on organizational consulting (Neumann, Kellnen, & Dawson-Shephard, 1997) addresses practical issues such as negotiating entry and contracting, ethics, and the strengths and weaknesses of internal consultancy. Another collection (Obholzer & Roberts, 1994) is by members of the Tavistock Clinic's Consulting to Institutions Workshop. The central theme concerns the need for human service professionals to confront the powerful and primitive emotional states that underlie helping relationships and consider how staff can function effectively without becoming chaotic or withdrawn. These books are written in response to growing interest in organizational consulting in the new global economy.

A novel line of psychodynamic systems work has been developed over the past two decades. Lawrence (1998) created the social dreaming matrix to explore common, unconscious themes in training groups and it has been applied in various businesses and organizations in many countries. Lawrence and colleagues (Lawrence, 1998, 2003) have expanded the focus on individual dreams to a

social perspective allowing an understanding of hidden collective themes by reflecting on the imagery of dreams and associations.

Turquet (1975) was the first to coin the term *organization-in-the-mind* as a way to describe the match between one's experience of the organization and one's internalized information about it. This idea, based on Turquet's Large Group training experience, was not further developed because he unfortunately died in a car accident. Armstrong (1991) has developed the idea of the *institution-in-the-mind*. This refers to the notion that one has of the institution of which one is a member, which is particularly useful when doing role analysis and organizational consultation. Long and Newton (1997) have coined the term *institution-in-experience*, a framework which helps in exploring the psychological aspects of work particularly when doing organizational/action research. In keeping with these concepts, Gould (1987) has developed a projective method for measuring employees' views of their organization called *mental maps*.

In America, most reported systems consultations have taken place in educational and health settings. For instance, Shapiro and Carr (1991), using concepts from family therapy, explain how organizations shape employees and how meaningful connections can be created to enhance institutional life. Klein, Gabelnick, and Herr (1998, 2000) and other authors, explored in two books, *The Psychodynamics of Leadership* and *Consultation in a Changing Workplace*, mainly focusing on clinical and educational settings.

There have also been some industrial organizational consultations reported by Americans (i.e., Hirschhorn and Young (1993) on safety in an oil refinery; Gould, Ebers, and Clincy (1999) on joint ventures; Gilmore (1989) on ending consultancies, and Gould (2000) on mergers and acquisitions). Based on consultations with IT (information technology) and software companies, Krantz (2001) hypothesized that organizational change can be characterized in terms of M. Klein's (1940) two stages of mental functioning. More advanced change efforts use depressive functioning marked by well-designed containing features, a realistic timeframe, forums for employees to express themselves, appreciation of new learning and ties between the company's past and the changed future organization. More primitive change efforts use paranoid-schizoid functioning marked by unrealistic timeframes, inconsistent and grandiose leadership, poor structures to contain employee feelings and the use of

denial, splitting and projection to defend against the fear and threat of major organizational change. This work directly links individual defenses to the effective functioning of complex social systems.

Another area is training with the development of advanced small groups (Benson, Lundgren, & West, 1988) and advanced large groups (Klein & Braxton, in preparation). More recently the *Global Event* (Shafer, 1999) was developed to explore national, cultural, and other forms of identity.

Klein, Gabelnick, and Herr (2000) noted that the task of consultants, as they develop a working relationship with management, is to emphasize an open-ended facilitative style of leadership and to communicate a respect for the difficulty in learning both to change and to manage the change under a developmental framework. Attempts at transforming institutions falter because of unrecognized anxiety. Consultations therefore require a more sophisticated approach to organizations; one that includes integrated recognition of the impact that different cultures, ethnic groups, genders and even languages can have on how individuals work together. Therefore, executives and consultants need a dynamic systems perspective in order to link proactively the people and the institution as is illustrated in the following case.

Case

During the boom economy of the 1990s, I was called on to consult with a three-year-old spin-off company of a multinational organization. It was an American group with a partnership of eight experienced male professionals and 25 female associates. The charge was to carry out a long-term, \$8 billion strategic expansion plan by acquiring land for the year 2040 throughout the Americas, Asia, and Europe. The primary task was to covertly obtain the best land at the lowest cost before the competition became aware of their plans. The request for consultation was from Harrison, the 49-year-old, Ivy League educated, company president. He had heard about my psychological consulting approach, interest in adult development and Ivy League background from a human resource executive

he respected. Harrison reported that one of the partners was “drinking heavily, womanizing, gambling, flying first class instead of the agreed on economy rate, being late to important meetings and, most importantly, not carrying out his fair share of the work which was affecting the other partners. In fact his most recent behavior was impacting the work of the associates.”

I agreed to spend a day meeting with the eight partners to discuss the developmental history of the group and the current situation in hope of formulating a tentative diagnosis that I would later share with them. At their office, I was overwhelmed by the census tract reports and projected economic and demographic developmental data from various governmental agencies and think tanks. Complex statistical charts were spread out in different language groups that some of the associates were translating. The other partners were all about 40–45 years old, hard driving, independent men while the associates seemed to be very busy, competent, women in their 20s and 30s. The pace was frantic, with stock market quotes on blaring TVs, PCs humming, cell phones buzzing, and people wandering in and out of the office.

All staff had previously worked for the parent organization. They had volunteered and been selected by the president to work in the new company that represented the future of the larger organization. There was the air of a tight-knit group with an optimistic work attitude and great expectations. The company seemed to have a utopian culture (Kets de Vries & Miller, 1985) marked by affects such as hope, faith, enthusiasm, and rich fantasies about an unlimited future.

I interviewed each of the eight partners separately, starting with the president who was a very attractive, dynamic man. He came from a prominent New England family and had a non-traditional management philosophy. The other seven partners had remarkably similar backgrounds. All were from working-class or lower middle-class families, married with children, and had engineering or business degrees from major Midwestern state universities and MBAs from elite business schools. They had worked together for some time in the parent organization and were friendly outside of work. They lived in surrounding suburbs and their wives and children related well. Some of the wives had careers but family was the central element of their life structures (Levinson *et al.*, 1979). Husbands and

wives were active in their communities, churches, and schools. In fact, for the first two years of the new company, the families spent time together discussing such things as the experience of huge increases in wealth and having to adjust to a much higher standard of living in very expensive settings.

But the partners were not intimate with each other at a personal level. Nevertheless, the men seemed like buddies in a secret organization that was covertly beating out the international competition. It was only in the last year that breaks had appeared in the partnership. The most important disruption was the unacceptable behavior of Jose, the only minority (Latin American) member. His behavior led to low morale in the company and the isolation of his family in the community. As the president noted, "it was just at about this time that the international competition heated up".

Obviously this was no accident. With more competition, a crisis atmosphere developed and the company moved from a utopian to a fight culture (Kets de Vries & Miller, 1985) marked by fear, suspicion, and massive splitting first between them and competitive international companies and second between good and bad partners. It turned out that the other seven partners were paid the same salaries. Also, the end of year bonuses were determined by the collective efforts of all employees, therefore each was very dependent on the others. The president's management style was based on his liberal family values and educational experiences. He believed that collective rewards would make everyone pull together instead of being competitive with each other in a destructive fashion as sometimes happened in the parent organization and most companies.

The president's philosophy helped staff to feel like a family that provided a good container for the stresses of a start-up company. The other partners also believed in the president's values and management style and were dumbfounded by Jose's recent change in behavior. As far as they could see "he must be going through a midlife crisis". This last comment might have been influenced by my known interest in adult development. It turned out that none of the partners had directly addressed Jose's behavior, but rather complained to each other or the president. For his part, the president only confronted Jose once about work issues such as lateness or not pulling his fair share of the work. Jose promised he would improve his work behavior.

Throughout the day, each person's analysis was at an individual level. No one considered the group or systems issues involved. As a psychologist, I believe in individual dynamics but something collective was happening in the company and these smart, talented people were attributing all of the recent strain to Jose's behavior. It was as if they had a vested interest in not looking at their own behavior. At the same time, each partner started to open up, indicating that they too had problems brought on by increased stress but never discussed at work. These discomforts and feelings of uneasiness were alluded to but not explicitly spelled out. I think the partners could tell me things they could not tell each other, because I had an open relationship with them. As an approved outsider, I was creditable and safe. That is, I was willing to respond directly to their questions and did not talk down to them.

At 5 o'clock the president and I met to share reactions and thoughts about the future. He wanted to know what I thought after talking to all of the partners. Instead of directly telling him what to do, fostering his dependency on my expertise, I suggested that, because of the complexity of the work and relationships, the level of analysis should be greater than just Jose's individual behavior. Most importantly, he agreed (indicating a willingness on his part to explore organizational change) and wanted to know what would be a constructive next step. Based on the interviews, I thought that he and the partners were ready to move on to a group or systems analysis and therefore suggested an all-day retreat in the countryside. I also recommended that there be no cell phones so they could focus on themselves, each other, and the group process. The president agreed and had one of the associates make arrangements to hold the retreat the following week.

Harrison, the president, welcomed the partners, laid out the schedule, and noted that the use of cell phones was not allowed during the retreat. Harrison was charming but work oriented. Jose was very nervous, constantly tapping his right foot and perspiring. The others were uneasy; this was the first time all of them had met outside of the office to discuss their own process. Over the course of the day, three partners acknowledged going to religious leaders (a minister, priest, and rabbi) to discuss stresses in their lives. Another man had started attending AA (Alcoholics Anonymous) meetings after blacking out on a business trip. Two others "confessed" to

having seen a therapist because of difficulties in their marriages. Everyone was surprised since none of this had been shared before. As each person revealed his difficulties, Jose sweated less and finally stopped tapping his foot. He no longer was the “only” drinker, womanizer, gambler, late person, or someone not pulling his fair share of the work. In short, he was not the group deviant.

Others acknowledged that they had not talked to Jose about his behavior because of the group norm of everyone being equal, and the fear of being seen as a racist. As the stereotyping decreased, a sense of intimacy developed. At the end of the retreat, all agreed to share their concerns directly with each other since the stresses of international competition had taken a toll on all of them. They agreed that discussion would make them feel less isolated and more like the family they once were, but at a deeper, less superficial level.

Two weeks later, the president said the retreat was very helpful and that Jose’s behavior was much improved. In fact, most of the partners were working together in a more collaborative fashion than had previously been the case. Over the next few months, I continued to get good reports. Three and a half years later, the company was disbanded by the parent organization because of management problems and changes in the global economy.

Discussion

This brief consultation highlights the usefulness of a number of organizational concepts. For the first two years, the company was successful beyond anyone’s expectations. The president’s management style provided a safe *container* for staff anxieties about starting a new business and obtaining great wealth. The company’s firm external *boundary* helped to carry out the *primary task*, obtaining the best land at the lowest price without being noticed. In his *leadership role* the president had to be on the boundary looking outward toward international competitors and inward assessing both the work task and socio-emotional functioning of the staff. The latter was embedded in the *psychological contract* between the president and the partners. They would work hard, achieve at a high level, and be loyal to the company while he would protect them against

competitors and unreasonable interference from the parent organization. The president thought locally (a democratic, equal partnership with shared work and rewards and social exchange) but acted globally (always on the watch for international competitors).

When conditions changed because competitors uncovered company secrets and the partners had to settle for non-prime locations, the parent organization began to pressure the president. Instead of sharing these concerns, the president and the partners used the *social defense* of denial and proceeded as usual, but at a faster pace. As each man became isolated, associates began to pick up manic-depressive vibrations. That is, there were marked mood swings in response to changing economic conditions and the successes and failures of the now informed competitors. The president, working in high gear and avoiding his own *authority*, did not pay attention to his stressed partners. With competitors having greater knowledge of company actions, the formerly "good-enough" container began to leak. As the external boundary became more permeable, the internal boundary also became weaker. Rumors flooded informal discussions while formal meetings avoided, by denial, the changed external conditions and the president's authority. At the same time, each man projected some of his own personal-professional difficulties onto the deviant partner. Finally, Jose "acted out" the basic company conflict between one's changing personal and work life.

At a more primitive level, Krantz (2001) hypothesized that organizational change poses psychic challenges to employees and requires, in response, distinctive conditions in order to contain the anxieties evoked by such upheavals. He suggested that change efforts can be classified in terms roughly analogous to the states of mental functioning identified by M. Klein (1959) as the depressive and paranoid-schizoid positions. As noted previously, the paranoid-schizoid position is marked by attempts to avoid anxiety by relying on primitive defenses such as denial, splitting and projective identification. Under such conditions blame, persecutory frames of mind, and poor reality testing occur. Reverting to splitting, denial, and protective identification to cope with anxiety can lead to a threatening environment within the company. Bad objects (womanizing, drinking, etc.) were placed into one partner as a way of gaining relief from increased international pressures. Collaboration gave way to blame and stereotyping in a now paralyzed organization that needed

outside consultation to understand what was happening to Jose and others.

This brief intervention sanctioned group discussion of “individual issues”. Overcoming the collective fear of racism, partners directly addressed Jose and also shared their own help-seeking behaviors. With this sanctioned collective sharing, each man felt less isolated and more like a family member (incidentally, none of the affairs involved associates since that would have been like incest). Most of the partners turned to religious leaders, AA, or therapists. The family expanded from the partners and associates to the wives, community organizations, and leaders. These social supports helped each individual and pulled the group together in a more intimate fashion than in the past. Another way of viewing it is that there was more balance between both the interpersonal and company dynamics and the global economy. After the retreat, the president’s authority played out in a more collective fashion in keeping with his professed leadership philosophy. Indeed, the organization-in-the-mind changed from a superficial, democratic philosophy to peers working together intimately with a sensitive, group oriented leader toward shared goals in the present rather than the infinite future.

With the changes occurring in the global marketplace, greater anxieties emerge for leaders and followers. In the future, new visions will have to contend with the traditional myth of the heroic, utopian leader as portrayed in the above case. We still believe that a combination of psychodynamic and open systems theories will help managers and consultants to understand the nature, quality, and structure of institutions and the roles of individuals within the organization. This is particularly true when leadership experiences more anxiety, openness, and a lack of control in the fast changing global economy of the new world order (Krantz, 1998). Under such conditions, there will be a greater need for organizational consultation. We hope that what readers learn from this case will enable them to be more effective consultants to more productive institutions.

Whose globe is it, anyway?

Rosemary Viswanath and Gouranga P. Chattopadhyay

It is said that a generation ago when astronauts first beamed pictures of the earth back home, the image of a life-sustaining planet floating in infinite space inspired social movements to work to save the world from environmental destruction. Today, that stunning portrait of the earth has also become the icon for what seems its unenviable destiny: globalization.

What is globalization? And whose globe is it, anyway?

“The most common or core sense of economic globalization refers to the observation that in recent years a quickly rising share of economic activity in the world seems to be taking place between people who live in different countries (rather than the same country)” (PREM/World Bank, 2000).¹ The philosophical basis on which this edifice stands has at its core the orthodox economic (Ambirajan, 2000) reasoning of the neoclassical variety, which believes in the following fundamental principles:

1. The way economies behave is dependent on the actions of individual economic agents who make decisions independently.
2. The individual is a rational actor making decisions carefully with self-interest in mind.
3. The actions of individual economic agents tend toward equilibrium, which brings benefits to everyone.

The institution of unfettered markets enables the achievement of this desirable outcome because it is where uncoordinated but fully informed individuals lead the economy to adjust at a desirable level.

Real life is very different from this artificial construct. Individuals cannot always make decisions solely in their own interest because of informational barriers and institutional compulsions. More often than not, key decisions are taken to suit not individuals but groups defined by varied criteria such as religion, caste, community, locality, and gender. Freedom to make decisions is not evenly distributed, but determined by those who have political power. Often, individuals and groups become helpless spectators when key decisions are taken willy-nilly. Markets, embedded in a social milieu, are seldom unfettered. Despite the talk about vanishing national boundaries, they are guarded as zealously as ever and nations have not shown any intention to give up power over their citizens. What has happened is that people have started losing faith in their government's ability to provide for basic needs and social rights or protect against such phenomena as spiraling inflation, degraded environment, increased crime, or prime locations and key institutions being bought up by citizens of another country.

Another important factor questioning the assumptions of economic theorists, which is often ignored, is the reality that individual and group unconscious operate beyond what is usually termed as *rationality*, which is at best a social construct, a set of related assumptions that are seldom explored against data associated with deep-seated emotions. For instance, as a consultant to a group of managers in Australia, one of the authors worked on two cases. One was a university where the counseling center's task was defined as assisting students with problems related to their academic performance. However, with the bulk of government subsidy withdrawn due to the South Asian economic meltdown, this university shifted focus from teaching excellence to "producing" excellent students who

would become living advertisements for the excellence of the university and thus recruit more students to the university. Its impact on the counseling service in the university in question was that those people were consulted who needed the least assistance in order to raise their academic standards from good to excellent. This left the neediest to fend for themselves, and the counselors harboring frustration and guilt. The second case was that of a government owned industrial unit heading toward privatization. There were intervening periods when the unit would gradually shift toward complete change of ownership. In this case, the productivity of the unit dropped significantly for no apparent reason. In-depth work surfaced the unconscious assumption that if the productivity dropped significantly, dragging down profitability with it, perhaps the private buyer would wash its hands of the deal. The reason for such an assumption was fear that the kind of job security enjoyed, as part of the public sector, would be gone once the unit was private. Increasing levels of anxiety, due to globalization, lead to irrational decision-making and a sense of vanishing national boundaries, which has been discussed by Miller (1993).

The view from the top is not the view from the bottom

Globalization is usually debated from the privileged location of the developed nations and its economic basis and impacts are mostly highlighted, exalting it over other human values and even above the basic conditions of human beings themselves. As a result, the social and political dimensions of these phenomena have been masked. Defined as the rise of market capitalism around the world, globalization is seen to be a natural consequence of the disillusionment with socialism and its policies of public ownership, central planning, and regulatory controls. These were seen to be stunting innovation and growth. While globalization was pushed by technology, the end of the cold war, and East Asia's then seemingly miraculous success, there is the realization that market liberalization by itself does not "lift all boats" and, in some cases, has caused severe damage to poor nations (Nayar, 2001). A special report on global capitalism by *Business Week* (November, 2000) admits that one size does not fit all

and that a reassessment is badly due. From 1990 to 1996, only 33 countries have managed to sustain 3 percent annual growth and 59 countries saw their economies contract. Foreign Direct Investment (a key factor in globalization) has shot up seven fold to about US \$400 billion yearly. But, 80 percent of it goes to only ten countries while 100 nations average just US \$100 million in FDI each year. Poverty is still widespread with the percentage of population making under \$1 a day still hovering around 40 to 50 percent (about 1.3 billion people) in South Asia and sub-Saharan Africa.

Chattopadhyay (1998a) examined the unconscious relationship between developing and developed nations. He highlighted some probable unconscious processes that have established certain forms of destructive interrelationships that are fantasized as constructive despite evidence to the contrary. These processes include the dumping of many medicines, insecticides and pesticides, as well as many other toxic products like paints that have been banned in their countries of origin. Another process, which is seen as helpful, is called aid by developed nations. Actually, this aid is a form of usury, which may benefit the giver far more than the receiver. In fact, it "aids" the receiving countries in remaining in poverty through the payment of interest, which in polite terms is *servicing aid*. While those processes mostly damage the developing nations, they also damage the developed nations. His hypotheses point towards the high probability that those processes are allowed to continue unabated so that the citizens of various nations can defend themselves from examining their contributions to continued violence and savagery, both overt and covert, within their own countries. What is pertinent to note here is that since globalization means far greater permeability of national boundaries, the probability of the developing nations getting a greater amount of the wrong end of the deal becomes higher.

The other side of the coin: "grassroots globalization"

Images of riot policemen clubbing antiglobalization protestors at the World Trade Organization meeting at Seattle still live in public memory. Initially, the response was to dismiss these protests as anarchist and sporadic. The consistency, obduracy, and force with

which the protests were replicated subsequently at IMF–World Bank Meetings, the World Economic Forum, the European Union, and the world over, have forced these large institutions to acknowledge that there may be another side to the story. It is true that these disparate groups of protestors are unlikely to make a significant impact on the massive trade and investment that sweep across the world with a momentum of their own. However, they are a symbol of the growing sense of unease, dismay, and anger at the faceless force of globalization running uncontrolled. The protests are also about the uncertainty caused by globalization; the bitterness about the unwavering pursuit of private profit and against the international economy herded by institutions such as the IMF, the World Bank, and the WTO, whose processes are a mockery of processes of democracy, transparency, and accountability. Further, the protests have brought to the fore that the interests of the people of developing countries may not coincide with the interests of these nations' own governments.

These protests also symbolize another form of globalization, what is now termed *grassroots globalization*—that is, coming from below. Popular movements (environmental, women's, anti-nuclear, human rights struggles, peasants' and farmers' movements, workers and trade unions) are part of this *globalization-from-below* and their attempt is to add a democratic dimension to the debates about *globalization-from-above*. They serve the purpose of bringing globalization down from the rarefied atmosphere of corporate boardrooms to the daily realities of life. Grassroots globalization processes recognize that the market, the corner stone of globalization, is an efficient instrument of resource allocation. But, it is not a strategic instrument. It does not invest in the future. It has a very narrow and short-term view. A developing global marketplace has no space or time for the poor.

Arif Dirlik argues that the dominant modes of thinking about and defining globalization are biased against both place and locality. Thus, the global is equated with "capital, space, history and the power to transform" while the local is equated with "place, labor, tradition and, not infrequently, women, peasants and others who are 'still attached to place'" (1998, p. 7). The implication is that the latter are marginal to the discourses on globalization; their knowledge is unhelpful in a global world.

In a related argument, Mathur points out in terms of “Pictures in the mind and how spaces we relate to connect with spaces we inhabit” (2000, p. 14). The picture of the *world-in-the-mind* is based on the centrality of Greenwich, a historical legacy from the primacy of Imperial Britain, and the significance of Western European powers suggests that there is an ocean to the west across which close by is North America as well as the “near east”, “middle east”, and “far east” regions. Mathur goes on to show how children in Canada and the United States, the Arab-Muslim world, and the “Middle Kingdom” grow up to develop their region-based picture of the *world-in-the-mind*.

Case studies of globalization from the top and the bottom

We attempt here to understand the dynamics of organizations that are impacted both by globalization from the top and by the responses that grassroots globalization efforts are making. Both are part of the global reality. We detail three case studies of organizational change in the period from 1996 to 2000. First, we discuss a software development firm in India’s Information Technology capital Bangalore. Second, we consider a software development firm located in eastern India, both making the most from the globalization process. Third, an emerging network of not-for-profit organizations in South India that is trying to ensure that Dalits,² a section of the most marginalized people, are not pushed beyond the periphery of globalization; same period, same country, but very different ends of the wealth spectrum.

Some of the questions that we asked

What is the picture of the *global-economy-in-the-mind*? Given that organizational processes mirror global processes (since the *society-in-the-mind* influences the *institution-in-the-mind*), we wanted to examine how the understanding of the globalization process influences relatedness in the organization. Given the definitions of

globalization noted in “What is globalization?” some of the values that underlie dominant or mainstream globalization are:

1. trickle down benefits;
2. survival of the fittest;
3. free markets;
4. choice; and
5. individualism.

In contrast, the principles that govern grassroots globalization are:

1. democratic processes;
2. shared power and leadership;
3. justice;
4. accountability;
5. voice;
6. dignity;
7. equity;
8. new forms of personal authority; and
9. community forms of collective based organization.

Given these principles, what were the processes set off in these organizations? What were the consequences on the relationships between individuals in the organizations? How did they manage the kinds of anxieties that these processes brought in?

Case 1

The burgeoning software industry is a good example of globalization. Bangalore, in south India, has transformed from a city hosting large public sector institutions (defense research, electronics, heavy machinery, and aeronautics, all edifices of Nehruvian³ socialism) into the glitzy software capital of India where young millionaires anxiously check the current value of their Employee Stock Option Plans several times a day on the Internet. It is a city where in the early 1980s, obtaining a job in a government or public sector enterprise was the ultimate dream and meant settling down for the next 30 to 35 years until retirement. Today, it is a place where after two years in a job it is time to move on.⁴

The ambivalence of being global in a very local setting also shows. A software company that one of the authors consulted with was started as a privately owned subsidiary of an American software products and consulting company. Established in 1994 as a captive software development center, it produced products that were designed and sold by the parent company. Like most other software firms, it was set up in Bangalore because of the price advantage. Hiring Indian software developers and shipping the finished product was simply cheaper than establishing an equivalent US operation.

The Indian subsidiary held an underlying resentment about being the cheaper option, and therefore had the suspicion of being shortchanged. This resentment showed up in different ways in its transactions with the American parent company. The dilemma was also something about an Indian mind living in an American body. On the face of it, the relationship between the parent company and the Indian software company was that of client-supplier, with the mandate to produce a world-class product. The Indian operations experienced the American parent company less like a client and more like a benevolent yet autocratic patriarch. Processes of communication were top down: the development center in Bangalore was handed information on a need to know basis leading the parent company to be experienced as arbitrary and secretive. Long-term plans were rarely revealed and compliance with sudden changes in the direction of the product were expected. The rationale was that this style of management was inevitable in the competitive business environment in which the products company operated, and that uncertainty and flexibility were givens if one was to succeed. Being privately held, the turnover figures were not shared and resulted in amplification of feeling shortchanged. These were issues that many members of the Indian operations held as grudges and the American operations did not see why so much was made about issues that were none of their business anyway.

The interdependence in terms of task was two-way, but the experience was of dependency—a hierarchy where white owners were on the top. A kind of *caste-system-in-the-mind* was experienced where the black Indians “ought to be grateful and should know their place”. This experience is somewhat ironic as the actual individuals involved in the Indian operations would be the privileged upper castes in Indian society. The software industry, like most leading

edge businesses, is clearly upper caste. Being Dalitised⁵ was a new and disturbing experience for them.

The country head of the Indian operations had the reverse dilemma of being expected to have an American mind in an Indian body. Being the linking pin between the two operations, the country head had the task of handling two sets of expectations and two pictures in the mind by becoming unconsciously the receptacle for these conflicting but coexisting sets of feelings. The role of the country head was to explain one side to the other. At times he protected, by withholding feelings, with anxiety that if the other side “knew”, matters would only get worse. The ability of the two sides to develop skills of understanding and managing the differences more directly decreased as everything was channeled through the country head. The process of negotiating a more collaborative-partnership role took several rounds of building credibility.

One of the ways that the system chose unconsciously to deal with the dilemma of differences and the perceived caste system was to reduce people to bodies or sets of skills (a kind of split between the person’s skills and emotions). If these could be disassociated then one could deal with the more rational and knowable skills and the emotions, irrationalities, and aspirations need not be addressed. The task of leadership is circumscribed to managing objects and not people, who are now reduced to being objects and thus more “manageable”. In fact, the software industry has come up with a unique set of terms that denote this process of alienation or dissociation. For example, *body shopping* denotes the export of software professionals to do contract based assignments abroad. Terms like *head hunting*, *head count*, *human capital metrics*, and *human resources* dehumanize the human beings. The average software professional has also introjected this notion of him- or herself as a set of skills sold to the highest bidder.

In recruitment interviews, candidates would be asked to say something about themselves and they would start enumerating the software languages and technologies they knew, as if that was the only part of their self that mattered. That there could be any other aspect of self that could have any interest to the potential employer seemed difficult to fathom. Similarly, in annual performance reviews, when people filled out self-appraisal forms, the one question that would consistently draw the most insipid responses

was what they had learned. Learning was about acquiring technical information but much less about non-technical skills. Thus, gaining greater competence in interpersonal, managerial and leadership skills or greater self-awareness were seldom recognized or acknowledged as learning.

The impact of “being in demand” resulted in these professionals introjecting a “super-being” self-image and identity as an unconscious justification of their suddenly acquiring these haloes. The idea of self as superior seemed to justify this sense of guilt in the demand (near obscene salaries when compared with the average Indian income), which they did not want to admit as market factors. Therefore, they could not relate as normal people with pluses and minuses like any other. Some middle-class software professionals talked about the sense of inner conflict they experience earning salaries as college graduates, which exceeded what their fathers would be getting at the end of his career.

The super-being theory led to an inability to be in touch with realities about the self. This led to defensiveness about negative feedback; if it were accepted, the myth about the super-being would be exposed and they would no longer be in demand. Negatives were pushed into external spaces. Two favorite receptacles for negative self-feelings were the annual appraisal meetings or when somebody quit. Both of these turned out to be emotionally charged experiences where individuals projected bad feelings on to the organization, and protected themselves against the anxiety that there could be anything that they had to change about themselves. So, while people were complaining at their appraisal meetings about the lunch, air-conditioning, variety of the biscuits served in the office, they had almost nothing to say identifying areas of growth or change. Any negative feedback that the appraisers gave met with resistance and defensiveness until it reached a point where project leaders did not want to be bearers of bad news and watered down all negative feedback.

At an unconscious level, the software engineers had regressed and become something like infant geniuses who could permit themselves also to simultaneously become *enfants terribles*. As a way to work with this abdication, the consultants involved them in a process of evolving an appraisal system where employees were rated on certain characteristics seen as having relevance to their current role.

While this did help team members get specific data-based feedback in the year that this was introduced, the disaffection the following year about low ratings ended in most employees being rated as excellent, while privately team leaders thought the person was average. The following year the system of rating employees numerically was scrapped altogether as leaders were not able to cope with disgruntled team members who received low ratings.

With the rapid expansion of the industry, a situation of increased choice faced software professionals. If one was competent, the likelihood of getting a lucrative offer from the competition made it difficult for people to ground themselves in their jobs. Dealing with too much choice in a country where most job seekers face no choice resulted in an unconscious lack of choices that many acted out. This was often done in the form of denying personal authority when any employee quit. While the actual process involved the employee weighing alternatives as an attractive option presented itself, and taking personal authority for his or her decision, what they did at the point of resignation was to heap a horde of negatives onto the organization. This created a situation of apparent lack of choice as if one were forced to leave on the sudden discovery that the organization was all bad. If this process were confronted, it would lead to denial of the use of one's personal choice, with the rest of the system also tending to collude in sympathy with the person who quit.

This organizational boundary was a place of heightened anxiety and therefore a point at which the maximum erosion of personal values and integrity took place. It seemed as if these were twilight zones of self-hood in which they ceased to experience themselves as people and became objects not subject to their own moral scrutiny. This was the point at which blatant lies, facades, and rage were displayed. For example, a young engineer working with the organization as a trainee for eight months was offered a job by another organization that promised to soon send him to the United States. He was in the midst of an important product development commitment and, because he was quite competent, had been assigned a critical role in the project. Having gotten the new offer, he wanted to quit without the contractual notice period of one month. An attempt was made to negotiate his staying on for two weeks to bring his project into shape so he could hand it over to someone else and then leave. He would therefore have to miss some of the training in the

new organization, but it was hoped that he would be professional enough not to walk out on the job. Pushing the negotiators to allow him to go, he was told that leaving was his decision. His anxiety against taking responsibility for his decisions and their consequences was so high that he created a story about the project manager shouting at him and asking him to “get out”. While others knew that this story was untrue, there was a massive collusion and the story became the truth. There was a wave of sympathy for the engineer who was so badly treated by the organization. Creating a new reality was more comfortable than accepting that the engineer walked out of his own volition because it suited him.

It is at these same boundaries that the organization’s own ethical values have also been put to the test under the anxiety of keeping pace with competition. The company had initially stayed away from employee referral schemes that rewarded workers for referring friends as potential employees. The belief was that if employees enjoyed working in the organization, referring others would be a natural process. This has changed and today when an employee refers someone it may be for a fee and not necessarily because he or she believes it is a great place to work. The relationship between employee and organization has narrowed to a series of monetary transactions.

The primary task of the human resources development group thus gradually shifted from “creating conditions for the development of its human resources” to “attracting and retaining people at any cost”. The fantasy was that people were happy when the two conditions were fulfilled: being paid lots of money and never hearing anything negative about themselves. This resulted in an anxiety about “keeping people happy” even at the cost of the company’s primary task, which was to develop and sell world-class software. The process of infantilizing adult professionals resulted in the HR Department dreaming up entertainment, picnics, and parties. This resulted in “work is fun” shifting to “work has to be compensated for by fun” and linking rewards with cash incentives because “if we don’t do it they will go to other companies that do”.⁶

The organization had real dilemmas about creating a workspace that defied the mainstream understanding of a software development work culture. Unlike many other software companies, it was small and had plans to remain that way by creating a flexible,

non-hierarchical work environment that trusted people. It believed in unconventional ways of recruiting. Instead of recruiting a set of skills, it looked for attitude and potential. It believed in developing people; given the right environment and challenge, they will give their best and enjoy their work. Learning, contributing, and taking on responsibilities were seen as motivators. The organization desisted from designations as it felt that the designations fixed people into hierarchies, and did not allow them to move flexibly into opportunities and roles.

The demand for people with skills far exceeding the supply led to intense recruitment competition among software firms. What firms tried to portray was their uniqueness, but in reality they ended up offering what everyone else offered. As this organization grew, it came up against the pressures of succumbing to “what everyone else does”, which was what led to “success”. It therefore abandoned, as idealistic and unviable, all forms of non-mainstream cultural symbols that set it apart in the first place, and homogenized its identity in a kind of MacDonalidization process.

Case 2

This is the case of a software company registered in the United States of America with its subsidiary located in eastern India. In this case the situation involved an Indian living in America and trying to become a software tycoon. As though to unconsciously balance this process, he chose an Indian to be the head of the operation. He was picked from a large Indian enterprise, well-known for its patriarchal culture. Following the model set up by the erstwhile Indian operations head, the rest of the top management team acted as benevolent autocrats. This resulted in three processes. First, was a lack of transparency, which resulted in poor communication and coordination between various top managers. Their interactions with the Indian head were limited or within their respective domains. Second, the personnel down the line became dependent on the top managers, which resulted in decreasing further skill development and managerial skills in particular. Third, so long as globalization for the company meant making profit in the foreign market, the projects ran smoothly. As soon as the international competition became stiff and the company began to feel a financial crunch, two

negative processes began. One was a high degree of suspicion about the finance people whenever a project had to wait for some time before getting access to funds. Second, the top management team began to fall apart as each vied for quicker access to funds. This made the role of the head of Indian operations one of becoming the receptacle of not only negative feelings about the CEO in the United States, but also negative feelings of the top team about their colleagues.

At this juncture the authors, along with the company's long-term Indian consultant, got involved in a consultancy project. In this project, the top management team in India, along with the US-based CEO and his wife (one of the directors), were involved in exploring the nature of authority and leadership in the company. This was followed by one of the authors, along with the long-term consultant, running several hours of role analysis for the CEO and his top management team (except for the erstwhile Indian head, who had resigned and joined another company after having realized that he had become the receptacle of various feelings that actually belonged either to the US based CEO or to some of the Indian management team members). For example, during the first session of a social dreaming matrix, the very first dream presented was about freshly laundered and well-folded clothes that remained a bit dirty. This dream got associated with the feeling of guilt about earning "too much", which was also the case with young managers in Case 1 described above.

The consulting project ended in 2000 with the company restructuring itself to bring a balance between responsibility and authority in relation to task, so that the culture could transform from a centralized patriarchal one into a more democratic one where people could grow in their respective jobs. However, at this point the head of personnel resigned. Our hypothesis is that he found it extremely difficult to come to terms with his loss of power. This power was quite unrelated to his authority based on tasks. During the role analysis sessions, he worked almost as a referee in the "game" of competing for funds by the top team managers.

Case 3

The third case study is about a not-for-profit organization in south India forming a collective to work for Dalit empowerment. The term *Dalit* was introduced and popularized by Dr. B. R. Ambedkar, a revered leader of the untouchables and a statesman and politician of the freedom struggle. The name *Dalit* means the oppressed or broken people, and is the name the untouchables have taken to signify the process of radical transformation they have chosen for themselves rather than the path of opportunity that the state systems designed for them. Dalits constitute about 15 percent of India's population and, if one includes those converted to other faiths like Christianity, Islam and Buddhism, they make a total of about 19 percent of the population, which comes to about 190 million people (roughly two thirds of the population of the United States!). Historically, the four-fold Varna system was created in the sub-continent many millennia ago in order to have a kind of socioeconomic umbrella, by the Vedic people, to bring to its fold diverse groups living in the sub-continent. This system was based on occupational skill and had nothing to do with purity or status ascribed by birth. However, for various reasons (Bose, 1976) this system became corrupted and gave rise to what is now known as the caste system. The outcastes in the caste system of Hinduism, the Dalits, have been treated as untouchable for centuries; restricted to menial tasks including scavenging, clearing carcasses, digging graves, leather work, and labor intensive agricultural tasks. In spite of liberal provisions, 55 years after independence the situation of the Dalits has improved only marginally; so strong have been the caste based structures that have maintained the status quo.⁷ Efforts by the Indian legislatures at the center and state levels to provide opportunities for socioeconomic advancement and access to various national resources were offset by organized moves by the upper castes to safeguard their access to those very resources, of which they have gotten used to taking the lion's share.⁸

It would be absurd to claim that globalization has created inequality, because inequality and discrimination unfortunately existed long before globalization was recognized as a distinct phenomenon.

What is increasingly clear is that globalization has caused conditions of inequality to worsen. While corporate globalization favors skilled workers, life for millions in the informal sector becomes more precarious as their skills are mismatched with present opportunities. In the context of globalization, the Dalits have begun to feel completely excluded. With the liberalization of the economy, the state has systematically withdrawn from its social welfare and social justice roles. Drinking water, health care, education, and environmental protection are being privatized. These basic necessities are beyond the reach of the poor and the process is making them even more unreachable. The evidence so far is that privatization is quickly followed by price increases. Protests from those who are desperate have been snuffed out by violence and repression as the state is committed to market forces.

In India, voluntary social work organizations are known as Non-Government Organizations (NGOs; Chattopadhyay, 1996) and a number of those organizations are active in assisting the most underprivileged sections of the society. A group of NGOs working with Dalit communities in the south saw the urgent need to define a strategy of providing a space for these groups to survive by forcing the markets to have a human face (concern not just with the survival of the fittest but also with equity and with more sustainable forms of development; Guha, 1982). On critiquing their own roles they felt that what was needed was a more radical shift to political action, which would safeguard the existing rights of people from violation and the muzzling of democracy (Collective, 1997). The only way to achieve this was for the Dalits themselves to take primary responsibility for the politics of their development and not have the NGOs run it.

That would mean the rise of autonomous community based organizations that focused on rights (a trade union) and livelihood (thrift and credit cooperatives). It was felt that if they formed a collective, they would move up from individual NGOs working in one or two *mandals*,⁹ to cut across jurisdictions and organize across the state. These bodies would then integrate political processes of governance¹⁰ from the village to the state level, and capture political power.

From 1997 onwards, the process of forming a collective of 100 small and medium sized NGOs committed to Dalit empowerment

began. The formation of the collective was a very complex process of negotiating, making deals, and persuading different groups to subsume their individual identities in a larger collective process. The politics of representation were also a part of the strategy; a conscious decision was made to ensure that Dalit leadership, and particularly Dalit women, were represented in these bodies. To build leadership among the Dalits, various structures that were community based, decentralized, transparent, and accountable needed to be established.

Although there was this rather edifying objective of larger Dalit empowerment, there was also the shadow of threat that informed this process. Donor agencies in the developed nations, who funded NGOs in the developing nations, were beginning to face globalization forces themselves. The pressure on them to become more efficient, due to reduction in funds, was forcing them to restructure and downsize. Coping with increasing demands on a shrinking pool of resources resulted in many donor agencies preferring not to fund small NGOs (because the administrative burden was disproportionate to the size of the funds deployed). Ease of administration rather than need—the same market principles—began to define their policies too. This meant that emerging NGOs working in a defined area on basic issues of community organization or small developmental programs would be wiped off the donor map. Forming a collective with a common goal, which could then access a pool of funds, became a survival necessity. Thus, many of the small NGOs were left with the choice of striking out alone, retaining their identity and risking annihilation, or joining with the larger but ambiguous process of a Dalit collective.

In 2000, one of the authors was invited to help this collective understand its own formation and growth, and to help it evolve appropriate systems and processes. One of the support organizations envisaged for the collective was a cell that would focus specifically on Human Resource Development (HRD) within the collective. The author currently works as a consultant to this cell which functions as an internal consultant group to the entire collective. The author, along with a team of four others and the HRD cell, was involved in a process of mid-term review of the development and impact of the collective.

From 1997 to 2000, the collective has emerged quite clearly from

an idea to a reality and now has about 80 small-to-medium sized NGOs working together. The agricultural union is a registered trade union and has worked on issues of land reform, human rights and social discrimination. It has joined with other movements nationally and internationally, addressing some of these issues. Women's cooperatives for micro credit have been registered as independent bodies. The process of the collective's formation is ongoing. Its achievements notwithstanding, we have attempted to unravel some of the unconscious dynamics in its formation and growth—the psychodynamics that a complex organizational process can generate particularly when it is trying to deal with two even more complex processes, social transformation and globalization. However, the anxiety shared alike by NGO leaders and the donors is that the collective is too ambitious a venture and it cannot be successful. What then seemed to ensue is a set of processes, many of which are unconscious, that may serve as a self-fulfilling prophecy to ensure that the collective is not successful.

One unconscious dynamic, which mirrors societal process, is that of "Dalit audacity" in terms of trying to transform their lot within a recognizably short span of time. Time and again, people other than the Dalits have talked about the need for a "more pragmatic approach"; that something of this scale is not possible and should be an "organic process" evolving slowly over time. The Dalits themselves seem to have introjected this notion of Dalit audacity and doubt their ability to pull this off. That this is an introjected notion comes from the fact that instead of working on systems, processes, and building skills to succeed, they have become deskilled and in turn question the pragmatism of this approach. One example of deskilling is gross mismanagement of their resources despite having enough managerial and leadership capacity among them. The evidence of their capacity to manage lies in the creation of many Dalit organizations with membership running into the thousands. But, by dwelling on their anger toward the Establishment, they seem to have given up their capacity for managing objectives and tasks.

Many critical negotiations, norms, and policies related to the formation of the collective were discussed in informal spaces (people's homes, personal chats, etc.) and did not receive the mandate of formal management structures. Many of the anxieties and emotions were not explored in formal spaces. The collective became an ineffi-

cient container brimming with anxieties and unable to access its own skills to deal with these anxieties. It is as if the fear that it should turn out successful is so high that the very same people who wish it success are unconsciously sabotaging the management of the process. The unstated but acted-out premise is that, as Dalits, they do not “deserve” success.

Access to socioeconomic resources by Dalits has an impact on the wealthy sections of the rural community. The more the Dalits become empowered,¹¹ the stronger becomes their movement for adequate compensation for serving the rich peasantry and the more violent the backlash. The latter’s reaction has been violence in various forms including the formation of private, completely illegal armies (funded by money and arms thanks to globalization processes which make these easily accessible) whose actions to subdue this Dalit “audacity” match those of the Ku Klux Klan. One of the reasons for this unconscious sabotage may be rooted in avoidance of looking at increasing violence and the need to get organized to do something about it. The fear may be that, in the final analysis, the only choice left would be to also form an illegal army. However, where would they get the funds to feed and equip such an army? Today’s reality is that on many occasions the law and order system “seems” to get information about atrocities committed by the private armies too late to either stop the carnage or apprehend the culprits. Would the government continue to get information about atrocities committed by the private armies so late that the countryside becomes some kind of a battlefield for years to come? Are there any other peaceful strategies that can be set to work within the legal framework of the Indian Constitution? Is the belief that the *varna* and the caste systems are still so strong that at the end of the day the state machinery will tilt in favor of the rich peasantry who form the middle to upper caste section of the society?

Another unconscious dynamic arises from fear of being responsible to a collective system. Ideologically, the collective is seen as a response to global forces, which are by nature fragmenting and individualistic.¹² The reality of their experience is that most of the medium sized NGO leaders are unwilling to throw their lot into the process of collectivization. The expectation that they will “reposition” themselves from erstwhile NGO heads into servants of the collective has proved unrealistic, with “leaders” divided into

two camps (idealists and realists), and the collective already facing splintering of its forces.

The basis of the collective is also a need to establish and work with a collective identity and the politics of identity as a strategy. The actual dynamics, however, are of individual identities feeling threatened as if belonging to the collective will annihilate their individual selves. There is also the divisive discourse of sub-caste identities¹³ and the importance given to each within the collective. While managing differences is the task, a process is unconsciously started in which a series of splits or divisions occurs rather than a focus on consolidation. Given this, one wonders if the unconscious dynamic is that the collective is not a symbol of Dalit identity, but rather a front for the real upper class agenda of "divide and rule". By ensuring that they constantly set up fights amongst themselves, the Dalits collude with these unconscious wishes. This is how they act out the internalized upper-castes' desire for Dalits to be "kept in their place" and the collective never becomes a strong reality.

Further evidence of an unconscious deskilling is the debate on whether non-Dalits can be in positions of leadership within the collective. There was a broad policy decision in which a goal of the collective would be developing Dalit leadership. It was also understood that a process of grooming people for positions, and skill-building would be involved. As a fight erupted over non-Dalits' holding critical positions within the collective, a knee-jerk reaction of replacing them with Dalits was taken. Many non-Dalit sympathizers found themselves "outcaste" by a system in a way that is akin to a use and throw away consumerist society. What seems to be an unwillingness to recognize the reality of many non-Dalits clearly possessing higher skill levels in their roles, is actually a process of the system denying itself access to learn from a resource. This is further evidence of self-sabotage based on the Dalits' internalizing the "audacity" phenomenon. One wonders if identification with the aggressor is so strong that all conscious efforts to form strategies for Dalit empowerment will be sabotaged by the Dalit decision-makers until the unconscious dynamics can be surfaced.

Ironically, many of the processes in the collective are beginning to mirror the very globalization processes that they are organized to combat. What is not being dealt with is the oppressor within, which shows up in failure to define and negotiate boundaries (the Dalit

and non-Dalit, sub-caste and management boundaries), the avoidance of the basic task of collective leadership organization, and the lack of stable systems and structures so that those who need to engage and work within these structures can develop the skills to do so. What lies ahead is an exploration of these processes and awareness of unconscious anxieties within the self. This includes the inherited pain endured through centuries of being a Dalit, and the process of regaining dignity in ways that are constructive but also engage with introjected anger of the external social system.

A brief review of the processes at work

In Case 1, the software personnel appear to have three unconscious assumptions. One is that they are commodities rather than people. This assumption seems to be based on the fact that the parent company has chosen India because here, like many developing nations, the salaries are lower and workers have better skills. The person is not important for the company; the idea is not to create a growth-oriented company but to use the Indian unit as a source for churning out quality products at a low cost. This is further cause for the employees to feel like objects.

Two, the salaries that are offered to the employees are very high by Indian standards. This becomes ground for guilt rather than pride. Many of these employees know how much more their American counterparts get for doing similar work, making many employees envious. At the same time expressing envy becomes next to impossible when their own salaries are much higher than what other Indians earn. Third, having a mixture of envy and guilt, they tend to regress to such an extent that having fun becomes a component of employment rather than of job or task. These feelings are acted out because in the absence of an appropriate container where they might be worked through, they are bottled up in the head of the Indian unit.

In Case 2, Indians own the company and globalization for them means capturing foreign markets and bringing some of its fruits back to India. To that extent, the Indian personnel are very clear about the commodity in question being software and they are proud as Indians of being able to sell it at a comparatively high price

outside India. Then again, the software experts do not have any American counterparts because the US unit does the marketing. The pressure the Indian unit members have to deal with is the demands made by the chief executive, an Indian living in the United States who has gradually lost touch with Indian work reality. It is also true that the Indian head bottled up anger that the Indian personnel were feeling as a result of what they perceived as absurd demands by the CEO. However, being an Indian, the CEO did perceive some problems and appointed Indian consultants to help him diagnose the problems and assist in their solutions. The consultants focused on the authority distribution, hub-wheel syndrome that ended up making the Indian unit's head behave as the same role holder in Case 1. Further, various departmental heads had set themselves up as parent figures as a defense against acknowledging the departmental demands and as a means of spawning an informal organization to deal with the worst effects of those demands. This focus led to several changes very quickly—changing the authority structure to create a collegial organization rather than one based on the fantasy of parents and children.

In Case 3, the Dalit community experiences globalization as further marginalization and ultimate betrayal. Globalization, with its mantra of “there is no alternative” is experienced as neo-brahminism. Centuries of acceptance of a paradigm based on social hierarchy have resulted in oppression of untold magnitude. The only way out is getting in touch with one's own skills, accessing one's humanity, and introducing a new, alternative vision of equality and dignity. Such accessing of personal authority by a community denied personhood was indeed “audacity”. This would require the skills both to learn and to trust in collective leadership. The anxiety in the larger society of this collective opportunity of assuming personal authority is great. It is not dealt with adequately, it is projected on to the Dalits who introject this sense of Dalit audacity and systematically sabotage their own emancipation.

In Case 1, the company was not ready to deal with its unconscious assumptions. In Case 2, because the CEO and the top management team were able to acknowledge and deal with a number of unconscious dynamics, they could avoid the trap Case 1's company fell into. As for Case 3, the collective continues to “sit on the fence” when it comes to deciding whether to do the work necessary in

surfacing the unconscious dynamics. No wonder! While surfacing the unconscious dynamics, the Dalits have to confront the reality of acting out the internalized aggressor of several thousand years. Having infantilized themselves for generations, confronting the flames of guilt in allowing themselves to be dehumanized over untold years and then rising up in an adult transforming social revolution is akin to a Phoenix rising out of its own ashes.

Some concluding observations

We end with two hypotheses: The first is that the processes evident in Case 1, and more so in Case 3, are a reflection of a macroprocess; a process through which India, as well as numerous developing nations, is unconsciously going. This process is one of surrender to a market force that the global power figures, representing the *aggressor-in-the-mind* (Chattopadhyay, 1998b) and who in the Indian situation becomes the “invader in the mind” (Chattopadhyay, 1991), have declared as the inevitable aggressor, known as *globalization*, that is haunting the developing nations.

The second hypothesis is obviously related to the first one. This hypothesis is that the terms *developed* and *developing*, coined by developmental power economists, are the tips of a massive iceberg of projections. The economists, to be sure, are acting out the process on behalf of the cluster of nations that consider themselves to be *developed*. In other words, these terms represent the face of the defense against exploring what the developed nations are projecting on the developing nations (i.e., what internal realities of the former are considered by them as bad or even evil; see Biran & Chattopadhyay, 1997) and therefore to seek relief, they are sought to be projected on the developing nations. The basis of this assumption is that it is difficult to define a state that can be called *developed* in the context of any nation because most are continually developing in terms of both culture and technology. If a nation becomes static in terms of its culture and technological achievements, it will be one that is ready to start a downward journey. This is because no culture ever remains static, particularly in today’s world where cultural contact takes place on an unprecedented scale. Further, in a

globalized market economy, no nation can make economic progress or even retain its economic standard without continuous technological development. It is therefore hypothesized that the notion of a *developed state* involves *feeling omnipotent in order to repress feelings of impotence*. Perhaps it's about achieving a state of total hegemony over the rest of the world. The process of globalization may well be considered as a tool for establishing more control over the economically weaker nations in a first step towards establishing permanent worldwide hegemony.

Notes

1. "What is Globalization?" Prepared by PREM Economic Policy Group and Development Economics Group, The World Bank Group: Globalization and Poverty Online Debate. Over 5,000 people around the world subscribed to this on-line debate on Globalization and Poverty, initiated by the World Bank Development Forum and co-moderated by the Development Forum and Panos and continuing through the month of May 2000; http://www.worldbank.org/forum_globalization.html
2. The caste-ridden Hindu society in India, the influence of which has created caste-like society among many Moslem and Christian communities as well, has for millennia kept the lowest castes as either untouchables or as people from whose hands the upper caste people would not accept any kind of food or drink. Various sociopolitical leaders have from time to time taken up their cause and in various ways have tried to assist them in gaining a dignified and economically viable status. One of the great leaders who emerged in the late 19th and early 20th centuries from amongst these people was B. R. Ambedkar, and it was he who had coined the term Dalit, meaning "Trodden Upon" or the "Broken People".
3. It was Jawharlal Nehru, the first Prime Minister of independent India, who called them the temples of modern India.
4. With the economic slowdown in the United States in 2001, the impact on the Indian software industry was obvious—sending shivers of realism down its spine. While many smaller firms were forced to downsize or even close, the basic nature of the industry has not changed.
5. Brahmins are the highest caste in the four-fold *Varna* system. They form the priestly class—learning and teaching of the scriptures was their pre-

rogative and their hegemony. Dalits were the outcastes—so low that they did not find place within the four-fold system.

6. A report in one of the major national dailies, *Times of India*, in its Bangalore edition of August 7, 2001, mentioned that a medical transcription company had actually designated one of their HR Managers as the CFO (Chief Fun Officer) to supposedly “spearhead an array of activities to upkeep (sic) the tempo of the otherwise impatient employees of the industry”.
7. While many states have on paper prioritized land reforms and other affirmative action measures, the stranglehold of caste and social power structures has largely rendered these ineffective.
8. Violence over water has broken out in several states in India. In Andhra Pradesh the privatization of electricity distribution has sparked a popular movement. The World Bank which has loaned the government \$1 billion for the reform process, has imposed conditions such as elimination of cross subsidies, complete privatization of distribution by 2007, and a progressive reduction of government subsidies. The consequent rise in power tariff will push a sizeable percentage of the population out of electricity consumption. The peoples’ movement against this in Andhra Pradesh was countered by unprecedented police brutality. Over 5,000 people were arrested and 2,000 criminal cases were filed against the protestors. On August 28, 2000, following three months of struggle against the “reforms”, a peaceful protest was held in Hyderabad, and attended by over 35,000 people. Police shot two people and hundreds were injured in the brutal charge that followed.
9. A *mandal* is a unit of revenue administration. Several villages form a *mandal*, several *mandals* constitute a district or *zilla*, and several districts form the state.
10. Since 1993, Panchayati Raj (or local self-governance) has been enshrined through a Constitutional amendment. The legislation also provides for the reservation of seats in the local body for groups of people who have been acknowledged in one of the schedules of the Indian Constitution as belonging to castes and tribes that need special treatment in proportion to their population at each level. While its actual functioning leaves much to be desired, it has opened up a hitherto unavailable space for political participation of scheduled castes and tribes at the local level.
11. It was evident in our discussions with community leaders and youth in small villages, where both men and women talked of the new power that they felt when they refused to fall in line with traditional expectations from upper castes; when they demanded what was rightfully theirs, right to wages, right to dignity, access to resources, forcing new equations.

12. Processes of globalization the world over have steadily undermined processes of collectivization. The strategy has been two-pronged: use of state and economic power to put down collective formations of protest, and the promotion of values of individualism, consumerism, survival of the fittest, and competition; the former through a systematic process of weakening of trade movements, harsher laws to crack down on incipient attempts to organize, withdrawal of rights to form collectives (e.g., in Export Promotion Zones) and the latter through advertisements, media, promoting lifestyle choices and definitions of development.
13. The two main sub-castes of the Malas and the Madigas.

The dance of globalization

Learning, thinking, and balance

Kenwyn K. Smith

For the past decade, I have spent 12 weeks of each year involved in the executive education of senior managers. In these intensive programs, yearly I meet with about 400 men and women from over 50 nations. Three things stand out about this experience:

1. They all work for organizations which strive to think globally while acting locally.
2. To be successful, they must be perpetually learning about innovation and change.
3. These men and women find it increasingly difficult to maintain a balanced and integrated life where family, work, community, recreation and nurturing of the body, mind, heart, and spirit are viewed as essential.

In other parts of my work life, I have had the privilege of visiting or learning about a variety of places and perspectives not usually in global businesses' field of vision. These experiences make it clear that:

1. effective global thinking relies on local learning practices;
2. the corporate focus on innovation and change forces communities to be invested in preserving their local culture and traditions; and
3. corporate attempts to control the environment in which they operate are antithetical to the principles of balance.

We all recognize that globalization is upon us—9/11 and Severe Acute Respiratory Syndrome (SARS) have driven that home to everyone. However, it brings with it some thorny problems. In this chapter, I highlight the concept of global/local learning, with an emphasis on thinking and balance. I do this by examining:

1. the foot-and-mouth disease crisis in the United Kingdom in 2001;
2. how the Internet is currently making it increasingly difficult for Mongolia to be a full participant in the globalization process;
3. how development agencies trying to avoid an environmental crisis in Madagascar have yet to learn how the people of that nation engage in collective learning; and
4. how the knowledge developed via global learning practices undervalues the special kind of ecological thinking that enabled the Australian Aborigine to thrive in a rugged environment for 50,000 years.

Foot and mouth: the problem of underbounded systems

In 2001, the United Kingdom had its worst outbreak of foot-and-mouth disease since 1967. This devastated the farming communities, threatened the United Kingdom's reputation as an exporter of meat, caused the postponement of a national election, led to the slaughter of millions of sheep and cattle, and greatly impaired the nation's tourist industry.¹ This event, which presented itself as a domestic crisis, displayed some of the unintended consequences of globalization and suggests a need to invent new institutions for the management of changing boundary relations produced by globalization.

During the 1990s, some corporate leaders began espousing the virtues of the *boundaryless system*. This was a reaction to

organizational business units and functional divisions being overly locked in their own silos while pursuing their own provincial interests. Systems theory points to the importance of strong but permeable boundaries (Ashby, 1956; Miller & Rice, 1967). This means that if the overbounded nature of a system is a problem, total underboundedness is no solution; underbounded and overbounded dynamics can produce pathologies that are the mirror image of each other (Alderfer, 1980). A boundaryless organization will find partial solutions to some problems and in the process create new difficulties.

Globalization has been fueled by, and has had a huge impact upon, the increased permeability of boundaries. Some impacts are national and geographic, others have to do with more open trade practices, some make possible the increased flow of capital, labor and jobs, others export local conflicts onto foreign lands where they get enacted far away from their place of origin. Is it inevitable that globalization will make boundaries more open and is this a benefit?

The United Kingdom's struggle with foot-and-mouth disease has many lessons for us about globalization. A little history about this disease is in order.

A common disease

According to Ungood-Thomas and Waterhouse (2001), for the longest time foot-and-mouth disease was an affliction all farmers had to deal with and agriculturists took in stride. For example, in the early 1850s there were 870,000 outbreaks of foot-and-mouth in Europe. These were handled by restricting the movement of animals and temporarily shutting down markets. In other words, by making the established boundaries less permeable, what should not be spread could be contained, and what might be contaminating if permitted in could be kept out.

By the beginning of the twentieth century, a new market in the United Kingdom had emerged as wealthy farmers tried to breed pedigree livestock. To keep them free of foot-and-mouth disease they lobbied the government to kill off all animals that were infected. This became established policy for the rest of the century, even though it often seemed to be excessively costly.

Outside Europe, most countries had vaccines to control foot-and-mouth. This created the concept of “first-class” animals (the unvaccinated) that fetched a good price and “second-class” ones (the vaccinated), which were viewed as less desirable at the marketplace. By the 1950s, most of Europe had resorted to vaccines. However, the United Kingdom continued to use the slaughter policy as their method of control; a choice that could only be viewed as possible for an island nation with strong borders, many established rules and tight controls on all relevant boundaries.

By 2001, the United Kingdom’s increased involvement with the rest of the world (spawned by the European Union and the dynamics of globalization) had created a different situation. Animals once slaughtered close to farms were being driven great distances to large abattoirs, making the trucks carrying livestock across great distances into virtual carriers of the disease.

The spreading crisis

The likely source of the 2001 epidemic in the United Kingdom was a farm in Northumberland in the Northeast of England, where an individual farmer’s pigs became infected. (The information reported here comes from scores of newspaper reprints by the *Guardian*, the *New York Times*, the *Observer*, and the *London Times* during the spring of 2001.) Within days the infection was appearing all across the country due to modern farming practices. First, some of this man’s pigs were transported several hundred miles to an abattoir in Essex, effectively scattering foot-and-mouth disease along the way. Second, 40 of his sheep, which were also infected, were sent to a market in Hexham, Northern Ireland and bought by a man with a farm in Devon. Soon what was a local problem in the Northeast had been spread to the Southwest and many points in between.

Infected farms were immediately placed under quarantine. But, in this day and age, it simply proved impossible to effectively close the necessary borders. Because small, local slaughterhouses no longer existed, provincial solutions were not available. So the sheep, cattle, and pigs were killed on the infected and neighboring farms and the carcasses were transported to disposal places. Daily, large convoys of

lorries criss-crossed the nation carting thousands of rotting carcasses. These, of course, had to be kept in tightly containerized trucks.

However, the situation was far more complex than that. Were all mail deliveries to the infected areas going to be stopped? If a phone line or an essential piece of milking equipment broke down was the repairperson going to be denied access? What about the UPS and FedEx trucks, and the plethora of delivery services offered by shopping on the Internet? There was no way for the central government to put in place adequate regulations to control the behavior of many systems upon which humanity had become reliant. So the people delivering the services offered by such organizations were also carriers of the disease from farm to farm and region to region. It was not that the relevant individuals failed to behave cooperatively. Delivery people wiped their feet upon the requisite disinfectant pads, but boundaries that had been opened during the previous decades were impossible to close quickly. This contrasted starkly to the last outbreak in the United Kingdom that occurred in 1967, where it was actually possible to keep the disease contained in one region, the Northwest.

Nations without borders

The international character of the crisis made for intrigue as rich as a Salvador Dali painting. First, while Britain stopped all meat exports, it continued to import beef and mutton from nations which had experienced foot-and-mouth outbreaks over the previous two years. Yet, the United Kingdom would not adjust local policy to permit the sale of uninfected, at-risk animals that were being killed and burned to prevent the possibility of becoming spreaders of the virus. Second, the European Union banned the export of all meat from member nations with foot-and-mouth disease, yet it happily imported meat from non-member nations in Africa and Latin America where foot-and-mouth was known to be a permanent condition. Third, the European "single market" concept meant the port controls that had been in place for 500 years had been scrapped. By 2001, only one in five consignments of fresh meat from outside the European Union was even checked for health risks by United Kingdom officials.

During the first 12 days this epidemic spread to 51 locations in England and Wales, but it had been traveling for a long time in international circles. This strain of the virus, known as the “Pan Asian O”, began in India in the early 1990s, and had spread through Nepal, Bangladesh and into Tibet, through Iran into the Middle East and Greece, through Cambodia into Malaysia and Indonesia, and via untraced paths into Taiwan and South Africa.

An epistemological headache

How does a globalized world, which gains certain benefits from the free flow of goods and services across unregulated borders, construct a system of containers to block things like foot-and-mouth disease? What structures will need to be put in place to let in what is wanted and to keep out what is undesired, to keep in what needs to be dealt with locally, and to let out what others require? The work is enormous and a more sophisticated concept of boundary management will have to be constructed than the one being created by the current globalization dynamics.

There is one additional thorny problem. Who will be invited to thrash out the new boundary system? If we take the foot-and-mouth disease example one step further, we will see the complexity of the challenges ahead.

As TV screens around the world lit up with the pyres cremating thousands of British livestock daily, people in Kenya expressed deep disgust at the way the economically advantaged parts of the world elect to function. Raghavan (2001) reported that one Masai herder, a keeper of cattle in the Kenyan foothills, exploded in anger, “Those governments are foolish. This disease is curable.”

In Kenya, foot-and-mouth disease is widespread, but it is seen as nothing more than the common cold, explained Raghavan (2001). When outbreaks occur, Kenyan herdsman quarantine their infected animals, grind traditional herbs with salt water and apply them to the sores in the mouths and on the feet of the cattle. Alternatively, they burn tree roots and apply the ashes to the sores, covering them with cow-dung to stop flies from hovering and spreading the virus. After a few days, if the cattle are not cured they are vaccinated. The

Masai, one of East Africa's best known nomadic tribes, views itself as owning all the cattle in the world and hence was horrified to learn of the slaughter occurring in Britain. One of the Masai summed up the local effect by stating, "Instead of killing their cows, they should give them to us".

As the actors and actions fueling globalization run into more and more headaches like the ones illustrated by the foot-and-mouth disease outbreak, three questions are critical:

1. Which boundaries will be kept wide open, which ones will be firmly closed, and which will be maintained in a way that they can be opened and closed at will?
2. What alternative structures will be put in place to serve as containers?
3. Who will determine this and will folk like the Masai be a central part of this decision making process?

Developing a consciousness of nations like Mongolia

If globalization is to benefit nations such as Mongolia, special issues have to be addressed. Some of these complexities are not automatically self-evident from a distance, but the resultant problems may escalate to the point where they are impossible to reverse if continually ignored. (These findings are the result of unpublished interviews of leading academics and government officials in Mongolia, conducted by the author in June 2000.)

Historical context

An ancient nation came into worldwide prominence in the middle of the last millennium when Genghis Khan unified the diverse peoples of Mongolia and formed an empire that stretched from the eastern shores of China to the waters of the Mediterranean. This empire was so vast that, in time, it became unmanageable and "breakaway" nations and empires came and went, leaving Mongolia with little more than its memory of the glory years. From the decline of the empire until the early part of the twentieth century, Mongolia was

exclusively under the domination of China. This was resented by the Mongolians who craved to be free of imperial forces and strove, with minimal success, for full independence.

Early in the twentieth century, a political solution was effected that divided Mongolia into two parts, referred to for decades as “Inner” and “Outer” Mongolia. The landmasses and populations of these partitioned people were about equal in size. Inner Mongolia remained under Chinese rule while Outer Mongolia was set free to shape its own destiny.

Today, there are about six million Mongolians. Two million people live in each part of this ancient, rugged and beautiful terrain, and about two million are spread through the various nations of the world. For purposes of this discussion, I will refer to the “outer segment” as Mongolia and the “inner portion” as Chinese Mongolia.

The antipathy towards China felt by this proud and ancient civilization was so intense that once Mongolia was set free it was poised to build strong political alliances with nations that viewed China as an enemy. Mongolia had a nearby neighbor, Russia, which fit this bill perfectly. Like a cold hand sliding into a warm glove, Mongolia slipped easily into a new dependency on this giant nation (getting ready to overthrow the Czar and start the Bolshevik revolution). Not knowing how the future would unfold, the tiny population of Mongolia, trying to survive as a free people, swapped one form of political, cultural, and economic enslavement for another. They threw off the shackles of China and put on the cloak of Russia.

Of course, Mongolia got caught up in the communist revolution and, for the next several decades, became an outpost of the Soviet Union; the intelligentsia were educated in Moscow, a local alphabet using a script similar to Cyrillic (Russian) was constructed, and the ongoing antipathy towards China was fostered. As Mongolia fell more and more into the Soviet camp, China increased its stranglehold on the portion of Mongolia still located within its borders. Hence by the late 1980s, when the Soviet Union unraveled, the cultural divide between the two Mongolias was much deeper than that created by the Berlin Wall in Germany or the arbitrary boundary separating North and South Korea. A walk through Ulumbatar, the capital of Mongolia, and a casual glance at the architecture reveals the strong historical and cultural struggle, of both China and Russia, to dominate the hearts and minds of these proud people who craved freedom.

The 1989 collapse of the Soviet Union left Mongolia reeling. They had been part of a centralized economy with all their resources doled out by Moscow. One day the money stopped arriving and left these two million people with the task of building a sociopolitical-economic system that matched their circumstances. Today Mongolia has made great strides and is able to sense the potential of liberation, but the actual fruits of freedom have yet to be tasted. The reason? They have so much catching up to do scientifically, economically, and technically, because globalization is leaving the Mongolians in the dust. Could it be that the “have-nots” of the past, victimized by the colonialism and imperialism of earlier political systems, could easily become the “have-nots” of the future and be left by the wayside as a result of globalization?

This would be tragic because it is unnecessary. However, to avoid this inevitability it requires that globalization build into its base a social reform platform as strong as the economic system upon which it currently rests. Two areas stand out as critical starting points for Mongolia. If these were to be addressed now, conditions that ferment revolutions of the future, with all the attendant angst, might well be ameliorated. These are (1) to acknowledge that Mongolia is being greatly disadvantaged by the Internet, and (2) to address the social meaning of the growing trend towards homeless children in this country. In terms of worldwide wealth, both could be easily rectified at low cost. But it will be virtually impossible to reverse these trends for the foreseeable future, if the only resources are those generated by the Mongolian economy. Here is the reality that, in my opinion, all who sing the praises of globalization could benefit from internalizing.

The Internet

The Internet, which is enabling some poor and undereducated nations to access information and insights they desperately need, has left Mongolia out in the cold and is worsening its situation. Why is this happening? And what can be done about it?

Few Mongolians speak English or the European languages upon which the Internet is based. Further, their deep antipathy towards China has ensured that their knowledge of Mandarin and Cantonese is vanishing. As a result, Mongolia will not benefit from the computer

revolution that is taking place in this neighboring nation which houses one-fifth of the world's population. Because virtually all Mongolian university graduates are fluent in Russian, having received degrees from universities in Moscow, one might imagine that this would serve them well. However, since the intelligentsia of Russia speaks several European languages, they have benefited from the computer revolution occurring in the rest of Europe, without having to invest their limited resources to create a sophisticated Russian Internet.

Another struggle is that Mongolia once had an alphabet and linguistic script that were unique. However, they were all but obliterated during the domination of foreign forces. As part of the independence movement, Mongolia has been attempting to restore its alphabet and to begin using it in schools and universities. This is a project that will take time and is an important feature of their national identity. However, once they have succeeded, the Internet will be even further from their reach.

Mongolia needs help from the international community on both of these projects: getting the resources to revive their unique and ancient alphabet, and getting the help to translate this into "computerese" so that the electronic world can be open to them. The response of the global community on such an issue is likely to be "teach the Mongolians to speak English" or "make the Internet more accessible in Russian so 200-300 million people will benefit and not just two million". Both responses are reasonable, but for the Mongolians it feels like being buried once again in external demands that crush the essence of their history and culture.

Homeless children

Over the last few years, Mongolia has struggled with an emerging and fast-growing problem of homeless children. By 2000, approximately 5,000 homeless children had taken up occupancy in the parks of their largest city. These children have become a complete subculture of their own, with the older ones raising the young, and all of them acting like miniature adults who have been displaced and marginalized. Forty percent of the school children in this city of 750,000 are viewed as vulnerable to the kind of economic impoverishment that could make them homeless as well. Sophisticated

interventions by organizations like the Save the Children Fund are making a difference, but the size of the problem is enormous.

One cannot help but wonder what could happen if the number of homeless children grows to 50,000 or more. When they become adults, how will the subculture they have created join into the overall sociocultural–political–economic framework driving the nation as a whole? How will they connect to a global world which advantages some but makes others more and more impoverished?

Globalization's new wings

We need a way of thinking about globalization that is not predicated merely upon economics. While global government is probably not realistic or even desirable, the building of a global capacity for thinking that includes the varied realities of even the smallest communities is imperative. For globalization to avoid a new version of an ancient tyranny where the “haves” subjugate the “have-nots” requires the building of an epistemology that attends to and transcends what occurs within the boundaries of communities and small nation states. Further, there is a need to build a social consciousness where the welfare of the disadvantaged is a major concern of those gaining economic advantage from globalization.

A predictable crisis

In time, China will be a full partner in the international community and the pressures will build for it to grant political independence to Tibet, Chinese Mongolia, and other territories it has forcibly occupied. The world will celebrate. Then Mongolia and Chinese Mongolia will start the long process of forging one nation, just as North and South Vietnam successfully did, East and West Germany are currently doing, and North and South Korea are sure to attempt before long. It is hard to imagine how the new Mongolia will make out. The intensity of the hostility between Mongolia and Chinese Mongolia will be very hard to overcome. Throughout the 20th century they were taught to passionately hate the internalized China and Russia being respectively carried within them. In a way, the deep antipathy of the Chinese and the Soviets has been projected into the Mongolian people who

have been acting like a buffer zone between these two opposing behemoths.

When reintegration of Mongolia begins, the rest of humanity may well sit back and criticize them for the inability to affect what the global world wishes would occur painlessly and without rancor or bloodshed. However, a question that might be useful for all to ask now is what portion of the responsibility for New Mongolia's struggle will be borne by Russia and China, or the United States, which gained so much from these two communist states' hatred of each other? Will we have the equivalent of a global superfund that serves the same function as the one set aside to clean up the toxic wastes ruining the American environment? Will we not need a worldwide fund to offer reparations for nations that have become the containers of the toxic conflicts they were forced to carry on behalf of entities much larger than themselves and which imposed their wills upon peoples too weak to resist?

Theorists argue that the global economy thrives on competition and that is probably correct, but so did the geopolitical-military structures of the nuclear era. We are now paying the social, political, environmental, and economic prices of that version of geopolitical-military competitiveness. What will be the hidden price tag of the competitiveness of globalization, who will pay it, and when? Will we someday be required to build an international version of South Africa's Truth and Reconciliation Commission to determine reparations? If so, why not form it now as a preventative organ rather than wait until it is needed as a reparative one?

Madagascar's environmental struggles

Off the coast of East Africa is the nation of Madagascar, an island the size of the United Kingdom, but with a population of 16 million compared to the 60 million living in the British Isles. (This unpublished information comes from the author's conversations with a group of environmental scientists at Oxford University who for a decade have been involved in research to reverse the environmental carnage occurring in this island nation.) Its ethnic origins are Indonesian and black African, although intermarriages across many

generations have created an indigenous people unique to that location.

Madagascar is very important for the whole world. Hundreds of millions of years ago, before the continental drift which led to the configuration of land masses as we know them now, it was the center of Gondaland. It is an ancient piece of territory that contains the gene pool from the original world and it is one of the most biodiverse places known to humanity. It remained uninhabited by humans until 2,000 years ago and hence has been relatively untouched in contrast with most of the rest of the world.

The population of Madagascar is increasing at the rate of 3 percent yearly, which is very high. The people see around them the rich abundance of nature, live close to the earth, and successfully draw whatever they need from the immediate environs. This might seem idyllic; however, the cumulative effect of the many small choices made by individuals, families and small communities has long-term consequences with severe implications. This veritable gift of nature is an environmental disaster in the making.

The destruction of the forests

The manifest form of the problem is that the people rely on the forests for building materials and fuel. At the current rate of consumption, these essentials will soon be exhausted. Allegedly, over the past 200 years, 80 percent of Madagascar's forest has been lost. Many plant species that support the immune system of the indigenous people, helping them to deal with local diseases and providing natural medicines, are being rapidly obliterated. This is not the result of commercial actions. The trees are not being felled by corporate chain saws. It is happening piecemeal as individuals chop down a tree here or there to fuel a fire or build an extension to a habitat.

There are two glaring consequences that trouble all environmentalists who care about Madagascar. First, every time it rains, large amounts of fertile soil get washed away. This is so severe that people actually describe the rivers as bleeding. Second, the silt has filtered into the lagoons, soiled the reefs, and ruined the environment for the many and varied species of fish that serve as a main source of food for the local people.

These facts are well known by the international community. Eager to reverse trends that lead to predictable natural disasters, like those experienced by Rwanda and Ethiopia over recent decades, some of the best ecological minds, supported by huge sums of money from several foundations and institutions like the World Bank, have attempted to intervene in Madagascar. They have been completely unsuccessful. Why?

Learning from international failures

The international initiatives have been predicated on two main principles: (1) get the indigenous people to change their behavior, and (2) build the local capacities of the people living in this beautiful land. External change agents have been welcomed, treated with respect, and their advice seemingly absorbed. Changes begin and evaluators of the international aid projects are usually optimistic. However, when the external interventionists leave, the Madagascans quickly revert to the very practices that perpetuate the environmental problem. They go back to chopping down the nearest tree, irrespective of the impact it might have on the surrounding species, soil erosion, or the desecration of the locations from whence their food comes. It would appear that they cannot collectively internalize the concept of the long-term consequences of their actions. For each person, there are plenty of trees as far as the eye can see. The concept of tree-scarcity only makes sense in the abstract and in the long term. It has no immediate relevance given today's need to stoke a wood-burning fire for cooking or heating.

The harsh reality is that most international, environmental, aid projects in Madagascar fail. New interventions are constantly being initiated, yet they are always predicated on the same principles as the ones that went before: (1) change the behavior of the indigenous people, and (2) build local capacity. If we step back and ask what is at the core of these failed interventions, we note that they are based on an intellectual model that has dominated social policy and action in the established world for a long time, but does not always fit very well in different settings. Planning and learning are stressed in the model.

Thinking paradigms

In terms of the planning process, it is known that historically these people operated on the Micronesian paradigm; a radically different logic from that used by colonial and imperialist powers. The contrast is well illustrated by how sailors used to navigate their way across the oceans. The mindset familiar to most readers was the planning model: determine the destination and chart the best way to get there from here, and if the winds or currents were not right postpone the journey until the conditions changed. This logic was the opposite of how Micronesian navigators operated. They would set sail with an open mind as to where they would end up and let the winds take them wherever. Often they successfully got to the desired place without planning of any kind, but if they arrived at a different location they viewed this as where they were “meant” to go and they adapted accordingly. Indigenous planning was not a matter of determining a goal, designing a method of reaching that specified target, garnering the needed resources, and pushing on until the desired state was achieved. Planning was a process of trusting that the cosmos knew best and accepting whatever eventuated. Historically, social planning, like that encouraged by international environmentalists, has proved to be antithetical to the culture of Madagascar.

In terms of learning, it appears that international aid organizations have not figured out how small community learning or large-scale collective learning occurs in Madagascar. The cumulative evidence points clearly to the reality that, as a whole, they do not learn in the ways external change agents expect. It would appear that before we can avert the environmental disasters of the kind Madagascar faces, global aid organizations will have to discover how indigenous people learn and, together with local people, formulate a set of actions that fits their culture. The alternative, forcing changes in the actual culture as colonial and imperialist powers once did, is politically untenable today.

Learning how to learn

In order to not keep falling into the same black hole, international interventionists confront the task of having to learn how Madagascar

as a society learns; this has been called second-order learning (Argyris & Schon, 1978; Bateson, 1936). However, before that is possible, we will have to figure out how we can learn about how to learn about how the Madagascar culture learns; what might be called third-order learning.

In the meantime, we outsiders, who do not know how to learn about how we learn about their learning, get upset about their failure to learn and never reflect our own failure to learn about how they learn. In short, the failures in environmental interventions are our own failures more than they are the Madagascans'. However, their failure to learn is more glaring and we focus our critical energies on them, never coming to see that this is a displacement of the emotions emanating from our own failings.

I venture to offer one more thought on these failures. Might it be that the nations offering to help Madagascar with its environmental problems fail to attend to their learning patterns because we are tarred with the same brush? Might it be that the environmental problem of "theirs" that we so desperately want to fix is minuscule in contrast to the one in our own backyard? Might we be avoiding our problems because we do not want to change our behavior or acknowledge that the choices we make are destroying our environment in even more devastating ways than their actions, a classic case of projective-identification (Ogden, 1979; Wells, 1980)?

The Australian Aborigines

The year 2000 was a watershed for my homeland, Australia. The success of the Sydney Olympics placed this young, growing nation in the consciousness of the world. However, during this time a drama was unfolding that was only partially visible to international TV viewers. It involved the relationship between the indigenous peoples who have populated this rugged terrain for 50,000 years and the settlers who arrived at these ancient shores over the past 200 years.

For some time, the aboriginal leadership had been reaching out to the establishment in a spirit of reconciliation, asking for compensation and a formal apology. For what? First, the land they once roamed as nomadic tribes was ripped away from them without consultation

or payment. Second, during the early days of white expansion the Aborigines were the victims of massive genocide. Third, the clash of ancient and modern cultures displaced them from their old world and left them marginalized in the new. Their wish for an apology by the nation's political leadership had been constantly refused, adding insult to injury, and making the desired reconciliation impossible to advance.

Saying "Sorry"

During the closing ceremonies of the Olympic Games, the apology they had long sought and been denied by the government was offered by one of Australia's best known rock groups. These young musicians came on stage dressed in black with the word "SORRY" emblazoned in white upon their shirts. They then proceeded to sing, with bold lyrics that held nothing back, the history of black-white relationships in this country, which, until the mid-20th century, had denied citizenship to any person of color. The chorus was a chanting, soul-filled apology that stirred the huge audience that was soon heartedly joining in. By the end of this song, the depth of passion expressed by the people, led by a few musicians courageous enough to say what our political leaders would not, had spoken aloud the words needed for so long: "the current residents of Australia are deeply sorry for what was done to the Aborigines by our ancestors, both the literal forbearers of some of us with blood ties to the originals and the symbolic ancestors of the many immigrant families who adopted, and were adopted by Australia long after these racist crimes were committed". As an Australian who feels passionately about this issue, I am grateful to all who sang with gusto that night in Stadium Australia and to all who shed a tear in front of a TV screen, proud of the games and eager to join with the reconciling spirit abroad in our land. As I watched these closing ceremonies, I recalled some of the great lessons I had learned from my relationships with Aborigines. For my purposes here, I will describe two.

A new twist on the Mental Health Day

A young Aboriginal member of the Australian Armed Services, whom I'll refer to as Bill, was a highly valued worker, but he had

become a problem. A few months after enlisting, and without any warning, he disappeared. This was viewed as an intolerable breach of discipline labeled AWOL (Absent With-Out Leave). Usually the military police would search for the deserter, apprehend him, and fast track him to a court martial and dishonorable discharge.

The particularly galling aspect of Bill's leave-taking was that despite an intensive search, the police could not find him. After six days, Bill returned to his post without saying a word to anyone, and acted as if he had never been gone. This pushed the military into action as the legal system readied itself for the regular procedures. They then hit a roadblock: nothing Bill said made sense to them. He had been on walk-about, an aboriginal custom as common and familiar to these indigenous people as the moments of daydreaming done by all workers every few hours; the inner experience is very similar. When Bill was asked where he had been, his response was "nowhere". His inner sense was that he'd been absent for but a few moments and not the six days recorded by the chronological clock.

The commanding officer, who valued Bill's work, decided to intervene. Wanting to avoid a court martial, he called in the psychologists and asked what could be done to make Bill conform to military procedures. It is worth noting that the military's response was that Bill had to fit into the established structures. There was no consideration about formulating a policy that would accommodate what Bill needed to do to remain healthy and whole.

It is well-known that several things are key to the aboriginal walk-about phenomenon: the precipitous need for time away can arise as spontaneously as a sneeze; to resist the urge is to not give credence to the moving of the spirit; the familiar forms of time and space give way to a timelessness and spacelessness that is familiar to all of us from our dream life; and one has to be willing to go "there", albeit for a brief period, in order to stay "here".

In conversations with Bill, we elected not to pry into the secrets of his spiritual life, nor to see his acts as representing anything unusual about his psychic state. We thought this was an example of cultures colliding and suggested that the military consider adjusting to Bill, rather than demand he adapt to them. While "going walk-about" had a different form than a mental health or vacation day, the similarity was striking. It is a way to preserve one's sanity, one's vitality, one's capacity to be a good worker. We asked Bill's commanding

officer, "If Bill had come to you and said I have a crisis at home and I need a few days to deal with it, what would you do?" His reply was, "I'd give him his allocated special leave days and if he needed more I'd suggest he take a few vacation days". So we asked, "could you adopt a similar approach to his walk-about needs?" The officer expressed distress over the idea that Bill would give no warning of leaving. However, he agreed to keep in his desk a pre-signed, leave form so that whenever Bill felt the calling of the spirit to go into the bush, the commanding officer would submit the form to cover the period of Bill's absence.

This was a highly unorthodox solution for the Australian military at that time, but it worked. Bill was a great worker and, as a non-combat person, was well-suited to every other aspect of military life. He served his full term of duty and his unusual way of taking his vacation leave was a problem to no one.

Another way of seeing

Like many indigenous peoples, Australian Aborigines have an epistemology and a set of operating principles, which are hard for the rest of the world to comprehend. One of these is how learning occurs. A key reason for this difference is that Aborigines do not store information the same way as those who have libraries, computers, and the Internet. Theirs is an oral tradition; wisdom is located in the story, insight emerges during "dreamtime" and on "walk-about;" and that which is most deeply valued is viewed as desecrated if ever discussed. Hence, efforts to school Aboriginal children, in the same way as those with cultural origins heavily shaped by industrialization, have been fraught with problems. Historically, educational establishments had little success harnessing the intellectual capacities of the indigenous children and the aboriginal leadership, for good reason, was unwilling to surrender its secrets about learning to those who might use them to undermine their culture.

At one point, early in my scholarly life, I was part of a group trying to unravel the learning patterns of aboriginal children. It was obvious we had to construct a different image of intelligence from the one we used for ourselves. To create a set of new building blocks, we began by producing measuring devices that paralleled those used in classic IQ tests, but stripped of their obvious cultural "packaging".

First, we discarded language and relied upon mime as our means of communication. This worked fine. Second, we used materials that were not like those found in kindergartens run by Caucasians. Third, we drew the child into an active and playful relationship with the process, eliminating all indicators of correct or incorrect responses.

One feature of most intelligence tests is a phenomenon called "memory span". A typical way to determine this is to say, "Repeat after me the following numbers: 4-1-3-2-1". The child then tries to say them back in the right order. The number of digits is increased incrementally until the child can no longer recall them accurately. An index can be established about how many digits the average four-year old, or five-year old, can remember correctly. Each child's score can then be compared with the index for his or her age group.

To create an equivalent gauge, we attached a piece of wood to four blocks. I then took a block similar to those affixed to the frame and, as the tester, I would tap out a pattern like 4-1-3-2-1 with the location of the block on the frame being privately designated a number. I'd then give a block to the child and gesture that he or she should mimic what I had just done. All children tuned into this procedure right away and it seemed we could test memory span with little difficulty.

We then stumbled into findings that were both startling and exciting. First, virtually all aboriginal children had scores that were standard deviations higher than white children of the same age. Second, they rarely even bothered to watch me tap out the pattern and often gazed around the room as I communicated the pattern they were to follow. It seemed that the less attention they paid to me, as I rattled off sequences like 2-4-3-1-2-3-2-4-1-4-3-4-1, the better their score. I was fascinated by how they did this. What were they attending to? What was their information processing system? It was obvious they were not using any process we recognized.

I then realized that they were looking intently at my eyes as I watched to see if they had "remembered the sequence correctly". In fact, they were tuning into the subtle, visual cues I was communicating as they did the task. I had committed the sequence to memory so that I could tap it out correctly and record their scores accurately. Having done so, I was evidently giving off cues, unconsciously, about which block they were to touch next.

I wondered what would happen if they could not see my eyes. So I started wearing a peaked cap, keeping my eyes hidden from them. These same children who had been enormously successful in this task ceased to be able to report back even the most elementary sequence. Very few even found the task engaging, let alone worth pouring intellectual energy into. They had been attracted by this test when my eyes were available to be read, but once they were covered, interest waned.

This opened an enormous vista to our research group. As we explored deeper, we came to appreciate an entire epistemology that was wholly foreign to us. Aborigines do not store in memory information which is accessible to them in others ways. For them, the mind is not located in individual brains. Their view is that the individual mind is but a part of a huge collective Mind to which they belong, but are only a small fragment. Hence, the most important thing to do with the individual mind is to train it how to access the collective mind, rather than to fill up everyone's grey matter with the same, redundant information. These children had quickly figured out that the mind of the tester was available to them so long as they made full use of their perceptual skills. Why bother dedicating any of their individual brainpower to do this task when a more efficient strategy was right there at their fingertips?

In making this discovery, we were tuning into just a minor aspect of a worldview so different from our own that we had to engage in a great deal of learning to comprehend anything about how the aboriginal child learns. Aborigines are deeply connected to nature. They experience the earth to be central to their spirituality, and the human body to be but a vessel in which the spirit is partially contained (Pattel-Gray, 1996). For them, the things with meaning are located in the relationship between the earth and spirit. To disembodify learning from that axis is to strip it of significance. The numerical sequence 4-1-3-2-3-4 is trivial beside the set of ghostlike footprints left by the kangaroo on the hard crust of the sunburnt ground. A twig slightly dislodged, a smudge of dust redistributed since the last dew or a gentle indentation that could only be made by the thump of a kangaroo tail as it bounded away, were sequences of significance for the Aboriginal child. 4-1-3-2 has minimal meaning when the alternative is to stalk a kangaroo; an act that holds the promise of a life-sustaining meal, is an entree to the totemic world and is a ritual centering

that connects this moment with the eternal and is of far greater value.

The challenge

It is hard to imagine how globalization will develop meaningful jobs, appropriate training patterns, economic incentives, and satisfactory human resource policies for the indigenous peoples of the world. This will only happen if the engines driving globalization are highly attuned to the whole plethora of local customs, many of which have never been studied and recorded in books, let alone tailored for the Internet. However, it is critical that all who participate in the forming and running of global enterprises be fully aware of this complexity and make radical adjustments to this reality. Otherwise, in a few decades, we may need another Mahatma Gandhi demanding the end of colonialism. This time, however, it will not be to ask the British to leave India, but to put an end to a phenomenon we will be calling “the colonialism of globalization”.

Note

1. The United Kingdom had been attempting to recover from the mad cow epidemic, which had led the European Union to ban the importation of beef from the U. K. between 1996 and 1999. However, the rural industry of the United Kingdom was just beginning to stabilize when foot-and-mouth disease struck and the government was eager to head-off the public reactions to the disaster and economic setback this outbreak was likely to produce.

Coping with unpredictability and conflict

Managing in a global economy

Lionel F. Stapley

In this chapter, the roles of executives and managers will be explored as they relate to the organizational dynamics of their institutions when operating in a global economy. The chapter is based on the reported experiences of a manager in the steel industry in Britain who was involved in the movement of the company from a family owned, wholly British company, to being part of an international concern operating from three different countries. This particular manager's self-described experiences will be detailed under a number of specific problem areas that he has identified. This will be followed by a discussion and analysis of the way that members of the organization respond to the difficulties presented. In doing so, I shall conceptualize the company as a process of human behavior that is both social and psychological at the same time. Where appropriate, I shall use examples of casework carried out with consultancy clients while working in a systems psychodynamic frame.

Introduction

In common with most other developed countries in the West, 20 to 30 years ago, the steel industry in Britain was almost exclusively domestic: British manufactured steel supplied the needs of British customers. This was a world where suppliers and users all knew each other and their reputations, and business was mostly conducted on a personal basis. However, the formation of the European Common Market (EC) and the development of a global economy brought dramatic changes to industry. As one manager commented, "Then the world became smaller". British companies, like those of other countries, could no longer stay isolated as the demands of the global economy began to have an impact on long-established practices. The world the manager refers to has increasingly resembled a global marketplace where integration across "traditional boundaries" is evident in almost every dimension of life.

This chapter explores how organizations create and do business within the changed context of a global economy. While the particular perspective depicted is that of a manager in a multinational steel company operating in Britain, I assume that these experiences will also find a resonance with those working in other industries and countries. For this company, the changing context of a global economy manifested itself in the availability of cheap steel elsewhere in the world that had a major impact on this organization's domestic operations.

The company has Greek owners, with its head office in London, and its steel mills in Britain, Greece, and the United States. In each of these three countries there is an almost autonomous company headed by local management. In Britain, as in the other countries, the company had the capacity to produce steel themselves but it is currently cheaper to buy it elsewhere in the world. At present, they buy steel from Russia and Venezuela, but this situation could change if there was a cheaper place from which to buy. Many countries produce and sell steel, resulting in a constant oversupply and overcapacity of steel throughout the world.

Identified problems of operating in a global economy

Operating in a global economy causes many problems and anxieties for those working in the steel industry. Primarily, those problems are concerned with balancing conflicting and/or competing objectives such as the apparent trade-off between profits and social responsibility, individual and collective interests, autonomy and collaboration, and innovation and order. Three specific problem areas that arise from operating in a global economy have been identified by the manager. These may be referred to briefly as unpredictability of the environment; lack of control over intangible assets; and having to manage many forms of diversity. Each of these is described separately below.

Problem Area (1): Unpredictability of the environment—the near impossibility of managing

The most difficult problem of operating in a global economy concerns the unpredictability of the environment. This poses constant problems and threats to those responsible for planning and strategy.

Economic factors. In the old days of the industrial economy, there was little importation, matters such as currency and exchange rates did not affect the company. Now, however, currency rates, in general, and the strength of the pound, in particular, are important considerations. At the time of writing, the high value of the pound sterling is stopping the company from exporting its own steel products and the availability of cheap imported steel products had seriously eroded the production market. Other companies throughout the world—especially, at this time, those in the old Soviet bloc countries who are able to employ cheap labor—are able to produce at much lower costs, making it a difficult selling market.

But it is not just British macroeconomics that have to be considered. Many of the problems faced by the company's managers concern decisions throughout the world over which they have absolutely no control. For example, as the manager pointed out, their fixed costs for big items such as staff and energy are almost always constant. But this is not the case with steel prices, which at the time of writing, were predicted to go up across the board in a few months. However, if there is a recession, countries such as Russia will reduce

their prices until they can sell. In this case the company will have seriously overpaid for its products. The question, for which they cannot possibly find an answer, is “do we buy now?” As the manager explains, “We are gambling blind. Fluctuations in the world market make life so unpredictable. All you can do is hope. But, it could be catastrophic”.

Sociological factors. The global enterprise transcends external boundaries. Sweeping changes in the competitive landscape—including the presence of foreign competitors in domestic markets—are driving the company to rethink their strategies and structures to reach beyond traditional boundaries. In this volatile, intensely competitive world, success comes from the capacity to respond and act, but at the same time, the company is under considerable pressure to understand what they need to do to enhance—and in some cases even to preserve—their local vitality. It seems that there is an unavoidable and insoluble clash between global economic interests and local social interests.

For this company, this is an almost impossible situation. In the past, they invested a huge amount of money in producing their own steel from the raw materials that gave them full control over the process and costing. But, they then discovered that the market was charging less than they could produce it for. They found that it was cheaper to buy steel from Russia at a stage of production that is known as the “semis” or the “slab” stage. This resulted in the company laying off about a quarter of its workforce. It also resulted in Corus, the largest British steel producer, laying off 3,500 employees. An effect of this is that one of the most highly efficient steel producing plants in the world is closed because of the global economy. Not surprisingly, there is great anger at Russia and at the other cheap producers. Another effect is that those who are left in the industry are looking over their shoulders because they fear that they also will be laid off eventually.

Time compression factors. Companies are cutting in half the time taken to perform any operation. When the manager first started in the business, planning and strategy used to be an annual event. In those days there were few fluctuations, and the market could be predicted with some reasonable degree of certainty. However, the increasing unpredictability of the markets resulted in planning taking place on a quarterly basis. The manager explained that they are

now forced to make decisions three or four months down the road, buying in March for June delivery. However, he pointed out that they didn't know what was going to happen in the interim period. For example, he explained how they were currently purchasing 20,000 tons of raw material steel from Russia at a cost of £4 million. At today's rates this transaction was a good deal, but it could quite easily translate into a loss within four months. Events in many parts of the world are now part of the equation. As he explained, "It is largely crystal ball gazing. You have to do it, but . . .!"

Technological factors. Technological development has driven the global economy, and the steel industry is no exception. Computerization has opened up the steel industry in a way that other technological developments couldn't. Advances in computerization have vastly improved communication and dramatically reduced start-up costs and this has provided new opportunities and markets for many in developing countries. Because of both technological advances and e-commerce, the world is smaller.

For steel industry employees, one of the significant effects of computerization is depersonalization. As the manager pointed out:

Now with e-commerce you order your goods from a computer rather than from a person—an individual. Rather than go to someone. Personalities don't count. It is all very impersonal, there are no relationships. In the past, because of relationships clients would say "I quite like him" and give him another order. They would maintain a degree of loyalty provided you gave the required service.

Another significant effect is the fear that computerization may lead to loss of employment. Again, this fear is expressed by the manager when he states, "My fear is that I can be replaced by a computer system. There is no need for sales in the current global economy. This is all very well but when things go wrong they quickly need you". And there is a realization that this trend may continue when he said, "It is all about outsourcing to other countries. We start with outsourcing the raw materials and then follow with outsourcing the raw services".

Political factors. Globalization means that the company is also affected by the political situation in other countries. Factors that, in the past, would simply have been of passing interest in the foreign

affairs columns of the newspapers, now demand close attention and scrutiny. An example was provided by the manager who explained that, "There were elections in Czechoslovakia recently and the government there cut the price of steel to make it appear that they were being successful and claiming volume sales". Clearly, an awareness of this and other similar political maneuvers is essential if the company is to remain competitive—or even to survive.

Another aspect of foreign affairs is the way that the dealings with former Soviet bloc countries are identified as dealings with organized crime. As trading partners, the former Soviet bloc countries are seen as producers of excellent quality, but there is a need to go through a middleman because there is always a kickback required to do business. In fact, it seems to be the case that if you don't pay, you don't do business. You pay the middleman, which is a way of cleansing the money. There is a view that the company should not be seen dealing with these doubtful characters. Perhaps this is why it is considered prudent to deal with them through a third party.

Problem Area (2): Organizational success increasingly derived from intangibles that organizations cannot own

In the industrial economy, location was important to companies because it gave them control over the means of production. This was the case with this company which was situated at a location which provided road, rail and sea transportation; access to the resources of the local coal mining industry; and a skilled and plentiful workforce. In the global economy, however, power comes not from location per se but rather from the ability to command intangible assets that make customers loyal. These assets have been identified as, competence, concepts, and connections.

Put simply, the concepts, competence, and connections relate to the roles that intellect and knowledge now play in organizations. It is the ability to link knowledge in creative ways that is the essential factor. When asked to identify the critical skills that were needed in today's company, the manager was quite clear that "knowledge is everything. If we know the price is going to be 'x', we can be successful. Communication and market knowledge are the vital skills".

Unlike important productive factors such as land, capital, and equipment that contributed to early industrialization, intelligence does not belong to the organization: it cannot be taken, redistributed, owned, accurately measured, or monopolized. This company, in common with other organizations cannot redistribute intelligence nor can they prevent others from acquiring it, and they cannot preserve it. Companies must attend not only to their current competition but also to their “invisible” enemies—unfamiliar companies outside the industry possessing a technological capability that could be a threat if transferred to new markets.

Problem Area (3): Organizations increasingly manage many forms of diversity

All types of organizations have increasingly been required to manage a greater diversity of people—their ethnicity, nationality, and gender. The boundaries of diversity, like other boundaries, have expanded to show a great range of human difference as well as similarities where differences had been assumed. This company, in common with others both directly through in-house activities, and indirectly, through its business activities across the world, is on a continual learning curve. But it does not stop with human diversity; diverse systems, diverse structures, diverse ways of thinking and acting are all aspects of managing diversity.

Learning how to be a global manager may involve new skills that essentially change the role of management as well as relationships between managers and non-managers. With little precedent to guide them, managers are watching hierarchy fade away and the clear distinctions of title, task, department, even corporation, blur. Such are the demands that some organizations are turning themselves nearly inside out. This company is no exception. An example of this is the process of buying steel from outside suppliers, which was formerly carried out in-house. Another example is the forming of strategic alliances with buyers that bring external relationships inside where they can influence company policy and practice. These and other major changes radically affect the way management behaves, which is where I shall continue in the discussion and analysis which follow.

Discussion and analysis

In the context of analyzing the way in which the steel company is responding to the demands of operating in a global economy, it is helpful to view organizations as processes of human behavior. Organizations exist because people create and sustain them, and therefore it is the members of the organization that we need to refer to. Essentially, human organizations have no structure other than the patterns of behavior that are also their internal functions. When these patterns of behavior stop, the organization ceases to exist (Khan, 1976).

From this view of organizations as processes of human behavior it therefore follows that they are contrived, and being of human construction they are infinitely susceptible to modification. They do not conform to the laws of growth and death that characterize biological organisms; there is no particular size and shape they must attain, or life cycle they must follow. Functional branches or systems do not hold organizations together; the cement that holds them together is ultimately psychological. In order for the organization to exist, people must be motivated to engage in the stable recurring patterns of behavior that define the organizations and give them continued existence (Stapley, 1996).

If we are to gain the required deeper understanding it is helpful to go beyond this and to view the steel company as a psychosocial process. We need to conceptualize the organization as a process of human behavior that is both psychological and social at the same time. At the "social" level we need to analyze those technological, economic, sociological, and political factors referred to above; the products and services the company provides; and the organizational structures, strategies, and procedures that management have created which together comprise the everyday life of the company. Those aspects of the processes of human behavior may be regarded as the external realities of the members of the organization.

At the psychological level we are talking about the subjective experience of members of the organization: about what goes on in the minds of members of the organization. This may include the ideas and ways of thinking about how they perceive the external realities in relation to how they behave or act. Their actions will be influenced by their beliefs, values, hopes, anxieties, and the defense

mechanisms that they employ. Put another way, we are referring to the internal realities of the members of the organization. These two levels—the external and the internal worlds of the members of the organization—are in continual interaction and cannot realistically be separated, but, for clarity of analysis it will be helpful to do so. I shall start with a discussion and analysis at the external level and then move to the internal level.

The external or social level

In the everyday life of the company, management is primarily concerned with balancing conflicting or competing objectives. One of the key conflicts concerns the need for a trade-off between profits and social responsibility. Social responsibility is a problem which affects the organization in regard to both the domestic community and the countries where they do business. When speaking of the other countries, the manager made it clear that there was little concern about the company's relationships with and treatment of third world suppliers. When asked about this, the manager replied, "There's no contact—we don't trust them anyway. I suppose there is a social concern but price is all important. The only concern is, if only we could buy British. The real social concern is for losses of British jobs". At one level, these seemingly impersonal relationships between the company and, for example, the Russian producers are simply "business deals". However, at another level, they affect the very existence of the company.

In the global sphere differences in culture make it difficult to unite human resources to achieve common purpose. Both the members of the company and members of foreign organizations are apt to approach issues from very different vantage points. Trying to negotiate with Russians or Venezuelans who may have little, if any, knowledge (or concern) about the company's domestic problems is most unlikely to achieve any common ground. Indeed, I suspect that if we were able to obtain the views of the Russians or Venezuelans we would probably discover that the lack of trust was mutual.

In regard to the domestic community, the remarks of the manager quoted above seem to imply that the company is inclined to adopt

a more considerate strategy. However, economic factors are the decisive influence as emphasized when the manager said, "The global economy overrides everything, market forces will find their own level. The rest of the world is destroying our world. But, when it comes to the crunch you vote with your pocket". Layoffs at home and poor working conditions overseas may prick the conscience of the company's managers, but, ultimately it is economic factors that sway the decision in determining strategy.

Another conflict concerns individual and collective interests. Managers now spend more time working across boundaries with peers and partners over whom they have no direct control. They are forced into alliances and partnerships that can transform interpersonal, arm's length contracts into relationships involving joint planning and joint decision making. However, in this company, it appears that the unpredictable and conflicted nature of the environment as described above has led to the company managers adopting a defensive strategy whereby the organization is much more concerned with its own operations than with collective interests.

The thinking regarding the in-company relationships and connections with the other parts of the company in the United States and Greece was described by the manager as follows, "The U.S.A. is nowhere in my mind. Just background, a sister company with no links whatsoever. And, basically Greece is the same". However, when asked about the boundaries or limits of the company he replied, "Selling-wise the boundaries are UK. But, purchasing-wise, the boundaries are global. I see the company as a multinational company. I deal with the Greeks personally. It is all run from London direct". When asked what his image was of the business, he replied, "It's growing. But a general company comment would be to the effect, 'we wouldn't trust the Greek (chief executive) as far as we could throw him.' It's funny we're a British company and a lot of people want to buy British steel—but it's not British!"

The company strategy for dealing with suppliers in the global economy is perhaps well demonstrated by how they deal with the Russians. The manager explained that to do business in Russia you have to go through a middleman because there is always a kickback required to do business. In fact, if you don't pay you don't do business. You pay the middleman which is a way of cleansing the money. In other words, you keep them at arm's length and don't

let them into your system. The manager, who informs us that the company has never had a visit from a Russian nor has any Briton visited Russia, confirms this. Business is done through a trading house in London that is run by Syrian Arabs who are dealt with in person. The trading house charges something like a 1 percent fee for completing the paperwork.

At one level, working under the conditions described is seen as a challenging situation but it is also viewed as a frightening one. I asked the manager what he thought about working in a global economy, to which he replied, "If you get the conditions right it can be exciting. But you just can't control the market, you've got to fly by the seat of your pants. You need freedom. And, without this freedom, at the moment, I can't make decisions so I get frustrated". This seems to sum up a further area of conflict concerning autonomy and collaboration. As has just been described, the company pursues a strategy of retaining independence. Moreover, the problems of working in an unpredictable environment also lead them and others to seek ways in which the steel industry can impose some type of controls that will ensure market stability.

In Britain and the rest of Europe, there is considerable envy of the policies employed by the United States, which occasionally imposes restrictions on imported steel. They employ an antidumping policy whereby they add tariffs to raise the price of imports to the same level as that of domestic producers. Europe has no such policy and companies are therefore less shielded against the vagaries of the global economy. But that does not stop European countries from considering ways of exercising some sort of control, and to the relief of company managers there is currently a possibility of merging European suppliers. The rationale for this is that if the number of suppliers is reduced, it will permit some control over prices.

The company is probably not a big enough player to join this potential group and they would have to form an alliance with a larger organization if they wanted to benefit from a buyers' cartel. Nevertheless, the desire for some sort of control is strong and seen as essential for survival. But there is a hint that things may not be so simple when the manager asks, "Where does this all lead?" He answers his own question when he continues, "On the producers' side there is a likelihood that they may develop some sort of cartel, in a similar manner that OPEC has done for oil producers. However,

it may be the case that it is somewhat easier for oil producers as there are relatively fewer large producers than is the case in the steel industry. Steel producers are all undercutting each other. And, at the moment, state steel mills can stand the losses. But for how long?"

A further area of conflict concerns innovation and order that has considerable implications for leadership. For the managers in the steel company today, chaos is not just a scientific theory; it is a daily experience. Maintaining the same structure for long—even getting organized at all—can seem to be miraculous feats. It is not an exaggeration to say that chaos is more the norm than the exception. The introduction of new technology allows entrepreneurs to leapfrog established channels, in ways that can only be predicted with great difficulty, if at all.

In terms of loyalty and job satisfaction, events preclude the company from offering any sort of guarantees to its workforce. Because of the unpredictability of even the most benign restructuring, management is less able to guarantee a particular job—or any job at all—no matter what a subordinate's performance level may be. In addition, a reduction in hierarchical levels reduces the opportunities for promotion. These realities of power, change, and job security are important because they affect the way people view their leaders. The fading of the illusion of simultaneous freedom and protection results in a loss of motivation.

Within the company there are rising discomfort levels and emotions. One of the results is that managers must exercise more leadership even as they watch their bureaucratic power slip away. In short, leadership is more difficult yet more critical than ever. However hard it is for managers at the top to remake strategy and structure, they themselves will probably retain their identity, status, and control. For the managers below them, structural change is often much harder. As work units become more participative and team oriented, and as professionals and knowledge workers become more prominent, the distinction between manager and non-manager begins to erode.

In summary, the everyday life of the company is evidenced by isolationist policies and strategies. However, in spite of this, there is awareness that the greatest danger of the viability of both the company and its local community is not globalization but a retreat into

isolation and protectionism. There is also an understanding that in the global economy, those people and organizations that are isolated and cut off are at a disadvantage. They are well aware that increasingly a world with fewer boundaries has called for organizations that are responsive to change. They know that control may be sought, but will prove difficult to achieve. Why, then, is the company currently following such policies and procedures? To provide explanations and to gain this deeper understanding we need to move to the psychological level.

The internal or psychological level

The discussion and analysis at the external or social level has provided us with a great deal of knowledge about the experience of working in an organization that is operating in a global economy. In particular, it has highlighted the type of formal policies, strategies, and procedures that members of the organization have adopted in response to the problems experienced. However, it has not provided us with the deeper understanding of the dynamics which members of the organization are participating in and contributing to. To achieve this, we need to move our discussion and analysis to the internal or psychological level. In this analysis, I shall be concerned with the subjective experience, or about what goes on in the minds of members of the organization. This will include their ideas and ways of thinking about how they perceive the external realities and how they shape their action towards them.

As a starting point, it seems clear that the extremes of anxiety and stress experienced by the members of the organization as a consequence of working in such an unpredictable and conflictual environment, result in the use of various defense mechanisms. These unconscious psychological techniques have the objective of reducing anxiety arising from stress and conflict. As with much of our behavior, defense mechanisms are not to be regarded as good or bad. Above all, they serve a useful and necessary purpose of reducing anxiety. Some of the defense mechanisms employed by the members of the steel company will be discussed but it may be helpful to first consider the way our perceptual process works.

In such an unpredictable and conflictual world, it may be particularly significant to appreciate that unless the members of the

organization are able to classify their experience on some basis of similarity, they will be unable to make sense of that experience. The way that they do this is to categorize data perceived by their sensory processes according to their previous knowledge and experience. By the process of perception they impose some structure on new input, compare it with a pool of old information, and then either add to it or eliminate it. The basis for our perceptive process is the pool of internalized information that in turn provides the basis for our self-concepts, or how individuals view themselves. An individual's self-concept begins in childhood and expands through interpersonal relationships first with mother and then with other significant family members. The relationship with the parents provides a continual psychosocial basis for learning what is pleasurable and what is distressing.

But, in addition to external data, by the use of speech symbols we are able to form concepts, so that once we have a piece of reality we can play with it, think about it, and, most importantly, relate it to other pieces. Because of our ability to form concepts we can construct "an object in the mind" that is a nonhuman object. For example, the members of an organization can create an *organization-in-the-mind* from the filtered experience of the organizational environment. Not all of the information about the organizational environment can be retained, so we use our perceptual filters to create an image or construct. This construct will be influenced by major factors in the organizational environment.

To create such a construct there does not have to be a regular structure that we call an organization. What matters is how an organization or group is perceived and how that organization or group is constructed in the mind. An example concerns a client who is a personnel manager in a large public sector organization that operates across a wide geographical area in many semi-autonomous units. Each of these units has its own management team; each team has its own personnel manager who is recruited locally. These personnel managers seldom, if ever, meet together as a group and have no real formal links. At one of our regular role consultancy meetings the manager described how when attending a senior management meeting she had become very angry and taken up a role of representing the personnel managers and protecting their interests. She could not understand why she had become so angry and was most

concerned that her actions were viewed as disproportionate to her position. After considerable reflection she realized that the personnel managers constituted a *group-in-the-mind* and that as part of this group she was carrying and acting on their projections.

As with the personnel manager, we might ask why we act so emotionally when dealing with only a construct. The answer lies in our development. Having created the concept of an *organization-in-the-mind*, members of an organization act “as if” it exists and because of our previous experience, even if the object is not human, it is associated with human activity. The result is that we therefore attach to this object the same attributes as other influential objects, especially authority figures. The growth of an infant in a human environment creates a transactional field in which most affect becomes oriented to human objects, so that even if the object is not human, it is associated with human activity. We attach to the *organization-in-the-mind* the same emotions so that, to a greater or lesser degree, the members of an organization will experience the same feelings as a result of their interrelatedness with the object in the mind (Stapley, 1996).

It will be appreciated that there is no limit to the constructs that we can form. From the data available, it seems extremely likely that the chief executive and other members of the organization have formed a construct in their minds that we might refer to as the *global-economy-in-the-mind*. This construct is largely influenced in its development by the significant experiences of operating in the global economy that have been identified above—extreme uncertainty, extreme unpredictability, near-impossible markets, conflicting priorities, and problems associated with acquiring and retaining vital information—a construct that from the data available, is almost certainly seen as a “bad” object.

In trying to analyze what is occurring in the minds of the members of the organization, I am struck by the way that the chief executive’s actions could be seen as a mirror of the state of the industry. Indeed, it seems that the chief executive acts in a manner similar to the *global-economy-in-the-mind*. Therefore, I shall hypothesize that the chief executive is participating in a dynamic whereby he is “identifying with an aggressor”. Normally, this defense mechanism concerns identification with a human object that is seen as an aggressor. However, I want to propose the notion that the aggressor

does not need to be a human object. I will discuss this further in the following pages.

I have explained how we form constructs such as an *organization-in-the-mind*; how these are treated by us *as if* they exist; and, how we attach the same sort of emotions to these objects as are associated with human activity. Thus, the interrelatedness with a construct such as an *organization-in-the-mind* will create for the members of the organization the same sort of anxiety and stress as a “real” object. As already explained, one of the frequent means of dealing with anxiety is to employ defense mechanisms. One such defense mechanism is introjection. We freely recognize that by the process of introjection we take in an “object” whether that object is another person, a quality of another person, or a concept. Another defense mechanism that is similar to introjection is what we refer to as *identification*. As in introjection, identification involves the substitution of one’s desires by an “existent” external object that, of course, may be a construct. The particular form of identification that is referred to as *identification with the aggressor*, is used to conquer our misery by identifying with the “object” (usually a person) that appears as a source of danger to our desires. Thus we can take the word *identification* as meaning our desire to behave and be like the aggressor who is thus internalized in our mind.

This is a familiar dynamic in the soccer industry where I work with several clients. In this setting, my frequent experience has been that the manager or leader is seen as a source of danger because this individual is perceived as being all-powerful and demands submission by bullying and humiliating the other team members. To conquer their misery, team members identify with the manager or leader and seek for self-realization in “being like the aggressor”. This is also the reason why we see the phenomenon whereby children who are often and severely punished by their parents will frequently become such abusers themselves, whether with respect to others or by turning against the self. Thus, abused children become abusing parents. And, in the same way, abused soccer team members become abusing soccer team managers and leaders when they take up those roles.

I believe that the construct referred to as the *global-economy-in-the-mind* is regarded by the chief executive as being every bit as persecutory and threatening an object as the football managers described

above. It is seen as a world where there is no freedom; he is not able to act, it is a secretive world, a chaotic world, a very tough world, a cut-throat world, one where you need to fight for survival. The way that the chief executive reacts is to identify with the aggressor—the object that is the *global-economy-in-the-mind*. And as in other cases, we can take the word *identification* as meaning the desire of the chief executive to behave and be like the aggressor who is thus internalized in his mind.

There is support for this notion from the thoughts and feelings that members of the organization have about the boss. The steel manager's views were as follows: "A complete conundrum. Socially he's terrific. But, the moment he walks into the office he's a different man. He's extremely aggressive, secretive, his personal secretary does not know if or where he's going to be the next day. I think he was concerned about laying people off. At least, he told me that it was one of the hardest days in his life". He continued, "With him it's money first and family a long way second. That is, money for himself!"

Asked what employees might say if asked what they thought of "them up there", he replied, "They would refer only to 'Him'. They would see him as a Jekyll and Hyde, a Mr Nasty most likely. He should let people get on with the job. Dictatorial, is how they see him, aggressive". In response to a question about what it was like to work in the company the manager replied, "Frustrating, that is, with my boss for many of the reasons I've stated before. He likes to be secretive. He doesn't share information. He's a mild dictator". He continued, "It's frustrating not being able to act on my own behalf, he's very stuck in his ways, especially regarding pricing. He won't listen to me and won't hear my advice about pricing. Yet, being able to respond to market conditions is the vital part of the business. He does not trust me (or anyone) to do it". It will be appreciated that pricing, or the difficulty of pricing, is the crux of the problem arising from the unpredictable environment.

And when asked his view about how employees might respond if asked about how they were treated, he replied, "OK, but with rudeness. And, that praise is given grudgingly. They would most likely say, 'That fucking Greek.' They see him poorly as ungrateful, disrespectful, not a respecter of people's problems. He will say, 'If you've got a problem, get on with it.' But! You can't solve it without

his agreement. I try to show loyalty no matter what. Me and everyone likes the business except when the boss is there. In the outside world we are seen as a reliable, middle priced organization. It's a cold industry". On reflection, the reader might consider this statement to be a representation of the product—steel that is itself recognized for its cold quality.

While the remarks are attributed to the chief executive, they might equally be attributed to the environment of the global economy that employees work in. It seems that the chief executive acts in the same manner as the environment and takes on many of its qualities. In other words, he sees the object that is the *global-economy-in-the-mind* as a source of danger to his corporate life and uses this defense mechanism to conquer his misery. He identifies with the construct that is the *global-economy-in-the-mind* and behaves like that "aggressor".

Establishing an understanding of the way the company is viewed provides further helpful information about the dynamics that members of the organization are participating in and contributing to. No one should be surprised that the unpredictability and uncertainty that the problem areas throw up has a considerable bearing on the way the employees view the company. When asked how employees experience working in the company, the manager replied, "The same as me. The steel industry is on its knees. They largely only see what happens in Britain, they don't see what happens in the rest of the world". When asked about his image of the company he replied, "It's a very tough business, take for example Corus, they are the biggest and most capable steel producer in Britain, yet they just had to lay off thousands of men, it's very tough, cut throat, mainly due to global prices". He continued, "I love the job itself, but if something else came up I'd be vulnerable".

When asked what the employees would see as the vision of the company he replied, "To improve production and sales. In the short term, to try to stay alive in difficult times. We're just hanging on in there at the moment. It looks like its turning up at the moment, and you just hope you can make money before it turns down again. There seem to be more down cycles and longer down cycles than before. In the upturns you've got to do well". When asked about the values of the company, his response was short and to the point, "We've just laid off 1,000 men". When asked what it was like going

to work he replied, "Not so much fun. I've been in the business for 30 years. In the first two decades, if you gave service you were successful. Now, service is not important, simply price". And, when asked what the difference was between now and then, the manager replied, "In a word—choice. My customers can buy it elsewhere, they couldn't before". It may be significant that when asked how they plan for the future, I didn't get a response.

It would appear that from the filtered experience of the organizational environment, the members of the organization have developed a construct that is the *organization-in-the-mind* which is highly negative and greatly influenced by fears of survival. Having developed this construct, the members of the organization adopt forms of behavior that they feel are psychologically advantageous to them under the conditions imposed upon them by the organizational environment. A significant form of behavior adopted by the members of the steel company as a response to operating in such a negative and unpredictable environment is that they have little trust in anybody and they blame and scapegoat others for their predicament.

Put another way, the members of the organization adopt a frequently used defense mechanism that is known as *displacement*. This involves the shifting of one aspect of a conflict from the original object to a substitute object. In this way, the conflict no longer exists in the original focus. Perhaps the most common form of displacement is with the affect of hostile aggression that arises from frustration. An example from soccer might involve the team manager becoming frustrated in a situation over which he has no control. An example of this is when team members seemingly forget the basics as practiced and agreed when in training and thus become badly organized with the result that they are losing. The increase of the manager's undischarged hostile aggression may then be directed toward a particular team member who is seen as a "bad" object. This familiar and widely used technique is called scapegoating.

In the steel company, the unpredictable and conflictual nature of such behavior creates considerable anxiety that can lead to similar responses. The manager described his feelings about working in a multinational company when he said, "Working with Latins and Greeks as opposed to Belgians is very different. They (the Greeks) think everyone is trying to screw them all the time. With the

Belgians, I could speak in my own way, and be understood. With these (the Greeks), there is a distance. The Western Europeans are OK but the Latins are busy screwing everybody else and think we are doing it to them". Thus, we see the shifting of one aspect of a conflict—that of being screwed by the global economy—from the original object to a substitute object, that of being screwed by the Greeks.

I have also described situations where the members of the organization have used the well-known defense mechanism of denial as a means of coping with the experienced anxiety. As was shown in the social analysis, it seems that much of the formal strategy employed by the members of the organization is based on denial. A significant factor here is what I might refer to as "the fear of death and dying". It will be recalled that when asked about the business the manager described it as "cut throat"; "the industry is on its knees"; and when asked about planning for the future, there was no response. Death is the ultimate example of loss of control over our lives. I therefore support Miller's proposition that loss of control mobilizes unconscious phantasies of death and dying (Miller, 2000).

That the members of the organization experience a loss of control is well documented in the preceding text. In fact, much of their formal response is about attempts to control. It is well known that anxiety about mortality generates numerous and widespread social defenses. They are important to note because, if the above proposition is correct, they also serve as defenses against anxiety about loss of control. One contemporary phantasy is that death can be prevented or postponed indefinitely—the defense of denial. It would appear that this is precisely what is occurring in this situation. Their response is to continue to act as if they were still in the "industrial economy" and to try to prevent or postpone the effects of the global economy.

I have discussed relationships and their dynamics. To further our understanding we need also to consider how relatedness—by which I mean the feelings and phantasies that members of the company develop as a result of operating in a global economy—has a significant effect on the dynamics created by the members of the steel company. For example, the feelings and phantasies that company members develop about significant others (e.g., the fears that others may steal their jobs) influence the way they interact with suppliers.

These dynamics are well illustrated in the following example. During a consultancy session, a manager I was working with suddenly remarked of another senior manager, "She doesn't like me". I asked the reason for this was and she said, "Several weeks ago I gave her (the senior manager) a proposal, she obviously felt it was rubbish, and has not valued me since". Probing more deeply, I asked her to reflect on the situation in more detail. On doing so, she concluded that there were no "reality" factors to support the contention that she was not valued by the senior manager. On further reflection, she came to the conclusion that it was only her fears of rejection and her phantasies of not being valued that were affecting her relationship with the other manager. I asked her what she might do and she said, "check it out". At our next meeting there was no mention of this matter and I eventually enquired what the situation was. She replied, "Oh, no problem at all, she liked my proposal but the timing was not right, she's going to introduce it soon".

Relatedness is clearly a factor that impacts upon the behavior of members of the steel company. For example, their phantasies and feelings about the Russians results in a lack of trust based on those phantasies. Another example is how the phantasies and feelings that they have about the Greek managers result in their being seen as selfish, greedy, uncaring, and dictatorial. In each of these situations, it appears that their views and behavior are based on their feelings and phantasies and are not based on what might be referred to as a "reality" relationship.

Concluding remarks

For the members of this company, operating in a global economy is an unpleasant experience that is adversely affected by the problem areas identified by the manager: "unpredictability of the environment"; "lack of control over intangible assets"; and, "having to manage many forms of diversity". In addition they have to contend with the conflictual nature of the business that requires managers to be concerned with balancing conflicting or competing objectives such as the apparent trade-off between profits and social responsibility, individual and collective interests, autonomy and collaboration, and innovation and order.

At a social level they have adopted strategies and policies that are designed to provide as much control as possible over the unpredictability and conflicts they are facing. Given the circumstances, at first sight this appears to be a rational approach to dealing with the problems faced. However, when we view the actions from a psychological perspective, we can begin to appreciate that much of this "rational" thinking is far from rational, being based instead on various defenses against anxiety. It is a way of coping that is influenced by unconscious thinking and feeling. It is only when we have an awareness of the previously described defenses against anxiety that we are provided with the opportunities for developing alternative strategies and policies that may be more in tune with the "realities" of the global economy. To develop this deeper understanding requires that we view the organization as a psychosocial process.

Managers and leaders who are able to acquire this deeper understanding will be in a better position to manage the anxieties that they face, to the benefit of themselves and their organizations. However, while managers may recognize the need for understanding at both levels, the very dynamics in which they are participating may prevent them from gaining such understanding. In these circumstances, it is helpful for managers to have a consultant, someone neutral, to talk about the issues in their work that bother them. The material for work is the client's experiences in his own working situation. That is, the manager or leader's perceptions, thoughts, feelings, images, and described behavior of interactions with those that they relate to day by day. Working with this material the consultant seeks to enable clients to develop their understanding of themselves by learning how to analyze, and modify, the way in which they interpret their organizational roles. It will be helpful if the consultant employed in this role has knowledge and experience grounded in a systems psychodynamic theory and practice.

Management's fear of market demands*

A psychodynamic exploration

James Dalgleish and Susan Long

This chapter examines a social dynamic whereby managers and executives experience the *Market* (meaning here the international financial market) as a confusing and punishing object. This being so, a further defensive process is set up whereby the phantasy of a rational and knowable market is established. Moreover, this phantasy then allows for a special *relationship-in-the-mind* with the market. Many problems and tensions arise within the enterprise when this phantasy holds sway.

The idea of the *Market* is commonplace despite its being quite astonishing. It is astonishing in the sense that we can think there is a substantive unity even in quite circumscribed markets. It is astounding insofar as the idea of a complex and dynamically changing system as an international market becomes reified with human and measurable characteristics. Even more astounding is the way in which this reified entity becomes an object endowed with characteristics of volition, intent, emotion, cognitive capacity, and power.

It will be argued here that, through unconscious social dynamics, the collection of aggregated processes normally called "the market" takes on these unified human characteristics in the minds of many managers. In consequence, management behavior is affected and

effected. An important distinction is drawn here between (1) aggregated social processes and (2) the dynamics found in socially engaged systems. It is part of our hypothesis that market processes, whilst reliant on the psychological and sociological properties of people and social systems, do not form a fully engaged social system, but that they are seen to do this by those who relate to them. Hence, they become containers for the projections of individuals and real social groups. An example of such reliance may be found in the fact that market behavior is the outcome of individual and group decisions, desires, volitions, and power plays. An international market, while being the effect of underlying assumptions and phantasies through its parts (i.e., groups and individuals) is a dispersed aggregate, at most a network or matrix, which does not have commonality of purpose, except and if it is reified and filled through projections. This may be the case for most large social dynamics. Emery and Emery (1997, pp. 140–1) describe the extended social field as a “persistent and pervasive mesh of interactive directive correlations” that “cannot be equated with the social formations or institutions that arise within such fields”.

Introduction

In studying large enterprises we have found our curiosity focused on varying parts of the organizational hierarchy. It is often in groups at the extreme ends of the organizational structure or hierarchy that we can most clearly see the dilemmas inherent in organization dynamics. These groups work most directly with the organizational environment (the top end) and the primary task (the bottom or worker end). It is at the boundary of the enterprise and its environment, where consideration is given to the pressures and tensions imposed from the environment, that many socio-technical studies have focused and these environmental pressures set a strong thematic tone in the enterprise. The market is an important part of the environment.

In organizational terms, markets constitute a distinct object for enterprises. More than this, they become an “other” for the enterprise, endowed with quite human characteristics. We have become

interested in how senior executives in charge of a corporation construct the market in their minds. We have come to see that the difficulties an organization experiences in negotiating with the market are, in part, shaped by the difficulty executives have in negotiating their own phantasies about the market with actual "truths in experience" about the market. We suspect that successful engagement with the market might be indicated by enterprises with executives who balance their intuitions with reality-based assessments. Interestingly, this seems to be the approach advocated by Warren Buffet (McNiven, 2000), who advocates investment in companies with solid intrinsic value, rather than relying primarily on the rise and fall of shares as an indicator of value.

Many executives express some level of fear and anxiety about the financial markets. It seems that with this anxiety and fear comes an often unconscious state of mind that reads the perceived market response to enterprise performance and management decisions erroneously and more in line with corporate desires than realities. The executives appear to expect the financial market to behave predictably, or at least to respond coherently to rational arguments publicly put forward by the executive representatives of an enterprise. To the enterprise and its managers, this seems extremely important because the financial markets provide access to the investment capital they need. However, through the argument offered by this chapter, it will become evident that the financial market is not an institution or functionally coherent organization but rather an aggregate or matrix of indeterminately related institutions, enterprises and groups, all pursuing their distinct purpose and interests without any overarching organizing principles and practices, or indeed, real social engagement. It is as if these constituent parts act and interact through *associations-in-the-mind* to the actions of each other, rather than through true representation in dialogue. No matter how much an executive desires or demands the market to be coherent and capable of rational dialogue, it cannot be so. It has the qualities of an extended social field. Such a field is noted through sensitivities to others as "similarly oriented action centers . . . in a field of directive correlations that extend beyond his (*the individual's*) perception and beyond his control" (Emery & Emery, 1997, p. 138).

Perhaps the idea of an international financial market provides a limit to our capacity to apply the metaphor of human psychological

and group functioning to broader social phenomena within such fields. What explanations and theories might we then have to discover?

Dynamics of capital and revenue

Financial markets in general register the actual growth, stability and growth prospects of enterprises seeking capital. To justify further capital investment an enterprise usually needs to publicly show increased revenues from customers' use of the new products and services offered as a result of this investment. Due to consideration of risk levels associated with the investment, the enterprise's capacity to deploy the infrastructure and the product itself is made by individuals, groups, and institutions within the market. A judgment about the suitability of an investment opportunity offered by an enterprise is made and enters the market through its component parts.

Thus, an enterprise must show financial stability and the likelihood of future stability, or at least the illusion of this, before entities within the financial market make the requested capital available. Yet, if the enterprise cannot acquire the capital and make its investment, it may very well lose future customer revenues. There is a vicious cycle of fragile interdependence and powerful feedback relationships between enterprises and networks of financial analysis, lending, and brokerage companies. This can leave an enterprise without new capital, stalling its growth and leaving it a target for takeover by industry competitors. Hence, the accounting scandals of Enron and Worldcorp testify to the drive to give such an impression (Fusaro & Miller, 2002).

Participants in the financial market make judgments about the enterprise, its performance, future prospect, its management and their decision-making history, risks facing this industry and much more. These judgments are made by a large number of groups, institutions, and sometimes influential and respected individuals. They influence and affect the enterprise's share price rise and fall, its borrower rating, level of scrutiny by regulators, and partnership arrangements.

Distinctions between customer and financial markets

Not all markets are the same and, as such, the dynamics that are enacted between a market and an enterprise will differ from those of another market with the same enterprise. One obvious distinction is that the customer market is where enterprises offer their products for a wide variety of customers to access, whilst the financial markets are where enterprises seek to secure capital for investment and expansion.

The dynamics created in the interaction between an enterprise and a market produce a range of pressures and tensions that impact upon the enterprise. For instance, poor sales of a new product line create pressures and tensions within the enterprise, but these are different from a case where a capital raising bond offer remains undersubscribed even after extensions to its close date. Different relations with markets create different dynamics resulting in different pressures on the enterprise; on different parts of it and on different subgroups of management.

Both customer markets and financial/capital markets are distinctly "other" to an enterprise. They are potential containers for managerial projections. The relationships are interdependent. Customers rely on an enterprise or class of enterprise to make products and services available to them, and the enterprise depends on customers to purchase their offerings. The interdependence may be lost when intense feelings of uncertainty and vulnerability toward the "other" abound about the relationship. For example, from the case data to be presented, we identify the complaint from managers responsible for engaging with customers that "despite our best efforts, we seem to not know what our customers really want from the company . . .", and, ". . . they're [customers] just so difficult to pick, what seemed a certain [product] success failed . . . it's demoralizing". Nonetheless, it is possible for these managers to find a customer or group of customers specific to their product or service and talk with them (perhaps giving the illusion that the market may be represented and is other than an aggregate).

Long (1999) writes about consumers and the breakdown of interdependence in the customer-enterprise relationship. Here, the relationship is exploited by the enterprise to create demand and desire

for products in the consumer, such that they rely on the product for self-esteem and, as such, are dependent on those enterprises that provide it. Here again we see customer advocacy groups from both community and government that endeavor to offer reality checking of the consumer or customer experience of their supplier through discussion with the supplying enterprise. With the emergence of these groups, the aggregate network finds an organization as its representation. Thus, the reframing of interdependence to dependence can be seen to occur on both sides of the customer-enterprise relation.

The customer markets are fraught with uncertainties and tensions for the enterprise and its management, but it is possible for the enterprise to identify and dialogue with its identifiable customers. This brings with it the possibility of reality-checking the various assumptions and phantasies that exist and operate within the enterprise with respect to customers, the consumer market, and customer behavior. This is an uneasy but possible reflection for management. The operating assumptions and phantasies pertaining to customers and organizational relationships with customers must be identified. They must be understood in terms of their influence on thinking within the enterprise and on its actions through its various customer-facing role holders. It is also important to understand the genesis of these views within the enterprise. With this, it becomes possible to challenge the validity of these operating assumptions and consequently the appropriateness of actions that stem from them.

With respect to the financial markets made up of disparate entities, there is no realistic possibility to get its members together and have a talk with them to express points of view and clarify misunderstandings and impressions. This may be due to the sheer potential size of the market system and the inability of individuals or enterprises to predict or find authorized, reliable, and valid representatives. It is certainly far less possible to identify any market authority and enter into a dialogue with it (analysts and stockbrokers notwithstanding). However, there is more to the issue. The matrix-like pattern of the market makes rational representation (through either sampling or authority) untenable. A voice from any part of the system immediately sets the whole into new motion. It is as if, at this level of social analysis, any intervention by a commenting observer brings about

new instability. This is perhaps a social version of the Heisenberg principle and is a quality of turbulent environments (Emery & Trist, 1965).

To be clearer here, three levels of representation can be posited. The first is a kind of logical or statistical representation that is relevant to physical or nonsocial systems. This lies at the basis of valid sampling for inferential research. The second is representation via authorization. This is relevant to engage social systems whose members have the possibility of engaging relationships (person to person) alongside the role relatedness tied to tasks. Groups, organizations, and enterprises are examples. The third level relates to large social institutions such as the family or the law (not particular families or legal systems) or indeed the financial market. There are social fields, membership of which is indeterminate, whose causes and effects are enacted through its constituent agglomerate parts, and that are unities only insofar as they are constituted in the mind. Such a level of social functioning operates within enterprises, groups, and individuals at an unconscious level (i.e., as an underlying matrix; cf. Lawrence, 1999, or the field of the Symbolic, Lacan, 1970). How is this then represented for purposes of dialogue and reality testing? Representation at this level remains a question mark or an empty category filled with phantasy.

And how is this phantasy usually constituted? The financial market has the quality and characteristics of a vast ocean; in its depths are hidden and unpredictable treasures and terrors, it is extreme, harsh, and often punishing, and it appears unbounded, unstoppable, and unknowable; in short, overwhelming.

Importance of the financial market

The research case discussed here is from an enterprise engaged in the utilities industry. The capital available through the financial markets is particularly important for these industries (water, gas, electricity, and telecommunication) where many tens of billions of dollars are in hard assets "in the ground". Enterprises in these highly capitalized industries are often heavily dependent on the good favor of the financial markets in order to attract the capital they

require. Capital is required to invest in the expanding and upgrading of the infrastructure necessary to compete. New technologies for these industries are constantly being created. Competitors in customer markets are often looking for some product advantage that will increase their market share, revenue, and profit. They take up new technology offerings in the hope of developing a competitive advantage. Often, massive capital investments are required to make the services of these technologies available for an enterprise to offer to its customers. It takes much more than just the capital to bring these products on stream, but without it they could not go ahead. In the case study's enterprise, one such new product required a capital outlay of US \$750 million for its establishment in a comparatively small customer market.

It is important to understand what is held in mind about it by the managers who engage with the financial market, how they internally represent the market to themselves, and the objects they construct in the psyche, the mental models, the *market-in-the-mind* that constitute the inner representation of the market. At times this inner representation presents an omnipotent, unpredictable power seemingly unable to be influenced. As such, it is the cause of fear and anxiety. The leader's state of mind in the face of inner representations of the financial market affects enterprise performance because of his or her input into the system.

The basis for management's fear

Fear is not an uncommon experience of middle management and staff in relation to their perception of executive management's assessment of their collective work performance (Dalglish, 2001; Hirschhorn, 1988; Kets deVries, 1991). Sometimes this fear seems justifiable from experiences, at other times it appears to be based in the phantasy or imagined experiences of staff as they project the threatening characteristics of their work experience onto senior management. Executive management is often seen as omnipotent both by staff and by themselves. It is uncommon for executive managers to be categorized as being afraid or having their behavior shaped by fear. As leaders they are usually highly self-authorizing,

confident, and comparatively autonomous in economic terms. They appear to have little to fear.

Fear anticipates some form of danger (possibly some form of punishment or sanction) in relation to judgments being made, or imagined to be made, by authority about individual or group behaviors, attitudes, or task outcomes (Freud, 1973). Anxiety is more diffuse, while fear directly draws attention to its object.

The case study presented here examines the fear executive management experience in dealing with the financial markets. In the economic and investment terms of an enterprise, the financial markets are the authority that enterprises must respond to. The market is always judging enterprise performance and in this it appears omnipotent, chaotic, and at times quite psychotic.

Executive managers and management are used to being considered powerful and "in control" by other members of their enterprise. Often an unconscious phantasy of omnipotence is present, and they often collude and identify with the projections of staff. At times this temporarily contributes to containing the anxieties of the work system. Others feel that the enterprise is in safe hands. Moreover, when leaders feel and show vulnerability this tends to be split off and projected into others (Kram & McCollum-Hampton, 1998). Yet, omnipotence is an image that is challenged and difficult to maintain in the face of a fear-evoking environment.

The experience of fear is not pleasant and generates anxiety. In relation to the market, managers realistically are not in control. The resultant out of control, dependent, and at times child-like experiences give rise to intense feelings and unbearable anxiety (Gabriel, 1999). This drives defensive behavior in the executive.

It is suggested here that a major defense is formed around the conscious phantasy belief that the financial market will be predictable (at least in terms of the special cases put forward by them for capital investment). This phantasy reestablishes in their minds (but not in practice) their phantasy of omnipotence, which is so necessary for their role security and the collusive security needs of the entire work system they lead.

The case study

The case study draws on qualitative data from a collaborative research project undertaken in a large multinational utilities corporation in the Asia Pacific region. The research primarily inquired into the effect that the group dynamics within and between information technology groups and IT or business groups had on information system quality. The case study draws on interviews and observations from across the corporation.

Data for the topic of this chapter has come from the research project's interview and workplace observation data, and from documents made available by the enterprise during this time. This has been supplemented with data from news media and the company's publications.

The case material offers the opportunity to explore the images and phantasies that executives hold about the market and the anxieties (both real and imagined) that stem from this, and how this shapes their behavior. The construction of the financial market in the minds of executives is of importance when trying to understand their behavior in relation to the financial market and their expectations of it; expectations that are often unconscious and driven by unconscious phantasy.

Vignette 1: Organization drivers

An enterprise's drivers are often set by its management's judgments and expectations of the financial market's expectation for the enterprise. The drivers are shaped by the management's fear of the perceived response that the financial market (in their minds) will have.

As an example, in this utilities industry case the ratio of the number of staff to the number of Services In Operation (SIOs)¹ is perceived to be very important by players in the financial market. It is a measure used by the financial market commentators to assess enterprise performance. It is a simple measure and one that is comparatively easy to quantify for external parties. In the case study enterprise, this ratio² was below that of the industry benchmark. This created significant concern and fear amongst senior managers

that the company share price would be sold down. There was a great deal of effort put into strategies and actions for increasing this ratio, not for the organizational efficiencies created through any cost reduction in this area, but for what it would “represent” in terms of the market’s measure.

Whilst it was possible that the share price would go down because of an actual adverse ratio, it seemed to be more a concern representing management’s fear that was in turn projected by management onto the financial market. Management’s starting point was that the financial markets would punish them if they did not “measure up”. This had more to do with the inner reality of the managers than the actual external reality. It shows the part that imagination and the unconscious play in management behavior. This possibility became an expectation of management and a fear for them. In practice, the staff to SIO ratios are often at the “wrong” levels and share price is not sold down. Conversely, when significant staff reductions are made, share prices do not necessarily stabilize or rise.

Executive managers in the case enterprise have to work in a setting that demands they factor into their work activities the expectations of performance as held by stakeholders, management, and the financial market with the actual enterprise performance. The managers never meet with “the market” to discuss discontinuities between expected and actual performance, either in the executives’ or the market’s terms. Transactions are based on judgments made with a “fantastic” market. Consequently, managers can only guess how others will react.

Vignette 2: Share price collapse

The share price fell significantly in a short space of time for this enterprise. Management identified and recognized this as an extremely negative situation, one that required immediate action to stem the sell-down. The feeling seemed to be that this serious situation required desperate action to avert disaster. This thinking was predominant amongst management despite similar falls occurring in almost all similar utilities companies in the region, and indeed across all global share markets. It could have been explained as a

cyclic fall, but it was not. The explanation from finance and market analysts, both internal and external to the organization, was that the fall was a response to the unsatisfactorily high cost structure in the company. This was a simplistic explanation that excluded other factors.

Such a polarized, narrow, and extreme position is characteristic of paranoid-schizoid behavior (Hinshelwood, 1989), or basic assumption behavior in groups (Riach, 1976; Symington & Symington, 1996). From this position, the group is unable to be responsive to available possibilities or explanations of the situation. It may well remain stuck in this defensive position until moderating influences and dynamics eventually shift it back to the work group behavior, the state of mind characteristic of the depressive position where anxieties and difference can be tolerated and worked with. This is not to suggest that the individual market analysts, funds managers, and other participants in the financial market are paranoid-schizoid but rather that the collective (the market's) capacity to think and its behavior is characteristic of this state.

Within a week the chief executive responded to these criticisms at a specially convened press conference. His response was that the company would shed 17,000 of its 50,000 jobs. At the press conference there was no plan presented for how this goal would be achieved. There was a general expectation amongst the most senior managers of the company that this statement would satisfy the market. But it did not. Finance market analysts described it as a knee-jerk response to the share price collapse. This led to further erosion of market confidence in the company and a further significant share price fall. The CEO's action, which showed signs of being ill-prepared and insufficiently thought through, had the opposite effect from that desired or hoped for. As an offering to the market, it did not reduce the anxieties and concerns held by its many entities. It in fact heightened such anxieties. Concern went on unchecked and unbounded, with continued volatility in share price and high volumes of shares traded.

This, in turn, increased anxiety in the external stakeholders and management. It was expressed in many forums in the form of rumors about the expectation that the CEO (who had only been in the job for nine months) would resign or be sacked. Three months later at the company's Annual General Meeting, the CEO announced

where the job reductions would occur and the effect this was expected to have on the financial and operational dimensions of the business. A broader cost reduction plan was also outlined where these job reductions were now seen as one element in an integrated cost reduction strategy involving capital expenditure as well as other dimensions of operational expenditure. This action did have a calming effect. At this time, those players within the financial market that were being heard saw these actions of the company's management as the product of sound thinking that was planned to positively affect the performance of the company.

The vocal market players saw the proposal that management arrived at as a good-enough and robust option. The executives had managed to contain their anxieties sufficiently to complete their management task. The time frame of three months to do this work was a significant contributing factor.

Of the 17,000 jobs to be removed, 6,000 of these jobs were already in plan to form a separate engineering and construction company that would be sold. Interestingly, this was well advanced prior to either announcement. A further 2,000 jobs were to come from the retail business front of house areas: these were newly identified. From the burgeoning senior executive of the company, 250 (20 percent) executive managers were to go. The IT outsourcing was to provide a further 5,000 job reductions. This had also been in plan previously but its progress had been drawn out. The remaining 3,750 jobs were spread across the corporation's various business units. In this package, there were some old and some new proposals for job reductions. A seemingly thoughtful plan, to many managers and staff in the company, it still appeared to be hastily cobbled together rather than a new and invigorating proposal.

This again indicates the level of anxiety felt by senior management. They needed to respond to the financial market with something meaningful and substantial. In doing this they still had to contend with the practical realities of planning an enormous change in three short months. The consequent desperation was still present in their action.

Although the IT jobs were to go, they were moved to an external organization and their services were provided through a contract with the outsourcing organization rather than through direct employment. The costs incurred were not reduced, but were built

into the company's balance sheet with more flexibility than with employees—smoke and mirrors. Whilst the executives' actions on job reductions would appease the market's measure of staff to SIO ratio, it would do little to reduce overall costs. And, given that the outsource vendors themselves needed to be profitable, the actual costs to the enterprise were likely to increase.

The tyranny of the financial market's immediate pressure was visibly causing short-term decisions and actions that, whilst giving short-term benefit, were to have negative long-term effects on the enterprise. Executive management had succumbed to the anxieties created in them by their fear of the financial market. They could not realistically engage the market in any discussion of the merit of the staff to SIO performance measures. They lacked the structures (group or individual organization) to withstand the psychological pressures imposed on them by their own expectations of market expectations and by their fear of the market's punishment.

Around this time, the company's revenue from retail sales decreased and was coupled with reductions in margins on those sales: pressure from the customer market. This occurred in the face of intense retail pressure sustained by competitors. The under performance against expectations of retail sales caused pressures on the development of new retail products and their delivery into the market. This in turn put pressure on the IT systems delivery process and its associated IT work groups, in order to meet the timeframes for system changes to support the new retail products. The IT group failed to provide IT system support for the new products in the required timeframe. After many such failures, there was intense pressure from across the corporation to radically change the organization and supply of IT services. The contradiction of staff reductions at a time of needed product development and retail sales growth, was clear to staff. The combined changes described would result in fewer staff and more pressure, less stability, and less certainty. It was difficult for staff members to hold enthusiasm for new development whilst experiencing job losses around them and uncertainty about their own futures.

The company has had double-digit growth in each of the last 4 years. With revenues last year of \$11 billion, it produced a profit of \$2.1 billion. However, over the past 24-month period, the share price has fallen from \$18.12 to \$8.92.

Executive management's behavior

These vignettes demonstrate something of the dynamics between an enterprise and the financial market and of the nature of the global financial market and a globalizing world economy. There are no authorized institutions for the global market or any institutions responsible for the outcomes of the market (Beck, 1997; Ralston, 1997). It is unbounded and turbulent.

Interacting with the market and representing the dependency needs (capital) of an enterprise may become a psychotic-making experience for managers. They have the virtual and phantasmagorical entity of the financial market judgments about their performance whilst being unable in any practical terms to meaningfully engage it. They are unable to do anything to significantly counter or influence its judgments. It appears that a fear develops of this unknowable entity (network or matrix) and its dynamics with the enterprise and managers: a dynamic of the seemingly omnipotent market. Fear is experienced at the executive level of the enterprise. Because the fear and associated anxieties cannot be realistically and successfully managed, they filter through the organization leaving an indirect taint on most groups and adversely affecting their work activities.

Whilst the financial market is diffuse and disconnected, the effects of the combined deliberations of its constituent parts are quite real. This is the paradox and frustration of the market, in that whilst it cannot be adequately represented, its uncoordinated efforts and judgments have profound effects on enterprises. This is the conundrum for executives in their experience of the financial market.

It is difficult for managers to identify their relatedness with the market. The more shadowy or fuzzy an object is in reality, the more likely it is to be unclear, undifferentiated, or even fragmented as the internal object in the mind of the individual (De Board, 1978). It is thus quite disposed to carrying an individual or group's split off negative feelings about a workplace or business situation. In this way the market can be experienced as persecuting, as managers and groups re-introject the harsh, punishing, and aggressive feelings (Lawrence, 1996) they have earlier split off into the market object.

The psychological construction of the market that takes place in the individual or group draws on the pre-existing fears, tensions,

and uncertainties of the executive. It is a construction that is also consistent with the *market-in-experience*: that is, with how managers actually experience the market on a regular basis in reality. This is the nature of self-fulfilling prophecies at a group level. We suggest here that the market becomes harsh and persecuting, genuinely arousing fear and anxiety in managers; particularly those most directly involved in attempted representations and interactions with it. The market is thus at the same time imagined by the executive to be harsh, unforgiving, and persecuting. Through this psychological process of projective identification (Hinshelwood, 1989), the dynamic escalates as in a positive feedback loop. The market is felt unconsciously to be persecuting and something to be feared; more so than is actually warranted. Executive managers deploy the unconscious defense mechanisms of splitting and projective identification so they may bear the disturbing anxieties about the market³ that they cannot otherwise contain.

Two working hypotheses from the research case are presented.

1. Executive management experience fear and anxiety with regard to the financial markets. They have difficulty in holding these disturbing feelings in check because the financial market players make judgments about their enterprise's performance that have immense consequences to the enterprise. These are market judgments they have almost no way of influencing.
2. Often it is the persecutory experiences and associated feelings originating from these market pressures that interfere with the thinking processes of management groups and work groups. This, in turn, breaks down the capacity for cooperation between groups within the enterprise.

Paradoxically, the effect of this reduced capacity for cooperation around the primary task of the enterprise has the effect of reduced "service to customer" and reducing revenues. This further intensifies the financial market pressures and other environmental pressures on the enterprise for improved economic performance.⁴

Flowthrough effects into the enterprise

In the enterprise, every staff member logs on at some time of the day to a standard computer desktop. Each day the first thing the 50,000 employees see on their computer is the company share price. It has been falling through dollar levels, some months seemingly in free fall. They see their executive managers in the media and in internal "road-shows" talking up the company, defending its performance, defending their decisions, distinguishing it from the industry at large and from other failing utilities companies. This affects the morale of the enterprise's members. The pressures of the financial market are felt.

As time goes on, the management are less able to bear the pressure. When all the "sensible things"⁵ that could be done within the company to stabilize the share price have been done, and the share price still falls despite continued profit growth, management oscillates between sensible and desperate measures. It considers things to do that are not so sensible. The situation precipitates management action that has not been sufficiently processed: actions with the sole purpose of placating and appeasing the financial market, rather than any genuine focus on increasing the overall efficiency of the enterprise.

This enterprise undertook many initiatives to satisfy the financial market. Some were investments in new technologies to drive out new lines of business. Others were massive cost reduction programs, some of these involved outsourcing of various services and sets of expertise. With all these initiatives there has been enormous unfounded hope, generally amongst executive management. Few of these initiatives have generated value; many have ended in additional costs with no net economic benefit to the enterprise.

The enterprise has been stripped of its capacity to directly take many actions. It now engages consultants or vendors to do much knowledge work for it. Its autonomy for independent action is reduced. Its capacity for collaboration and cooperation across business units is reduced. The end effect is reduced responsiveness to the emergent needs and demands of its customers and other stakeholders; reduced speed, range, number, and thoroughness of response. In time, this is likely to reduce competitive advantage,

ultimately with the loss of customers, revenue, and possibly financial market support.

Hypothesis about the market

The market can be a harsh, unpredictable, punishing, unfair, irrational, uncontrollable, and incoherent entity. It behaves with a psychotic quality, seemingly disconnected from organized and collective thinking processes. It is these qualities that evoke fear and intense anxiety in those whose decisions and actions lead their enterprises in commerce and interaction with the market. It is no wonder that executive managers and executive groups apply defense mechanisms to endeavor to survive the psychological pressures they face in their roles as they represent their enterprises.

The real danger to the enterprise comes about when the executives respond to these intense anxieties and interact with the market from a state of mind engaging with their conscious phantasies and unconscious phantasies about the market rather than the reality. When they act as if the market is an entity that can be reasoned with, as if it is an entity that can think, be rational, show compassion and stem its excesses in positive and negative expression, then they lose touch with what might be a different reality. It is when executives acting out of their anxiety regarding the market, engage with the market out of their hopes and phantasies (about what the market could be, what it should be, what they want it to be for them) that the enterprise through these representatives has lost its way.

The demands of the *market-in-the-mind* and the *market-as-network* on enterprises seeking capital and financial support are immense and seem to be insatiable. From a Lacanian perspective on need, demand, and desire (Hill, 1999), an entity that makes demands will continue to make demands until it finds something that cannot or will not be given or met. This is consistent with the executive experience and data about the financial market. Its many entities make unending demands for information, attention, confirmation, explanation, profit, and growth. The work that the enterprise must undertake to service these demands is significant. It takes resources away from

business development and cost reduction. Most of this is for the market's edification, not for the benefit of the enterprise. This dynamic of demand in the relationship between market and enterprise shows the usually disguised dependency of the market on enterprises, the object of demand. This reciprocity of dependence goes unnoticed in the dynamic of companies and their representatives seeking financial and capital support from the market. The skewing of reality sets the psychological scene for dependence and vulnerability in the executive role representing the enterprise to the market.

Our reflections and analysis of the market and the executives' construction of it have led to our conceptualizing the market as a network. It is not an orderly or consciously organized system. In the market, individuals, companies, and institutions undertake their respective and distinct tasks. These tasks have no apparent organized relationships in any functional sense; the relations that occur are haphazard, non-determinate, self-organizing without external design or control. It is as if they emerge at a different level of organization than that found in groups or enterprises. These latter have quite strongly and determinately defined functional relations between entities organized around tasks and purpose, even if in the world of practice and life the interplay of a variety of interests distorts these. From this perspective, the expectation of individuals or groups to meaningfully converse with the market is unrealistic: an anxiety driven defensive act.

Further exploration of the psychosocial nature of the market is required. It seems to be organized directly around desire in quite a raw manner, without the intermediary organization around function or task, as found in a distinct enterprise. It is almost a "pure container" in the sense that managers, amongst others, project into it without the direct possibility of engagement for reality testing. In this respect, it serves the same purpose as deities,⁶ whose responses are deciphered through signs in the natural environment (Foucault, 1970).

Conclusions

In the case study, it has been possible, through the application of psychoanalytic concepts and an open systems frame-work, to formulate understandings of the effects finance market pressures have on group and organization behavior. The study has identified some of the organizational dynamics that arise from management's fear of the financial markets.

There is a need for executives to be aware of the dynamics the financial market evokes in the enterprise, in their role and in them. To work with these pressures they require psychological awareness and robustness, so they can effectively contain the emotionally disturbing aspects of their interactions with the financial markets. When they are unable to do this or to hold the affect associated with these experiences, this disturbance is acted out in management's relations with staff and stakeholders.

Executive fear of the market comes out of the task and expectation of their role in representing the enterprise to a chaotic entity, the financial market: which may often be more likened to a vengeful god than an orderly system. The fear also comes out of the reversal of the executives' usual power relations. In dealing with the financial market they are impotent rather than omnipotent.

We also get a glimpse of the actual interdependence between the financial market players and the enterprise, but this is col-lusively denied in the dynamics. It is disguised in the finance market dynamics, leaving the predominant impression that the enterprise is dependent on the financial market.

The financial market is elusive in concept as well as in practice, performing many functions that assess the economic viability of enterprises. For their own certainty, executives try to tie it down to something concrete, yet the experience of engagement with it is more akin to grasping at clouds whipped around by the winds of collective temperament. In practice it is chaotic and disorganized, simply interacting and adapting in response to these interactions. It is in these interactions between the financial market's elements that judgments about enterprises are made.

The description we have articulated reflects Trist and Emery's (1965) type IV or turbulent environments and their movement

toward type V or hyperturbulent/vortical environments (Babuoglu, 1997; Emery & Trist, 1973; McCann & Selsky, 1997). These authors predict the defensive response of polarization, rigidity, and dogmatism in the broader system due to an inability to cope with the demands of these environments. We see this in the dogmatic and rigid responses displayed by our case study chief executive and the polarized position in the industry field. We have described it in terms of psychological defenses that allow the executive to create an enclave or "defensible space in which localized adaptation and development can continue to occur" (McCann & Selsky, 1997, p. 194). What then are some constructive ways of working with the hyper-turbulent financial market?

To simply say, "Well, this is how it is and you have just got to accept it", is not very hopeful. It is an extremely depressing message for executives whose jobs rely on their capacity to manage shareholder interests. The commercial reality for most enterprises is such that a solely negative message cannot be borne or tolerated, leaving the message ignored, denied, or criticized rather than considered and thought about. But there are microlevel solutions for engaging with the macrolevel of the market to show that it is not hopeless.

One possibility is that enterprises can communicate with a meaningful fragment of the market rather than the whole market: to enter into dialogue with key influential people in the market, people and institutions that others are likely to follow. However, executives must recognize that they cannot be in control or certain about what will happen as a result of their limited communication with a finite number of entities within the market. Whilst they cannot be omnipotent in controlling the market or its effects on their domains, they can be prudent and selective.

Our analysis has looked at the psychological defenses employed by executives to face the real and imagined demands of the market. Development of their capacities to tolerate and work with these demands is required. Executive team-coaching or role analysis (Krantz & Maltz, 1997; Long, Newton, & Chapman, 1999) addressing the actual and phantasized complexities of the market to discern what is actually going on in the market, compared with what is feared to be going on, may begin to work with these issues. Close analysis of their role in representing the company and the accompanying phantasies held on its behalf may help to bring reality to

their decision making and company actions in relation to the market. This requires outsider psychodynamic insight into the behaviors of the executive group enabling them to sit with “not knowing” long enough for understanding to be constructed from within the complexity rather than their struggling to control the complexity.

Predictions that type V environments necessarily lead to polarization and the creation of defensive and competitive enclaves are not necessarily all bad. A form of creative enclave is possible (Emery & Trist, 1973). We refer here to the possibility of domain-wide discussion forums where executives collaboratively explore the complexities they are addressing and their collective responses from within their companies. Here experiences can be referenced against other similar experiences, reducing the likelihood of acting out phantasy indiscriminately. Such collaborative, loose organization provides a “container” for thinking about the unorganized market dynamics: a container not available in the competitive space between companies.

Notes

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1. Each SIO is an instance of a standard set of products offered by the enterprise and taken up by a customer.
 2. A ratio of 1 staff member per 400 SIOs is not as good as a ratio of 1 staff member per 500 SIOs. This is because the former has higher costs in servicing the enterprise’s customer base.
 3. Also about other aspects of their (executives’) behavior in role (e.g., projection of disturbing feelings onto the financial market).
 4. Key financial performance indicators for companies are the level of cost, recent trends and anticipated future trends in business costs, the level of revenue, recent trends and anticipated future trends in business revenue.
 5. The “sensible things” are those actions that can be done to reduce cost, increase revenue and increase profit without destroying the organizational and productive fabrics that will sustain the enterprise in the medium and long term.

6. The practices around servicing the market's various institutions and players are ritualized such as in AGMs, Profit forecasts and recasts, Annual Reports etc. In its extreme, this is like some mindless propitiation to the gods. The figures are brought together and put on the altar of the god. They may not even be true as we see in the collapses of HIH, Enron World Com and many others. The question the executives presenting this ritual form of information to the market's altar ask is "will the god be pleased or not with the figures?" To a large extent, the fate of the company and its management depends on the answer the market gives. There is intense dependency here by management upon the market, along with the hatred of this dependency. Companies operate from a basic assumption of dependency on the omnipotent omnipresent market. So much of the ritual has become pointless (e.g., independent finance audits) that at its worst it is just appeasing and propitiating. It is a form that is partly inhabited by thinking and partly by phantasy.

Global identity and the superordinate task

Larry W. Penwell

Introduction

History is replete with examples of war and other forms of inter-group competition. There are a number of examples of inter-group collaboration. As terms like *globalization*, the *global economy*, and the *new world order* become part of our vocabulary, it is important to look at the processes that underlie the current wish to “think globally”, and to examine some of the fundamental dynamics that may facilitate or hinder that goal.

In this chapter, I explore facets of the human experience that support the likely evolution of some form of human global organizational structure beyond those currently existing. That structure appears to be emerging in various ways, around a variety of tasks, creating networks of people who share common tasks, work methods, and, most importantly, identities that supercede national boundaries. I also suggest various forms of resistance to the formation of a global identity and highlight factors that will dramatically slow the progress of this next level of human organization. I start with an exploration of the very human, very natural, process of organizing. Group dynamics form one of the fundamental cornerstones of

our experience as a species and will continue to play a significant role in the move toward global identity. Our individual identities are constructed in the context of the group, and play a significant role in our sense of which groups are part of “us” and which groups are not. As Bion (1961) noted, every human group innately understands every other human group. As part of naturally occurring group processes, each group defines who is and who is not a member. Thus inter-group dynamics are always present, often emerging as inter-group competition or conflict, and, too often, escalate to suspicion, prejudice, stereotyping, hatred, and war. Given our long history with inter-group conflict of all forms, the emergence of a global identity or a new world order seems improbable. However, there are historical examples suggesting that, given the right economic circumstances and sufficient time, the emergence of an organizational structure that could properly be termed a *world order* is not only possible, but perhaps probable.

Organizing

To build my argument for the previous assertion, I start with a universal underpinning of biology: the drive to survive. For our species, this will to survive has become manifest in our organizing facets of the environment to extend our control over it and thus over our lives. This organizing ability has been the most significant key to our adaptability and continued survival. While this skill is not uniquely human, we have extended it in ways that no other species on this planet has. The ability to organize consciously seems to be at the core of our definition of intelligence. Indeed, even our search for intelligent life on other planets by the Search for Extra Terrestrial Intelligence (SETI) project, is a quest to discover radio signals that reflect conscious organization (Harrison, 1997).

Our organizing skills have allowed us to take disparate elements such as stone, wood, and plant fibers to create tools and weapons, to use the fur and skin of animals to shield us from the cold, and to combine ore, liquid, and gas to take us to the moon. Organizing sounds and symbols gives us the ability to communicate with one another. Organizing (categorizing, discriminating, differentiating)

the world around us has become so complex that library science struggles just to catalog and organize the fields of knowledge and information we amass at an ever-increasing pace. The very air we breathe is saturated with structured frequencies carrying voice, music, and video images. The amount of organizing we humans have introduced to this planet in just the past 100 years stretches the limits of imagination.

The history of the species has been tied closely to the nature of the organizing work that was typical of a given era. During the Stone Age, we organized rock and stone to make tools and weapons. During the Iron Age, we began smelting and organizing ores to create new and more efficient tools. In recent years, we have been organizing sand to create computers, which we use to create yet more complex levels of organization. We are currently busy sorting out the patterns of our own genome, so that we might “better” organize our very nature, enhancing our ability to survive.

Slater (1974) has raised significant concerns about this tendency to structure facets of our environment to serve our purposes. Most notably, he addressed our proclivity to organize the world in ways we have termed *technology* to fulfill our narcissistic yearnings. He describes technology as a “thought made manifest”, an excretion from the psyche; and he notes that while a particular technology may solve one problem, it has within it its own “demon” that is the genesis of a future problem. For example, the automobile may have eliminated the pollution caused by horses, but with it came pavement, smog, parking lots, traffic jams, road rage, and global warming, to name but a few of its unforeseen demons.

According to Slater (1974), our narcissism leads us to believe that, in time, we will create yet another technology that will prove to be the bane of demons unleashed by the previous one. The use of our organizing skills in this fashion, he argues, isolates us from the “real” environment and will likely lead to the demise of the species. His argument is exceptionally cogent, and deserves significant attention. He does note one limit on our ability to organize: our proclivity for inter-group conflict. This limitation, however, is wrought with its own demons, and is therefore another threat to the long-term viability of the human species. This particular demon, lodged in our organizing efforts, is the focus of this chapter.

Groups and organizations

At some very early stage in our evolution, we began organizing ourselves. It seems unclear whether the first organizing model for our humanoid ancestors was the single parent household, as it is with some other species, or the nuclear family, the extended family, the clan, or the tribe. Regardless, conscious or not, even the simplest form of group life is a “technology” applied to a problem. Even small fish form groups or schools to increase the likelihood that they will survive attacks from larger fish. At this level of analysis, all organizations are simply a solution to a problem. However, an organization is only meaningful in the context of the problem it was created (or emerged) to solve. A hammer has value and meaning only when it is functioning to serve its purpose; in the absence of a need to pound something, the “hammer” is without purpose and meaning. Similarly, an organization designed to solve a specific or immediate problem loses purpose and meaning once that problem is solved. Yet organizations rarely cease to exist when their purpose is served. This loss of purpose, and the struggle to find new purpose, or to keep the old problem alive, gives rise to many problems encountered in organizational life.

Research on group development in initially unstructured groups (Bennis & Shepard, 1956; Tuckman, 1965) suggests that, over time, an organizational structure emerges in the group, with individuals taking up different roles. Role differentiation occurs for many reasons and on many levels; but ideally, at Bion’s work group level of analysis (see chapter 1), the group has taken a good look at the task, examined the skills of the individuals available to do those tasks, given careful thought to how best to accomplish the task, divided up the task into smaller ones that can be assigned to a single individual, and then assigned the person with the requisite skill. Sophisticated managers refer to this process as job analysis, job design, and personnel selection. Getting the right person in the right job (optimizing the organization) supports the efficient completion of the task and thus serves the purpose of the group.

The organization and structure, or organizational structure that is created encourages the assigned individual to continue to improve at accomplishing that subtask, which, in its simplest form, is job specialization or expertise. However, this specialization has a down side.

Bion (1961) referred to organization and structure as the “weapons of the work group”. He noted that these “weapons” are used to demand increasingly greater cooperation from members of the group. As we specialize, or become expert in some facet of the task, we also become more dependent on the organization and on the task.

Bion would argue that the only “real” group is the one I, and others, hold in the mind. The reality of the group, its meaning and value, is constituted by each member’s belief about the nature of the group. While partially observable by outsiders, the norms, mores, roles, and tasks all function because they are shared beliefs (conscious and unconscious) of group members.

Weick (1969) made a similar point about the shared reality of organizations. He noted that individuals “enact” their beliefs about an organization and thus give it life. These shared beliefs about the nature of the organization, its primary task, and their roles and relationship to that organization, and to each other, constitute the framework through which they “choose” to act or “enact” on behalf of the organization.

As noted earlier, however, while an organization is a solution to a problem, and the problem is the reason for the birth of the organization, it is not necessarily the reason for its continued existence. An organization is also shaped by its history. Its history gets passed on in its stories, its heroes, its traditions, in its institutionalized processes, procedures, and policies; in its definition of itself, and in the reasons individual members have for belonging to it. In fact, its members’ definitions of themselves as individuals include many referents to their roles and identities within the organization. Herein lies a form of symbiosis: the organization is given life and meaning by its members, and in return, the members’ definitions of self (their individual identities) are given a context in which to manifest and take on meaning that can only occur in the context of a group. The organization is in part how they come to know and define themselves.

Identity

Of course, the individual’s history before joining an organization is key to the roles sought and taken in the organization, but as Bion

noted, "the individual is, and always has been, a member of a group" (1961, p. 153). By the very nature of our species, and the state of absolute dependency in which infants enter the world, we are from birth nurtured by at least one other person. Our definition of self, our very way of understanding and functioning in the world, is developed in the context of others. The roots of an individual's identity and the dynamics that are subsequently manifested in group and organizational life are therefore present in the earliest stages of an individual's life.

We are born dependent, and remain that way. At birth it is dependency on the mother. In infancy and early childhood, our definition of self is to a large degree anchored in our relationship to our parents, later expanding to include siblings. As we continue to age, "self" incorporates interactions with others outside the family. By our teenage years, we shift our primary reference group to our peers. As time passes we become aware that the "group" in which we hold membership is larger than we knew. We move from identity within the nuclear family (that gains daily reinforcement), to taking up our role in the extended family (e.g., as first-born grandchild, or youngest cousin). In the larger clan or tribe, the primary identity might be that of the "son of" or "daughter of". We then move to larger and more complex groups such as school, then vocation, profession, and citizen. At the citizen level, the lessons about identity as a member of this or that group are often housed covertly in culture and based on folk tales, history books, the media, and compliance with laws. In taking up these various roles, we add to or modify our definition of the self.

As we identify with a group or organization we learn the rules, roles, norms, and mores of that group. Still, each individual is, in many ways, at war with the group: simultaneously struggling to maintain his or her individuality, yet needing to surrender parts of the self to join (Bion, 1961). As long as the individual remains associated with the group, the group wins out for a variety of reasons. First, for most of us to maintain our sense of self, we require a group in which to enact significant parts of our identity (i.e., we need a context that includes others). Second, the group recognizes and rewards members for behaving in ways that serve the task or that contribute to its well-being. Third, if the individual does not act in accordance with group norms and rules, the group may punish or

threaten expulsion (e.g., reassignment, demotion, firing, incarceration, shaming, death by lethal injection). Regardless, since our definition of self is created in the context of a group, the threat of ostracism carries with it the potential loss of one's identity—a psychological death. Our inability to survive alone, our dependency on others, thus makes it inevitable that the group will win.

As we join a new group, we construct a contextual self by adding the group, and our role in it, to our existing definition of self; it becomes part of who we are. Each individual brings "valencies" to the group as well (Bion, 1961). Valencies are the proclivities that an individual has to act, and to be reacted to, in particular ways, in the context of a particular group or situation. Valencies change and evolve over time. A particular valency might stem from an individual's knowledge and skills, strengths and weaknesses in the context of a particular task, attitudes and beliefs about some facet of a task, particular ways of interacting with others, or needs at a particular moment. A valency might stem from attributes of the individual that affect how others interact with him or her, or from other variables present as a facet of the individual, the group, and the context at a particular moment. Some valencies are stronger than others, some are proclivities to take action, and some are proclivities to refrain.

The group draws on some of the individual's valencies, and the individual is inclined to act upon some of them, in ways to serve both the individual's needs and the group's purpose. In return, if a particular valency is of use to the group, the group reinforces the individual's actions, and the valency is strengthened and further integrated into the self. Bion (1961) argued that this is true even if our self-definition is formed in opposition to the group. As an individual defines self as belonging to one group, as "I" becomes part of "we", and "we" becomes a part of "I", "not-I" is defined through contrast and differentiation. Thus, inter-group dynamics are present in every group, and in every individual. In this way, family, sept, clan, tribe, ethnic heritage, race, school, community, profession, nation, and the roles we play in each become part of our identity. Other families, septs, clans, tribes, ethnicities, races, schools, communities, professions, nation states become part of us as well: the part of our identity that includes the definition of what is "not-me".

Melanie Klein (Segal, 1973; see Chapter One) theorized that a

more primitive process of differentiation precedes the definition of self and informs that process in some very fundamental ways. She noted that the ego exists from birth and, in defense against anxiety, initiates numerous processes among which are introjection, projection, splitting, and projective identification. These processes are, in some ways, the underpinnings of all subsequent cognitive development, and underlie the formation of "I" and "not-I" discussed above. In splitting, there is a bias to have the "I", or in the group context the "we", associated with the good, and for the bad to be projected onto the "not-I" or the "they". The research on inter-group dynamics, summarized below, similarly suggests that groups interacting with other groups display behaviors that are similar to the processes identified by Klein (i.e., introjection, projection, splitting, and projective identification).

Inter-group dynamics

As "I" integrates "we", it also integrates "they". As an individual joins a group, and group dynamics emerge, so do inter-group dynamics. Inter-group behavior has been described as occurring "whenever individuals belonging to one group interact, collectively or individually, with another group or its members in terms of their group identification" (Sherif, 1966, p. 12). Tajfel (1982) points out that this explanation of inter-group behavior is dependent upon the concepts of group and group identification, and states that a "group" can be defined by external designations made by or known to others, or by internal criteria that imply personal identification with a group. For inter-group behavior to emerge, however, both the external and internal definitions of a group must exist. In other words, one must see oneself as a member of one group (in-group, we, us) and also must see another as a member of another group (out-group, not-us, them). It is not necessary, however, that all involved concur on who belongs to which group, nor are reciprocal definitions of us and them required. While this reciprocal process often occurs, it is possible for inter-group dynamics to be present when one of the parties involved is unaware that he, she, or they are being defined as not-us.

In addition to the cognitive component of awareness of group identification, an evaluative component regarding the group membership must be present for inter-group dynamics to be manifest: not only do I belong to my group, but I feel it is good (or occasionally bad) to belong to my group (Tajfel, 1982). Given the processes of introjection, projection, splitting, and projective identification, it is not surprising that this evaluative component is routinely present. While these two components (awareness and evaluation) are sufficient to produce inter-group behavior, according to Tajfel there is often a third component: an emotional investment in one or both of the other components. However complex the description of the criteria, group identification, and subsequent inter-group behavior, appear to emerge easily and rapidly in our culture, and to have significant impact on both individuals and groups.

Inter-group anxiety

Stephan and Stephan (1985) suggested that individuals in inter-group situations experience "inter-group anxiety" stemming from contact with an out-group or out-group member. This anxiety is predicated by the interaction of three sets of factors:

1. prior inter-group relations;
2. inter-group cognition, such as knowledge, stereotypes, ethnocentrism, expectancies, and dissimilarities; and
3. situational factors.

Like all other anxiety, inter-group anxiety stems from fear of negative consequences (Stephan & Stephan, 1985). They define four types of "feared" consequences:

1. psychological consequences for the self;
2. behavioral consequences for the self;
3. evaluations by out-group members; and
4. evaluations by in-group members.

These fears lead to behavioral, cognitive, and affective consequences that tend to exacerbate inter-group difficulties. The behavioral consequences of inter-group anxiety include:

1. avoidance;
2. rigid and exaggerated adherence to previously established norms of interaction between the two groups; or
3. in the absence of previously established norms, extreme reserve and suspicion (Stephan & Stephan, 1985).

There is also a tendency for normal behaviors to become exaggerated. It is important to note that inter-group anxiety in inter-group conflict situations is likely to reduce an individual's readiness to engage productively with members of the out-group.

The cognitive consequences of anxiety include:

1. information processing biases such as stereotypes being used as schemas for interpreting out-group behavior, small deviations from these schemas being unlikely to be noticed, information confirming stereotypes being actively sought, attention becoming narrowly focused, positive behavior of the out-group ignored, and various other forms of information distortion occurring;
2. motivational biases such as increased focus on self-esteem, focus on perceived superior traits of the in-group;
3. heightened self-awareness, such as focus on internal states and personal standards contributing to resistance to persuasion and to conformity, self-righteousness, or focus on self as an object of public attention, which may lead to conformity to in-group norms (Stephan & Stephan, 1985).

The affective consequences of inter-group anxiety include: (1) emotional reactions such as overreactions to slight provocations or misunderstandings and (2) amplification of evaluative responses after an interaction (Stephan & Stephan, 1985). These dynamics, in part, explain the strong tendency for the development of inter-group conflict. They also fit well with M. Klein's notions of introjection (the positive evaluation of self and us), projection (the negative evaluation of the other or them), and splitting (we are good, they are bad).

Inter-group conflict

Inter-group conflict can be measured by assessing the biases in favor of the in-group (in-group bias) or biases against an identified

out-group (out-group discrimination). The minimal conditions required to stimulate measurable behavior that reflects a propensity toward inter-group conflict has been an area of much research.

In one of Sherif's classic studies of inter-group behavior (1966), boys arrived at camp in two separate groups. As soon as the groups became aware of the other's existence, and before there was contact, there was evidence of competitive attitudes between the groups. Billig and Tajfel (1973) divided subjects into groups randomly and then measured the subjects' assignment of points that were worth money to two other anonymous subjects who were identified as either from the in-group or the out-group. There had been no interaction between the "groups", nor among the subjects. The results consistently showed bias towards the in-group. In other words, subjects gave more money to others simply based on being told that the others belonged to the same group as the subject. There is other evidence that in-group bias is manifested even during situations of inter-group collaboration (Turner, 1981; Worchel, 1979). Tajfel (1982, p. 24) identified "at least thirty studies which used minimal or near-minimal categorizations with diverse populations of subjects, independent variables and dependent measures . . . all show in-group-favoring bias".

Consequences of inter-group conflict

Schein (1978) summarized the typical behaviors evident in inter-group competition/conflict. First, each group begins to see the other group as the "enemy", rather than as a neutral object or collaborator. Second, each group tends to deny its own weaknesses, perceiving only the best parts of itself, while tending to perceive only the worst parts of the other group, while denying its strengths. And third, over time, hostility toward the other group tends to increase, while interaction and communication with the other group tends to decrease. These "typical" behaviors usually have an escalating effect on conflict between groups, and are in line with M. Klein's notions of introjection, projection, and splitting.

Overcoming the consequences of inter-group competition can be difficult if not impossible: witness the entrenched conflicts in Ireland, the Middle East, the Balkans, and Rwanda. The pull to maintain the conflict can be explained in a variety of ways. For many

members of a group, the hatred of the other has become so entwined with group and self-identity that construction of self is based predominantly on splitting: we are good and they are bad. Whatever we do to them is justified because they are "the evil ones". Those members of the group with the greatest valency for splitting may view the primary task of the group as defending against or destroying the other. Leaders or leadership coalitions who attempt peace and reconciliation may be killed or undermined by members of their own group to prevent the possibility of reconciliation. In these contexts, peace between groups, in the eyes of some members, would in fact lead to total loss of the primary task of the group as they define it: winning the competition, through defeating, or eliminating, the other. Cultural heroes and martyrs' lives and deaths "gain meaning" through acts on behalf of the group against the "other". Unfortunately, if the other is defined as completely evil, there is no winning until the other is entirely destroyed. The problem with this level of splitting and projective identification is that the total destruction of the "evil" other will inevitably lead to the destruction of the "good" self, since the "good" self was created in contrast to the "bad" other. For those members of the group with a high valency for splitting to maintain the "good" self, the "bad" other must be maintained as well.

The influence of inter-group competition on the dynamics within a group (intra-group) is another area of prolific research. In particular, the impact of inter-group competition has been linked to the formation of centralized leadership within the competing groups (Rabbie & Wilkins, 1971). Schein (1978) summarized the research in this area in the following ways:

1. each group becomes more closely knit and elicits greater loyalty from its members; members close ranks and bury some of their differences;
2. leadership patterns tend to change from more democratic toward more autocratic; and
3. each group demands more loyalty and conformity from its members in order to be able to present a "solid front".

There are significant consequences for the competing groups after the competition has been won or lost. The winning group may

become even more cohesive; and there is relatively less concern for, and less attention given to, work and task accomplishment. The winning group releases its tension, and becomes complacent, casual, and playful. It tends to lose its fighting spirit. There is little if any growth. The winners tend to feel justified in their positive stereotypes of themselves and in the negative stereotypes of the losers (Schein, 1978).

The losing group may deny or distort the loss, blaming the authority that decided the outcome for being biased, or in some other way denying their defeat. Tension in the losing group increases; they are ready to work hard, but intent upon and desperate to find someone or something to blame. Often the leader is blamed and replaced. If the defeat is accepted, the group may splinter; previously suppressed intra-group conflicts are likely to resurface, and new internecine struggles emerge. There is less attention to individual members' needs and more concern for recouping, perhaps for a rematch. If the loss is realistically accepted, reevaluation tends to occur, reorganization is likely, and a return to a cohesive and effective group is possible. A rematch is often sought (Schein, 1978). As Beowulf long ago said to King Hrothgar, "It is always better to avenge dear ones than to indulge in mourning" (Heaney, 2000, p. 97).

Schein (1978) further noted that the advantages within a group when it engages with another group might be lost when it is no longer in competition with an enemy. Those advantages include: greater group cohesion, less attention to intra-group differences, support for more centralized and autocratic forms of leadership. If a group were to lose their enemy, they might in fact lose group cohesion, intra-group differences might resurface and create factions or splinter groups, leadership might revert to more democratic models or fall apart, given the lack of a unifying goal, and the call for loyalty might lose its power. Subgroups might emerge, creating inter-group dynamics within the context of the once shared larger group identity, and there is a possibility that they will disband.

However one wants to characterize the situation leading up to the break-up of the former Soviet bloc, the subsequent history demonstrates the consequences of a group losing its superordinate identity: old boundaries reemerged and ethnic identities regained prominence. Without this old adversary, much of the organizational structure of the United States defense establishment had lost its purpose,

and significant reorganizational efforts are currently under way. Among the changes being discussed is a significant reduction in the United States nuclear weapons stockpile. (However, in 2003 there was talk of developing a new array of nuclear weapons and resuming testing.) It might be argued that some of the internal terrorist acts of the 1980s and 1990s reflect the loss of a favorite enemy, and the reemergence of internal differences within the United States. The actions of out-group "terrorists" on September 11, 2001 have created a new enemy, and the superordinate identity has reemerged as predominant; flag waving abounds.

Another set of dynamics leading to the maintenance of inter-group conflict is inherent in how the winning and losing groups behave after the conflict. If the winning group does not entirely destroy the "other", or the "other" does not fragment, a rematch is likely to occur. The winners (having rested on their laurels feeling smug and superior) may be unprepared when the "losers" come calling for the rematch. The intervening interval, if used well by the "losers", has produced significant reorganization, a new approach to the conflict, and the motivation to recapture a positive definition of self, thus intensifying their efforts in the subsequent conflict (e.g., Germany and its actions leading up to World War II). This cycle can be replayed generation after generation with hatred for, and battle with, the "evil other" becoming an integral part of each group's definition of self. Ireland, the Balkans, Rwanda, and the Middle East seem prime examples of this set of dynamics.

Reducing inter-group conflict

There are a variety of ways to reduce inter-group conflict. One, of course, is to entirely eliminate the other group (i.e., genocide). Another is to create a context where inter-group collaboration is the preferred mode of interaction. Superordinate tasks or goals that require inter-group collaboration have been shown to reduce inter-group conflict (Sherif, 1966). It has even been argued that focus on superordinate goals may eliminate inter-group distinctions (Tajfel, 1982).

As history has repeatedly shown, an external enemy presenting a perceived threat to all factions (subgroups) within a group provides an excellent rallying point (superordinate goal) for uniting a group,

so too has a common enemy brought old enemies (groups) together for their common defense. A common enemy creates a problem that may require inter-group collaboration. Once the enemy is dealt with, however, the reason for continued interaction among previously disparate groups diminishes, the need for the superordinate group fades, and the superordinate identity fades as well. There is even the possibility for inter-group conflict to emerge among previous collaborators. Again, World War II provides an example: the "Allies" began to fall apart as the war came to an end, and the Cold War emerged.

Drawing on fear and inter-group anxiety, creation of an "enemy" is an easy, tried and true method for uniting members of a group, and even disparate groups. National leaders in precarious positions have often started wars with lesser adversaries in order to shore up their hold on power (Bekkan, 1976). However, the ability to sustain a collaborative inter-group relationship using the "common enemy" model has limitations. When defense against "the enemy" becomes the primary task of the group, it provokes greater group cohesion, but also encourages splitting (as a central psychological process). Further, this model requires an enemy to create group cohesion and inter-group collaboration, and therefore, some out-group must be the object of projection.

The organizational structures used to deal with an enemy are primarily designed to maximize defense or offense, and per Bion (1961) the basic assumption group required to perform optimally in this context should be "fight-flight" (see Chapter One). Armies are designed to optimize fight and flight, attack and withdrawal. With this basic assumption operating (Bion, 1961), and with the group's resources and significant organizational structures designed for this purpose, the lack of an enemy causes significant difficulties for the group. It has in fact lost the purpose for which it was designed. In winning and annihilating the enemy, the "winning" group has also lost. If the group were to accept its win, the basic assumption could shift, and the allocation of the group's resources and its primary organizational structures would change. However, given the significant attachment to identities and the power of fear and splitting, a more likely outcome is the retention of the fight-flight basic assumption and the creation of a new enemy.

For global identity to gain primacy, and in the absence of an attack

by some extraterrestrial species, a more sustainable superordinate task will be required. Such a task, by design, would require collaboration among pre-existing groups, and would forge a sustainable superordinate identity that eventually gains primacy, one that defines everyone as a member of the in-group. Finding such a task may not be easy.

Lewin (1967) explored the consequences of moving away from a war-based economy in the United States toward one driven primarily by a permanent or "quasi-permanent" period of peace, evolving to the point of a total disarmament. While such a possibility seems extremely unlikely, the point of the argument is still quite cogent. The work done by "war industries" (the military-industrial complex) absorbs a great deal of effort, money, personnel, and resources, and the products require regular replacement (especially when used against the enemy), thus constantly creating more work. Given the number of people employed in the war industry, not just in the United States but world wide, the global economy simply could not absorb the number of workers who would be displaced by its elimination. Lewin argued further that huge works projects would be required to absorb the displaced workers. Among those he suggested were the "Unarmed Forces" of the United States, a greatly expanded Peace Corp, but he concluded that only the exploration of space held the possibility of generating the amount of work required to replace war as a major economic driver. He referred to the exploration of space as the nearest modern equivalent to building a pyramid, a large scale works project that could potentially handle the problem of surplus labor during times of relative peace and prosperity. He noted, however, one significant drawback to this approach. In the absence of an external threat, the people of the nation might not be willing to expend the resources necessary to absorb the excess labor. Defense of the nation, and the self, are more compelling than the promise of new discoveries.

Given how powerful inter-group dynamics can be in creating group identity and creating work for the group, moving to a superordinate or global identity will obviously be difficult and slow in developing. As Lewin suggests, pyramid building may in fact provide an appropriate analog.

Nation building: the pyramids of Egypt

The story of the emergence of Egypt in many ways is the story of the development of civilization. The history of human habitation in the Nile River Valley includes the shift of primary task from hunting and gathering to farming. It clearly demonstrates the consequences of the shift in task and the application of technology to controlling nature. It also demonstrates the use of a superordinate task that employed members of disparate groups to create a single superordinate identity without a requisite enemy. The material presented in this section, unless otherwise referenced, is drawn from Aldred (1965), Hawass (1990), and Edwards (1993).

Archaeologists have found adequate evidence to assert that the Nile River Valley has been inhabited for more than 200,000 years. Before the end of the last Ice Age, the area now referred to as Egypt was filled with game that flourished in lush forests and savannas. As the climate changed, the forests dwindled, the savannas became sparse and the Nile became a primary source of water. Human beings, and the animals they fed on, were drawn closer together. The evidence suggests that over some significant period of time, the wanderers in this fertile valley made the shift from hunting to farming. Animals were domesticated, and farming required little more than the scattering of seeds in the rich mud left after the Nile's annual flooding. Further, the dry desert at the edges of the valley provided a ready storage site for the annual grain harvest, limiting the need for these ancestors to migrate. The abundance of food freed them from the daily burdens of the search, and allowed time for individuals to develop specialized skills.

This overabundance of food radically altered the human lifestyle. In time, overpopulation led to the need for more land. As the number and size of the settlements along the Nile increased, collaborative efforts emerged to drain, clear, and irrigate extended areas of the valley. This large collaborative effort led to organized and concentrated efforts to control the annual flooding in a way that increased the tillable soil, which further led to the emergence of political systems to carry out this work. The organization grew to fit the scope of the problem it confronted. These changes in the lifestyle of early Egyptians and the emergence of political systems are deduced from

pre-historic archaeological findings, with clear evidence of village life occurring by 5000 BCE.

As the historic era begins, Egypt was divided into two somewhat distinct groups, due in part to the geography of the region: Lower Egypt, defined roughly by the Nile River Delta and the Mediterranean, and Upper Egypt, defined by the narrow valley that stretched along the Nile northward from the rock barrier of the First Cataract in the south. The "Two Lands", as they were referred to, shared a common language, and appear to have held similar religious beliefs, but there were also significant differences that led to tensions between these two groups. Lower Egypt, for instance, had significantly more fertile land, and interacted more with other Mediterranean cultures. Upper Egypt, perhaps due to the rigors of managing the annual flooding of the Nile in a more confined territory, had developed a much more disciplined political structure. In early times the basic level of political organization was the community (or district) surrounding a village under the leadership of a chieftain. These districts were called *nomes*, and in times of disarray the nomes were the smallest unit of organization. Today we might understand them as a tribal form of organization. Evident in Upper Egypt is a pattern of chieftains attempting to extend their influence and control, and to integrate larger and larger tracts of land under one political structure; in essence to create one kingdom or nation.

Early in the historical period, a leader (perhaps, Scopian, Narmer, or Menes), through force, united Upper and Lower Egypt. From Narmer's time on it appears that the King or Pharaoh was believed to be a deity, and religious mythologies developed to reinforce the political system required to rule such a large nation. The resources at the king/god's disposal allowed for larger and larger collaborative projects. Menes was credited with creating the first dams used to control the floodwaters of the Nile, thus developing a fairly stable and rather predictable environment. Employing a technology to gain control of nature created significant change in Egypt, including the proliferation of yet more technology.

In the context of a now predictable environment, culture flourished. Paper manufactured from papyrus, a rapid form of cursive writing, record keeping, taxes, standard forms of measurement, surveying to reestablish boundaries between fields and estates after floods, astronomy used to forecast the annual rise of the Nile and to

locate the proper points on which to align buildings, all emerged early in the first and second dynastic period (3200–2700 BCE). There is evidence of skill specialization, with taxes used to support the growing public administration system needed to coordinate large projects over a significant territory. The move from a tribal, decentralized form of governance with inherent inter-group squabbles and conflicts, to a stable, centralized bureaucratic autocracy had begun. As technology changed the environment, the requisite work changed, and the organizational structure adapted to fit this new context. Trist (1981) might have referred to this mutual adaptation as clear evidence of the functioning of a socio-technical system.

The first stone pyramid, the Step Pyramid at Saqqara, built by Imhotep for King Djoser (Zoser) in the early part of the third dynasty c. 2700–2615 BCE, is the first of the great stone pyramids of Egypt, and as Lehner, an archaeologist from the University of Chicago, notes, perhaps the world's first great construction project (Roberts, 1995). This architectural achievement marked a significant move forward in the dominant construction technology of the time. It also marked progress in the managerial skills required to organize large numbers of workers to function collaboratively over a significant time period to create a single product. While there is evidence that the use of stone in construction predates the Step Pyramid, no structure of this size had ever existed.

What purpose could such an enormous undertaking have had? Certainly, it had a manifest purpose of serving as a burial site for the dead king; solidifying the religious belief that the living king was an incarnation of Horus and upon his death he mingled with his ancestors to become Osiris. Throughout the third and fourth dynastic periods, the only buildings completely of stone were buildings of the dead meant to last forever. The Step Pyramid appears to replicate in stone the brick, wood, and reed structures probably used as ceremonial halls by the Pharaoh Djoser during his life. The enormity of the structure, once built, would have further reinforced the power of the Pharaoh.

Recent scholars have suggested that the Step Pyramid was built, in part, to unify contentious factions within Egypt (Roberts, 1995). The use of peasants from throughout the kingdom, even as temporary laborers, would have had a significant socializing effect, binding them to a common belief system, exposing them to peoples from

throughout the kingdom, and, over time, creating a common group identity. The power of the king would have been reinforced and tales of the wider kingdom would spread throughout their village on their return. The *organization-in-the-mind* of the temporary laborers would have been spread to others in their tribe. Both the definition of self held by the individual and the definition of that individual held by others in the tribe would have been altered. It is also likely that the workers received some education and training, if not directly, then through their experiences with the tasks and structure of the work itself. The development of skill specialization, and, in time, hereditary guilds, implies that role differentiation was important in the work of pyramid building, and intentionally or not, in creating a superordinate identity as an Egyptian.

Much of the work, though not all, was undoubtedly carried out by slave labor. We know from historical accounts that slaves could work their way up in the hierarchy and play significant roles in early Egyptian society. For instance, the Pharaoh made the Hebrew Joseph a Vizier (supervisor), after he had been sold into bondage. This suggests that some form of meritocracy was in place, even for the slaves. It has been suggested that transportation was a seasonal activity employing field hands when they were not otherwise productively employed. If this is true, it implies that the Egyptians designed the work to take advantage of seasonal work patterns. As the work of reclamation and irrigation had employed and fed a growing population, perhaps the construction of the first pyramid served as a works program. The project employed slaves and a growing peasantry in constructive labor and socializing endeavors when other work was not required, thus furthering the influence of the Pharaoh, and diminishing internal conflicts by subordinating tribal identities.

The bureaucratic structures, specialized craft guilds, and class divisions that developed to carry out these megaprojects continued even as the pyramid building dynasties came to an end. The various work roles developed in the context of the construction served to establish individual identity in the context of the larger organization that was Egypt. Many of the management methods developed by Imhotep, and the rulers that followed him, continue today. Among the innovations at the work group level of analysis still in use today are: skill specialization, the division of labor, professional

administrators, project planning, managers or viziers, the rule of ten workers to one manager, different attire to differentiate workers from managers, and specific attire for the various disciplines or guilds. All of these create and reinforce group, subgroup, and individual identity in the context of the growing nation and its leader (Pharaoh). They also weave a tapestry of interrelatedness and interdependence that reinforces the primacy of the Egyptian "self".

Clearly, many generations were required to subordinate tribal identity to that of the nation state of Egypt. This larger level of organizational structure and identity did solve many problems for the growing population, and create one of the longest living organizational structures known. The last section of this chapter addresses current tasks that are global in scope, and where global identities might be forming.

Superordinate tasks and global identities

Currently, there are not many tasks or problems that require the work of all nations to complete. Below I discuss four different types of problem or task that I can currently identify. There may of course be many other categories or variations on the list I present below.

Global collaboration

Most tasks are still envisioned, developed, and adequately performed at a local, national, international, or even multinational level; rarely are they truly global in scope. However, some tasks have and will require worldwide collaboration, and therefore are likely to lead to the primary identity of the workers becoming global. The current threats to the environment, one of the demons created by our application of technology, are indeed global in nature. If environmental scientists are correct, a global level catastrophe is not far off. Because the scope of the damage is world wide, a global effort may be required to stop it from growing worse. Scientists from a variety of disciplines are struggling to overcome the national and international politics that interfere with efforts to solve this problem. As their identity as scientist becomes primary, their national identities should

take a back seat and their role and identity as a global citizen should grow.

International collaboration

Some tasks, although not requiring true global collaboration, are still best served when done collaboratively across national boundaries. A second problem that may require a global effort to solve is AIDS. The pandemic continues to grow and spread, and while life-sustaining drugs are currently available, a cure still seems elusive. AIDS and other human diseases have contributed to medicine becoming one of the disciplines most global in orientation, and the identity of healer one that has primacy. Médecins Sans Frontières (Doctors Without Borders), is only one example of emerging international organizations that reflect the global nature of medicine.

In addition to the threats posed to the ecology of the planet and its species, solutions to the challenges faced by the basic sciences are enhanced by global collaboration. While science has always been "without boundaries", significant strides are being made to encourage and facilitate collaboration on a global scale. The primacy of the scientist's identity as a seeker of knowledge has led to an enormous sharing of information, research, and resources across national boundaries. The Internet holds great promise for instant exchange of significant scientific discoveries. Academics from all continents tend to value their discipline above other group affiliations.

While it initially emerged as a competition between two nations, space utilization and space exploration has spread to many others and holds the promise of becoming a global enterprise. The space programs of both the United States and the former Soviet Union began as efforts to gain the high ground in the escalating nuclear arms race; however, space exploration has become a growing international industry with a global scope. In fact, the Soyuz/Apollo mission in the 1970s represented a major turning point in the Cold War, and the brotherhood evident among the cosmonauts and astronauts today presents another example of the primacy of a work related identity. Aerospace engineers and scientists from many countries are currently involved in the construction of the International Space Station. While these workers speak many languages, they all comply with a variety of international standards that govern

documentation, design, and manufacturing processes. Most of the major nations in this endeavor have well-developed industrial economies, significantly entwined and interdependent. The space station and subsequent outposts on the moon and Mars may in fact contribute to the emergence of global identities.

Global trends

Other tasks seem to emerge within groups and spread among groups in ways that facilitate inter-group exchange and bring group identities closer to one another. For example, the movement toward equal rights has been progressing in bits and pieces for centuries, usually country by country. The Magna Carta, the American Declaration of Independence and Bill of Rights, the French Revolution, the Communist Revolutions in Russia and China, and South Africa's Reconciliation, are all manifestations of this powerful thrust. More recently, groups and organizations that in fact include a "global membership" are working toward these goals. The work of the United Nations, the World Court, the World Bank, the World Trade Organization, and numerous NGOs exemplify evolving organizational structures that, in different ways, are tackling the problems of inequality at a global level. These trends are not without detractors; nevertheless, they continue.

Facilitators

Finally, there are some projects that facilitate change toward increased collaboration across national boundaries. While serving some primary task that may or may not be global in scale, these tasks do have the additional benefit, like the pyramids, of enhancing the formation of global identity. In this category is the change in the way work is accomplished in many businesses and professions. While these changes are currently evident predominantly within existing organizations, in time, as Trist (1981) pointed out, the organizational structure will adapt to optimize the technology. New forms of organization will undoubtedly emerge. As I've already noted, sights and sounds from anywhere around the globe can be transmitted almost instantaneously to any or all other points on the globe. The spread of information technologies like satellite

phones and video links allows the news media to transmit live from anywhere. Satellites transmit information around the globe and the Internet makes it possible to carry out sophisticated conversations with people on the other side of the planet as easily as sending e-mails to the next room.

The ease of information gathering and dissemination will aid existing global tasks and encourage the development of new ones. With the coordination problems minimized through the application of new information technologies, the ability to develop effective organizational structures that can tackle global problems should increase. Given the "economy of scale" evident in so many enterprises, the likelihood that organizations will continue to grow in size and scope seems inevitable. Already on the Web, in chat rooms, on web sites, and among players of electronic games, new virtual communities are emerging that are global in scope. And virtual organizations have begun to evolve in professional contexts where teams of experts hold meetings electronically to tackle some particular problem, and then dissolve once they have completed their work. Occasionally, participants in these virtual organizations never meet face-to-face, nor at the same moment in time. Some are already global in scope. Singh (2002) presents a cogent appraisal of the impact of informational technologies on existing governance structures, and highlights emerging international and global governance structures that may soon surpass the old models.

Conclusion

Humans are group animals. The group, or groups, we belong to, were originally formed to accomplish some task. When an individual, for one reason or another, joins a particular group and shares in its task, the structure, rules, norms, mores, and culture of the work group overwhelm the individual. The task defines the overt work of the group and gives meaning to the group. From the defined task, the available technology, and the skills and valencies of the members of the group, an organizational structure evolves. The individual's role, in the context of the task, the technology, and the other members of the group, provides a group or work identity for that

person, which is reinforced by others' perceptions and beliefs about the individual. These interdependent, and, to a degree, shared beliefs (constructions) about each person's role as it relates to the task then create the organization. For an organization to be a nation, the "citizen" roles must be defined around some task or set of tasks that enact the "nation". Similarly, for an organization to be (or become) global, the primary task(s) must be global in scale, and the members of the organization must see the task and themselves in that way. Their definition of self in that context must in some way transcend other group allegiances and identities. Such global, superordinate tasks are rare at present. Powerful psychological forces (splitting) and social psychological forces (inter-group dynamics) make it unlikely that a predominant superordinate (global) identity will emerge until more superordinate tasks abound. However, given recent technologies and an increasing ability to conceptualize problems at a global level, it seems inevitable that, as the new millennium progresses, more global identities will emerge.

C'est la vie

Creating a French family business to serve the global information society

Faith Gabelnick

Life in the family does define and limit our freedom, but it also offers untapped potential for personal happiness and fulfilment.

[Minuchin & Nichols, 1993]

Introduction

As the world becomes more intricately interconnected, families and business enterprises created by family members reflect the challenges and changes in this world. Understanding of family business may now entail addressing not only the internal family system identities but also the impact of national and international identities and systems on how the business is created and endures. Relatedness is thus expressed and challenged not only within the family unit, but also is enacted and worked through a network of association in the global community.

This case study is based on interviews with an entrepreneur in his mid-30s who truly lives and works in the global community. I have known this man for over a decade and have watched the evolution

of the story recounted herein. However, even though the case study reflects close knowledge of the family and the business, the overall situation described also points to enduring questions about family ties and love relationships that can entangle as well as facilitate productive adult work. This story is offered with love and compassion for all families who struggle to work together in family businesses and to make a better future for themselves and for society.

The story

This is the story of two brothers who grew up on a farm in a small village in the north of France. Their mother was a teacher in the local Catholic high school; the father was a farmer who died when the brothers were in their 20s. Both parents came from large families of 11 or 12. Many of the siblings from one family married siblings from the other family. There are more than 60 first cousins. Many of the family members are farmers; almost everyone lives in France.

This is a story of a farm of 60 acres established centuries ago. The house is composed of two sections, one built in the 17th century and the other in the 19th century. On the farm are buildings that once housed pigs, cows, and chickens. A dog ambles in the front yard. Wheat grows on the farmland, which is rented to a neighbor. Over the years there have been arguments about the land. The farm is located in a village of 300 people outside of a small town of about 3,000. Life has a rhythm connected to the seasons.

This is a story of two 21st-century entrepreneurs who have a dream—to create a business and a home “where one can return and touch the earth”, where children can understand their heritage, where life has a more grounded sense. These entrepreneurs, now in their mid-30s, have already created three businesses. They work together and stay connected through telephone and the Internet many times each day. They have customers on three continents and work in two languages. The world provides the location to gather information, process it, and redistribute it to their customers. They move freely from Japan, to the United States, to China, to Germany, to London, to Stockholm.

This is the story of a family business being created on two

continents while the brothers develop and mature. They played together as boys, went to universities in France, and majored in business, finance, and economics. They have married and are starting families. The older brother married an American; the younger brother married a French woman. The children have U.S. and French citizenship and will be bilingual.

"Nobody in the village understands what we do"

The business was created from a small amount of savings from the older brother and the germinating idea from the younger brother. There is no family capital to invest. The brothers have resisted the investment of outside capital because of issues of control. "We do not want to do it because then others might dictate the course of the business", they said. Although the partnership has been in existence since 1997, "It is still an experiment at this point", said the older brother. The older brother has directed the business from the United States, built the website, and manages the technology. While in the United States, he worked for the company in the early morning and on weekends via e-mail and the Internet. He also had a full time job as a computer financial consultant. For all of his life and as a partner in this venture for the past five years, the younger brother has lived in France and worked at the farm, which has been converted into the business headquarters. Almost daily the older brother's alarm clock in the United States has been his brother's call from France or another part of the world. Their business plan calls for the gross revenue to double each year. They are on track.

In France, the farm buildings are converted into high-tech information centers. A new driveway has been made. There are now at least 25 employees, mostly unskilled, from the small town. The local newspaper praises the brothers for generating 21st-century jobs in this farming community. "We are hiring our high school buddies. This is a way of giving back to this area. Those guys wouldn't have very many job opportunities, and they will stay with us". And the farmhouse is becoming a modern office: an addition has been made to the house, the living room has filled with computers, new heating has been installed, the roof has been remade. The mother now works

for the company part-time as she has retired from her career as a schoolteacher. She is active in the community, a member of the village council. Her youngest child, a daughter, went to the United States, met and married an American, and has decided to return to France for a year or two with her husband. The oldest son has also recently returned to France for a year or two with his wife and small daughter. The younger brother is moving to the United States with his wife, and the couple are expecting their first child. The business has expanded according to plan. The family—cousins and uncles and aunts—call the older brother “The American”, which is not a compliment. The brothers have become at once residents and strangers in these environments. In a special way, they have stepped outside their culture while they reside within it. Family gatherings are replete with questions about their lives. America is a place where some of the relatives are now visiting with awe and uncertainty, but also a fresh kind of curiosity. Very few speak English. The workers also are sent on assignments to Beijing, to New York—places they could never have imagined visiting. They, too, speak only French.

Psychosocial analysis

The family consists of 5 children—three women and two men, spanning 15 years. The males are the 3rd and 4th children in the family. The mother graduated from the Sorbonne in Paris and worked full-time as a mathematics and physics teacher, but she returned home and married a farmer. The father did not go to college and was not an economically successful farmer. Other members of the family were more prosperous, and in his 40s, he became depressed and drank. There were arguments. The father died suddenly of a heart attack at 55. The sons were in their 20s, and the youngest daughter was a teenager. In many ways, the sons became the support of the mother and younger sister. Although the first son later married an American woman and moved away, his younger brother called him from France daily, and his sense of loyalty, responsibility, and family pride could not resist. He started the business with his brother as he turned 30, even though he was already working full-time. From one perspective, he was pulled between making it on his own (being

independent) and working for someone else (being dependent on a larger system); and from another perspective, he was pulled between psychological separation from the family in order to pursue his own emerging adult pathway and remaining within the French family system which could compromise his own adult development and the more mature attachment to his new wife and family.

In *Seasons of a Man's Life* (1978), Levinson, Darrow, Klein, Levinson, and McKee describe the developmental trajectory of adult human development, noting that:

lifestructure evolves through relatively orderly sequence through the adult years [consisting] of a series of alternating stable (structure-building) periods and transitional (structure-changing) . . . the primary task of every stable period is to build a lifestructure. The task of making major life choices and building a structure is often stressful indeed, and may involve many kinds of change. (p. 49)

During the first great transitional phase, the Age Thirty Transition (ages 28–33, approximately), these structures and social arrangements may begin to be questioned and changed. The brothers have been navigating through a major developmental period called the Novice Phase or Early Adulthood Phase, which focuses on the “forming of a dream and giving it a place in the life-structure, forming an occupation, forming mentor relationships, and forming love relationships, marriage, and a family” (p. 90). As the older brother has noted, “it” is still an “experiment”. The young men are moving back and forth between experience and experiment, the space traversed during transitional processes, and as they learn more about working together and building a company, they revise their assessment of their dream.

When the men were in their late 20s the dream had “a quality of a vision, an imagined possibility that generates excitement and vitality” (p. 91), but now in their early to mid-30s, which is the Age Thirty Transition, that dream is needing to be modified, and thus the brothers have changed countries, residencies, languages, ways of living. Still, the challenge is that the brothers hold significantly different versions of their dream, and the company on the farm becomes the mediating space and the battleground for the changing realities to be expressed.

The mother, quiet, strong, reliable, is close to her sons. And they, in turn, have “returned home” during this early adult phase and Age Thirty Transition to enhance the physical capacity of the farm and take care of their mother in an innovative way. “I would not feel so compelled to make this effort if my mother were not alive”, reflected the older son. “We have invested in the house, in the past, because of the connection”. These sons, who do not particularly value material goods, provide a different type of materiality to the family and the community. They generate social capital in the community by hiring relatively unskilled labor and converting it to a productive workforce. They generate a tax base for the community, and they raise the social status of their mother by demonstrating civic courage and risk-taking. They are at once father, husband, and son. Still, the older brother tried to individuate geographically, by leaving home again and again. The younger brother, more tied to the homeland, pulled his brother back into the family.

They cannot or will not stop the experiment because the company in the effort to create the company represents their common dream of creating something out of nothing, the classic desire of entrepreneurs who are driven to begin something new, different, and difficult almost for its own sake. But on another level, the company is the 21st-century version of this internally held “home” and its existence is therefore laden with family history and perhaps the unfulfilled dreams of the parents.

The company

The company uses sophisticated technology to generate photographic images of one of the world’s most widespread and ubiquitous products and sells their images to manufacturers of that product. The photographs are delivered electronically or through CDs. Virtually all manufacturers of this product in the world purchase their services. The older brother takes very little money from the company, while the company pays a modest salary to the younger brother because he has been the on-site manager for the past 5 years. Additional profits are reinvested, transforming the farm buildings and grounds, and improving the house. Neither spouse

has any direct operational involvement in the business; all business decisions are made between the brothers.

The company is a source of both pride and perturbation in the family. It symbolizes the brothers' drive and ambition, their dream of success at many levels, and yet this company, their brainchild, is like an unrelenting, demanding child, consuming most of the brothers' energy and attention. The lives of these brothers (and by extension, their young families) revolve around the vicissitudes of the economic marketplace and the demands of customers throughout the world. There is no one in an official role, such as an operations officer, to contain the boundaries of the company, and therefore no family event is ever immune from the intrusion of the company's possessive needs. Psychodynamically and socially, the brothers' families have become somewhat blended with the company, in part because the brothers will not set clear boundaries of time and space for their work. While this process is very common for family businesses, especially young business, the fallout and stress are also common.

Family systems therapists have long noted that families are a part of larger social networks (Speck & Attneane, 1973) and that other parts of the community—local, national, even global—can impact the functioning of a family in positive and negative ways. Here we find that the company is becoming the transitional space that funnels the work of the world into a highly permeable family system. The dynamics of the brothers' families thus become entangled or, as Minuchin would say, "enmeshed". Minuchin (1974), in describing families that can be characterized as more enmeshed wrote: "the lack of sub-system differentiation discourages autonomous exploration and mastery of problems . . . [Therefore] the behavior of one member immediately affects others, and stress in an individual member reverberates strongly across the boundaries and is swiftly echoed in other subsystems" (p. 54). When the brothers think about the adaptive challenges of this phase of their life, the company predominates. The brothers seem locked in an economic embrace that is often difficult, enraging, and frustrating.

A tale of two cultures

There are many paradoxes in this family business. The sons grew up poor and were self-supporting as university students. Their dream of being self-supporting, of not relying on the capital of established business investors, is a core vision but is in conflict with the older son's day job, working for a large, international financial organization and setting up and directing sophisticated computer financial systems. Here, he is an employee, carrying out other people's visions of the world. But he is also adaptive, creative, and successful, working and living in a very complex global society. During the day in the United States, his French accent fades; he navigates smoothly with people from many countries, those who move at a fast pace and own hot cars and who often come from privileged, multi-national families. The elder son's American wife graduated from elite American universities; his in-laws all hold advanced degrees.

In this world, he has moved outside his family, his country, and has learned to live and succeed in the global community. He is not a visitor, comparing everything positively and negatively to his homeland. He is a maturing adult, learning about and inhabiting a variety of cultures. In this American-international life he is clearly on the pathway of Levinson *et al.*'s second adult structure, "Settling Down", which men encounter after the Age Thirty Transition, through about age forty. Levinson *et al.* (1978) wrote:

In this period, a man has two major tasks: (a) He tries to establish a niche in society; to anchor his life more firmly, develop competency in a chosen craft, become a valued member of a valued world; (b) He works at *making it*; striving to advance, to progress on a timetable. . . . He defines a *personal enterprise*, a direction in which to strive, a sense of the future, a "project" as Jean-Paul Sartre has termed it. (p. 59)

And this is where the company and the vision of the company is so compelling: The older brother's vision is to create a self-sustaining entity where "you don't need to be there all of the time, but can use it as a reference". Setting up a business at home, "where you're from", can provide a sense of continuity and connection with the family—strongly held values for him and his brother. While the older brother

delights in the business and economic opportunities afforded in the United States, he is suspicious of American suburbs and the sense of alienation they can create. For him, the company is a way of grounding himself economically, socially, and psychologically. "When you have a home, you can always go back", he says. This is his "project".

The younger brother, on the other hand, had never lived outside of France, and when the father died, he returned to the farm to support his mother and to figure out ways to sustain and transform the family business from farming to some more economically successful entity. He created the specifics of the company, hired the workers, and oversaw the physical changes to the buildings. He was also entrepreneurial in spirit and started the company with the only asset available, the farm. Thus, during his Novice Stage and now as he is completing the Age Thirty Transition, he has remained on the farm working full-time for the company. Significantly, he has married a French schoolteacher. Her parents were civil servants, and retired at 50, and appreciate an orderly and predictable life. Until recently this couple had never lived outside of France and had not traveled outside the country. And when on one of their first voyages outside of France, their flight was cancelled in Holland, the older brother and his wife were repeatedly called in the United States to assist them and to psychologically accompany them in their distress. Phone calls were also exchanged between the mother and the sons, and eventually among the sisters. The stresses of the individuation processes of the younger brother and his wife are public, and their difficulties lie in expecting to be cared for to some degree by the elder brother and the rest of the family. This enmeshed dynamic is carried by the younger brother, aided by his older brother, and implicitly supported throughout the family and company system.

Now, as both brothers navigate their life stages, they are trying to adapt to the changing demands of the business and to expand their own learning. In part, they are doing this by temporarily switching countries of residence and learning different skill sets. Not surprisingly, as the geographical situations are reversing and the younger brother is attempting to live in the United States, the external political cultures of France and the United States and perhaps the global community in general, together with the internal psychological resiliencies of the brothers, begin to collide.

In France, life is quite structured and formal. The general mental model guiding the social structure, especially in rural communities, is that of patriarch, taking care that the family stays intact, that rules are obeyed, that people know their place. Individuals' destinies are predicted by where they go to high school and university, which in turn prescribes what level or type of profession they can enter. This subtle and not-so-subtle class system is even maintained through the type of local community or political involvement one engages in. The role of the state is to maintain structures and statuses. Society, in many ways, is fixed, especially in the rural communities, and the attitude of the general population is to remain, for the most part, in the social "neighborhoods" in which they grew up. This is classically expressed in the elaborate and historic wine appellations, where portions of land (sometimes even very small portions) carry certain designations and where different types of vine only grow in certain regions of France. The concept is captured in the word *terroir* which conveys a sense of being connected to the land, eating mainly the products of that region, and maintaining the customs of that geographical area.

Thus, when hiring French people who have grown up in a small town or on a farm, the brothers have encountered a great deal of dependency and entitlement. Because the state provides full medical care and mandates a generous number of vacation weeks, many workers work for the benefits, not for the advancement possibilities that an organization may provide. The workers expect to be directed, and if they are not, they will stand idle, come late, or miss work for other reasons. Once employees pass through a probationary period of employment, it is very difficult to fire them. For the older brother, this system is confining and reactionary; the younger brother knows no other system.

The differences in the United States, from the older brother's perspective, focus mainly around markets (economic) issues, social mobility, flexibility, and individual responsibility. What this French entrepreneur finds most rewarding in the United States is the fluidity—of ideas, of class, of professional development, and opportunities. The idea that one is expected to remain in a particular geographical region or social domain is not the mental model in the United States.

Of course, Americans are not immune to class and social rankings.

In fact, they love to rank most things, including universities, businesses, and even cities in which to live, and they are not immune from creating dependency and entitlement among the workforce. However, the general mental model is different. Coming from a farm or small town in the United States or from a poor family and "making good" is the core American dream, retold in movies, in fiction, and in family stories. It is the story of Horatio Alger, closely held by the majority of Americans and held open to the millions of immigrants who seek to better their lives. Coming from a small village and remaining in France, one faces much more limited possibilities. And therefore, if one wants to be more independent and more entrepreneurial, a common strategy has been to "leave home" in order to make one's way in the world. In the United States the pioneers did this again and again as the West expanded, and today millions of people come to the United States in order to find more fertile soil for their dreams. Still, "leaving home" is a complex journey, and while the older brother is drawn to the opportunities the United States can provide for him and his family, he is also French and his internal "home" remains the farm.

In reality, after generations of farmers in this family, no one of the five children will be a farmer. Reflects the older brother, "My father and his five brothers each had his own farm, and while they helped each other, they did not formally collaborate or seek ways to put their assets together to create a more prosperous enterprise. They were stupid in that they simply continued what had come before". Perhaps it was watching this unsuccessful and stressful family pattern that motivated the brothers to try to be successful work partners. Still, while their internal mental models of how to live in the world are quite different, they are also complementary: when the older brother left the farm, fully intending never to return, the younger brother, closest to the mother and psychologically similar to the father, invited his older brother to "come home" and help him succeed. While it is the younger brother's specific business idea, it has been the older brother's business acumen, technological expertise, and language facility that provide the needed ingredients for the company to be born. This partnership has a mirroring quality similar to the parents' relationship because it was the mother's livelihood as a teacher and perhaps her broader experience in the university world that ultimately supported the family and connected

it to the community, even as the father stayed on the farm and tried to continue working as his family has always worked. There is an interesting push-pull for the brothers, with the older brother becoming more philosophical and conceptual in his approach toward life, and the younger brother being more pragmatic and instrumental.

The older brother reflects philosophically that “life happens” and accidents or surprises can be seen as unexpected gifts and new ways of understanding the world. For example, he explains that if he had not traveled as a university student, he wouldn’t have learned about other cultures; and if he had not lived in the United States, his brother would never have begun to leave the safety of his French homeland. On the one hand, there is, in these reflections, a sense of fatalism and acceptance of life’s happenings; yet on the other hand, there is a clear drive to learn, take risks, and explore. This older brother is impatient with his younger brother who represents more of the traditional French mentality—being safe, staying at home (psychologically), and wanting a predictable world. The older brother has tried to lead his younger brother into the world, much as a parent might do with a small child; yet paradoxically it is the agenda of the younger brother, so like his father, who stayed on the farm, that continues to dominate the relationship and the young families that are now being created.

Structural and psychological differentiation

Donald Winnicott (1953) and Margaret Mahler, Pine, and Bergman (Mahler *et al.*, 1975) have studied infants as they develop in relation to their parents and to others. As a baby grows physically, his internal sense of identity also forms. He understands that he is different, that he has his own needs and that he must navigate in the world, but he also craves the security and certainty that his parents provide. During the first two years, as the baby starts to walk and talk, he moves away from his parents but he also returns for a hug, or calls to them and brings them toys and invites them to play with him. This stage Mahler and others term *rapprochement*, and throughout our lives, as we enter transitional phases, we return, in some way, to the sources of nourishment and security (Mahler *et al.*, 1975,

pp. 76–108). To help us navigate over these developmental bridges, we may develop attachments to what Winnicott (1953) has termed *transitional objects*: teddy bears, blankets, dolls, that act as intermediaries between our inner and outer worlds. In other words, as we leave the comfort of our parents' arms and learn to be more independent physically and psychologically, we take along a companion on our voyage. Sometimes the companion is imaginary, and we talk to him and let him act on our behalf or speak for us. But, as many have noted, these processes are not confined to infancy.

Throughout our lives, we revisit places and relationships, or we (re)create those places and relationships that remind us of that mediating space where our relatedness to the outside world and to our core inner emotions took form. This place is a source both of comfort and conflict because it represents both the opportunity for individuation and growth and the pain of separating from the parental zone. Writes Gilbert Rose (1978):

As in its early form as a transitional object, the transitional process in its developed form as the creative imagination remains an essential instrument of adaptation. It samples the pluralism of reality, withdraws and re-advances, attempting to abstract coherent configurations composed of both self- and non-self elements. They bridge the out-there with the in-here in new ideas and images. In contrast to repression and denial, these abstractions offer new perspectives from which to explore and enhance rather than circumscribe the appreciation of reality. (p. 354)

As the two young men have matured and grappled with the individuation challenges of the Age Thirty Transition and the Settling Down Phase, the complexities of their inner worlds affect the easy creation of new arrangements within their marriages and between themselves. Importantly, these complexities and challenges are mirrored by the external, competitive realities of the global economy where small companies must individuate themselves by providing particular niche services and must be able to be nimble and adaptive to meet customers' needs. Here, too, the dream must be modified structurally so that the roles within the company serve the more expanded demands from the external world, and in order for this external restructuring to be effective, the character of the

interpersonal relationship between the brothers must be changed. However, in as much as their company still resides within the historic parental environment and extended family network, the family roles are more powerfully maintained and held and individuation, both external and internal, is difficult.

From this perspective, it is interesting to see how the farm in France continues to function as this mediating space for both men's adult development. The older brother has "left home" repeatedly, yet stays in touch through a contemporary source of security and connection, the cell phone. And he is also a kind of security blanket and touchstone for his younger brother, who is tentatively entering the larger world with great amounts of trepidation. When the brothers began their partnership in 1997, they used the only concrete and psychological assets they had—the farm, their mother's steady presence, and their boyhood relationship. Importantly, the father had died at the time of the sons' entering early adulthood, and one way of "holding him" and continuing to hold their mother, was to create a new business on the farm and involve her. The father was everywhere present as the sons sought and resisted psychological separation and individuation. His fiery, dominating personality found voice in the younger son, and his older son acquiesced to keep the peace, maintain the family relationship, and perhaps to help the younger brother succeed in ways that he was unable to accomplish with his father.

As the business developed and the brothers grew older, the farm buildings began to be transformed. The stones that held water troughs for horses are now embedded in a contemporary office addition to the house. The barn is now the place where the company's products are created. The pigsty is now a home for the tools of the trade. Yet, on the grounds, the cherry, pear, and apple trees still yield their annual bounty. The vegetable garden still produces potatoes, lettuces, tomatoes, raspberries, and green beans. Instead of slaughtering a pig from the pigsty, as was done in the past, pork is purchased, but the menus remain the same. The mother continues to make jelly, to preserve string beans, to store the apples for the winter. Thus, the family history and patterns continue into the present in the farmhouse, while two dozen employees work in two shifts in the barn/office, parking their cars in the new driveway by the fruit trees.

The organizational structure of the company similarly captures the intermediary and transitional nature of the enterprise. After five years, there is only a small amount of differentiation. There are three layers: the two brothers who are college graduates head the company; below them are several administrators, accountants and an administrative assistant, who have had some college experience but are not college graduates, and at the third layer are the workers who are high school graduates. (This structure replicates a traditional social/class structure in France in contrast to the high-tech, global nature of the work.) However, the more important challenge is at the top of the organization where neither brother will claim the title of president or CEO. When they meet clients or make presentations, their business cards read, "Project Manager". No one is the father of the organization, and neither son will fight for the paternal rights. Still, for the older son, coming back to the daily life of the farm and the business means that "here you are a CEO full time. You are managing everything all the time". However, instead of tackling the painful and tough issues of competition and differentiation of role and authority, they use location to change roles, with the older brother now in France and the younger brother now in the United States. The younger brother continues to lead emotionally, and the older brother leads intellectually and strategically.

And as life goes on, children are being born and wives are expecting that their husbands will join them in their new families. Still the unresolved family system psychodynamics continue to lock the brothers in an economic-financial embrace. In order to compete successfully, the company offers its services at low cost. Surpluses are reinvested in improving the farm and the business facilities. They do not hire a needed CEO and do not delegate one or the other to take ultimate responsibility for the company. Thus the visionary strategic older brother now must manage cash flow, personnel, product development, and a myriad of details associated with running a business, while the younger brother struggles to learn English in the United States to create business opportunities for their product, and to move through a painful and not yet successful process of separation from his family and friends in France.

The future

When asked what he would do if he were not involved in developing this company, the older brother said, "I would read more. I would be a consultant to family businesses to help them to address family conflicts". When asked what he had learned from working in this family business, he reflected philosophically rather than practically that "what matters is the journey". He has learned to recognize that "family ties are stronger than business ties, and that when all else is concluded, the family will remain. This is an asset and a liability. We have many difficulties but we need to learn how to communicate". Significantly, he adds, "We are not doing this [the company] for our children. I am learning what it means to have an idea and to see it through. I always think things should go fast, and I want to reach my goals more quickly, but everything takes longer. The key is to have a long term objective. We must take what is good from an experience. It's useless to try to fight it".

Concluding reflections

This is a story about two brothers in the intermediate part of their lives. They represent two world perspectives that collide and clash, with each pulling the other in a way that makes their adult development difficult. They have chosen their home of origin as the location to grow again, and while they are transforming externally what home means and what it looks like, they are still maintaining internally the core family system dynamics in which they grew up. This internal and external mixing of two cultures and mental models of life connected through a common history is now playing out in the global community in which they have chosen to work. American intellectual adaptation and risk-taking, which come more easily to the older brother, are keys to the company's initial success, but they may also be seen to collide with the French rural values of stability, social class, and economic/social dependency.

Many organizational theorists such as Kets de Vries and Miller (1991) and Peter Senge (1990) have written about how the internal mental model of the CEO of an organization can dramatically

impact its functioning. Here we have seen how two brothers with two different internal mental models and psychological characteristics are trying to create and manage an international organization. The farm provides, literally and psychologically, the home and physical plant for the enterprise; the community provides the personnel; the traditional younger brother holds the core values for stability and connection while the entrepreneurial older brother provides the vision that reaches out to the world beyond the farm.

As the company grows, it must individuate organizationally and so must the brothers, in terms of their roles and responsibilities. Delegation must occur or the brothers will become overwhelmed and even more captured by the demands of the company. The mental models must continue to be transformed to a different way of being together or else these mental models will continue to collide until the enterprise no longer serves a good purpose. Each brother holds a necessary piece of the story, and each must internalize that piece. This isn't easy in any family. "Coming home" is a process of internalizing and accepting one's relation with one's parents, one's values, and creating a complex vision for one's life in order to move into the next family and become a father and partner in that new venture. On a centuries-old farm in France, this familiar story unfolds in its 21st-century version. Coming home is never a simple journey, and in some ways, it never ends. *C'est la vie.*

The complexity of leadership

The complexity of the organizational self

Marc Maltz and Kenneth Witt

Overview

Leadership is understandably under attack today. Whether in corporate, nonprofit, political or other organizations, leadership is being examined as never before. But, is it being fully explored, understood, and worked with? The authors believe not. Yes, there has been much written about the psychology of leadership, particularly with regard to the need for, and excess of, narcissism in the leadership role. There has also been much written about contributing systemic and cultural factors at both the organizational and social levels. But, the dilemmas of the leadership role are enormous and existing frameworks for understanding those dilemmas are limited. Similarly, the answers or solutions to those dilemmas extend well beyond the structures of fiscal responsibility currently being discussed and legally imposed.

The essential limitation of most attempts to understand and explain leadership and organizational behavior is that they utilize primarily modern frameworks to attempt to understand increasingly postmodern phenomena. A central element of the postmodern perspective is the embracing of complexity and appreciation of

inherent ambiguity and uncertainty, which has earth-shaking implications for most contemporary notions of leadership that value certainty, consistency, and predictability.

It is the authors' view that leaders in all organizations face an enormous set of psychological challenges of which they may or may not be aware. These challenges are multidimensional and part of a two-way, dynamic process between the leader and the led; challenges that need to be better understood by both the leader and the organization as a whole in order that:

1. The leader effectively takes up her or his role and is "allowed", by those being led, to lead effectively.
2. The organization is "allowed" to effectively follow, while authorizing their leader to lead.

This chapter explores the complexity of the leadership role. The challenges of adaptive leadership will be explored from a psychodynamic perspective, extending socio-technical concepts of authority relatedness and drawing from psychoanalytic concepts of the "self-system" from the interpersonal tradition.

Psychodynamic organization theory

There is a rich, historical body of work that originated at London's Tavistock Institute in the socio-technical and socio-psychological traditions. These traditions evolved into a psychodynamic theory of organizations, also known as Group Relations theory, from a number of projects undertaken by the Tavistock, which shared the aim of engaging the social sciences to address social problems of the time. Drawing on general systems theory (von Bertalanffy, 1968) and field theory (Lewin, 1997), the socio-psychological tradition utilized psychoanalytic theory from Melanie Klein (1935, 1981) and the British Object Relations School, to link the psychological and social fields. Key developments included Bion's (1961) basic assumption behaviors of fight-flight, dependency and pairing (linked to Melanie Klein's paranoid-schizoid and depressive positions), and the use of social structures as a defense against anxiety as contributed by Jaques and Menzies-Lyth (Trist & Murray, 1990). Notwithstanding

the powerful concepts for understanding the dynamics of the modern organization that emanated from this tradition, we suggest that the interpersonal tradition (Sullivan, 1953) of psychoanalysis can extend this understanding and further illuminate the complexities of leadership in postmodern organizations of today.

Interpersonal psychoanalytic theory

The Interpersonal school of psychoanalysis, generally associated with the William Alanson White Institute in New York, also has roots in understanding the interplay between psychology, sociology and politics. The interpersonal school is thus in contrast to classical Freudian and object relations theories, which have a focus on the individual, and a bent toward biological determinism, reductionist thinking, and certainty. Interpersonalists bring what Fiscalini referred to as “their own particular psychoanalytic stamp—a rich amalgam of pragmatism, pluralism and field theory” (Fiscalini, 1995, p. 333). A leading force in the shift toward the postmodern, the interpersonal tradition in psychoanalysis is a process that concerns itself with the mutual or intersubjective search for meaning that is constructed rather than discovered, perspectival rather than universal, and contextual rather than absolute.

The chapter concludes with a review of recent thinking on the subject of leadership in the postmodern organization. The authors offer some comparative thoughts about conventional and psychodynamic leadership and a set of tools that may be used to help leaders through the complexity of the postmodern role. The chapter closes with an offering of the authors’ view of the implications for leadership.

Introduction

Complex organizations require complex leaders and complex leaders are complicated.

In an article (Spragins, 2002), the author rightly identifies a key dilemma which Samuel Waksal faced in managing the affairs of

ImClone Systems *and* the affairs of his family. He either had to hold to the ethics required of him as CEO by not revealing what he knew, watching both his family's fortunes and his own reputation disappear, or he could do what he did: warn those close to him of Bristol-Myers Squibb's decision not to continue funding ImClone's research and development. This resulted in his arrest, discredit as an immunologist and benefactor, and left his family deeply tarnished and in legal trouble. Much has been written about narcissism and its impact on leaders, positive and negative. But, this kind of dramatic decision is probably fueled by much more than a narcissistic charge. The decision represented a fundamental challenge to Dr. Waksal's identity in the many roles that he held as a professional, including CEO, father, and son. The ability to tackle this kind of challenge to one's identity, to reconcile the multiple notions of "self" as held by an individual, is one key to successful leadership.

Organizations are simply, or not so simply, a collective of many selves held within their boundaries and, as such, are both a product and determinant of the self that is held within. The organization is literally the sum of the whole, yet continually influencing, impacting, and affecting each point within the whole, each of the multi-determined selves that make up its whole, its organizational self, and its identity. Like individuals, organizational systems are simultaneously creating, using, affecting, and being created by their social and technical selves, moving through the same transitions we do, only further compounded by their dependencies, market forces, external environment; their context shaped as a whole and by the sum of all that are contained within. This is both overwhelming and deeply exciting. Imagine leading such an entity in which one can explore these infinite possibilities. How individuals within organizations digest, understand, and process their experiences, consciously and unconsciously, and how they internalize what they learn from these processes are critical to how they endure, prosper, and, as a result, how the organization will endure and prosper.

During any change, one is filled with both wonderful and terrifying moments. In the midst of transition, it is clear that all of our past is present: our traumas, learning, joys, dependencies, fears, all that we moved on from, our conscious development and our unconscious muddle; all of those things that we hold on to for the

sake of “self”. We believe change is a continuous, if not daily, process; not just incident bound. It is in this soup, primordial and newly created, that we experience and attempt to process the change event. We need every part of our self—past, present, and emergent—in order to cope, make sense of that which cannot be understood, and, mostly, survive. This is a simultaneous process (Maltz & Walker, 2000) that enables us to be with the varied parts of self; all of the experiences of what are “me” and “not-me”. We do this as the multi-determined self within the many-determined systems in which we operate.

For a leader and her or his people, the work of change and adaptation is about this unfathomable intersection, this coming together, or, in some cases, this collision of parts. The leader must be able to take in and explore these aspects of the self and the whole. A leader must also be capable and open to working with this collective self at the individual and organizational levels and provide the context and facilitating structures so that others can work with their anxieties and safely identify with him or her and others within the organization. There will be casualties, but if the leader has the capacity to adapt and contain, the whole will survive.

An example, of adaptive leadership that learned to contain, comes from the authors’ work with a firm that lost 39 percent of its employees in the World Trade Center attacks on September 11, 2001. The complexity of the “transitions” this firm, its employees and families have and will continue to experience, is striking. The shift, from having its physical location destroyed, its records obliterated and over one-third of its people killed, is profound. Our fascination goes to the heart of the work we did in helping this firm get back into business. Responding to such trauma requires significant shifts for the individuals and system we are consulting to, and significant shifts for how we think about the work of organizational consultancy. Much of what this firm knew prior to 11th September was shattered. It is clear that how the individual makes the transition through the multiple facets of traumatic experience determines the future of the individual’s ability to remain mentally healthy (Honig *et al.*, 2000). It is also clear that the individual’s capacity for working through the varied mental responses to this trauma is a key determinant in the organization’s ability to endure. Most importantly, in a study to determine what led to this firm’s resilience, it was concluded that one of the key factors was leadership that was transpar-

ent, emotive, charismatic, effectively delegated, decisive, and, most importantly, adapted to the extreme challenges faced (Hirschhorn, Maltz, & Freeman, in press).

The leader who, within one year, brought this firm from the brink of destruction to perform better than it has in its 14-year history, had to dramatically shift not only his style but also aspects of his identity. In the course of events on that single morning, he was faced with the loss of his best friend and colleague, nine partners, and scores of friends and co-workers. Rather than be isolated, he opened himself to the world; helping to build a sense of psychological community that strengthened his role and his firm. He succeeded in transitioning his leadership style, focus, psychological state, and firm. As managing partner of this firm, he began a fundamental journey of reevaluating his identity, doing the work that leaders mostly fail to do: searching deeply as to whom one is, what motivates one, and how one sees one's role.

The demise of Arthur Andersen provides an example of the failure of leadership facing, and in this case unable to respond to, the powerful dynamics of authorization in complex organizations. According to an interview with Andersen's last managing partner, Joseph Berardino in *Business Week* (Byrne, 2002), he was part of a culture that looked the other way in order to grow the business and please clients. Andersen was under tremendous pressure to expand and stay ahead of the increasing competition, spurred by consolidation in the accounting business, and increased pressure to generate revenues from other services (i.e., consulting). One might also hypothesize that the firm wanted to prove itself or make up for what it sensed it had lost when the prior consulting arm, now called *Accenture*, split from the firm in a public divorce. The firm was clearly in an identity crisis, leading the way for an industry that was searching for itself. Its workforce and partners did not want to be identified as "auditors" and it is unclear whether its clients could just as well go elsewhere for consulting services or were demanding such services from Andersen. This combination of forces brought Andersen to focus on more lucrative business services, losing focus on its traditional primary task of providing auditing and tax services.

In his leadership role, Berardino both helped create this process and was trying to respond to the needs of his partners as well as the organization as a whole. Had he decided to focus on the firm's

primary task, he would have faced tremendous resistance from within the firm by partners seeking to secure greater practices as well as employees wanting more lucrative careers. Indeed, according to *Business Week*, he was unable to fire a partner without a two-thirds vote of the 1,700 partners. One could imagine that it would have been difficult to steer Andersen in any direction other than self-destruction. In the end, Berardino could not effectively take up his role *and* the organization could not and did not authorize him to lead. In addition, it appears that Andersen had lost a sense of its primary task and, one might hypothesize, could not authorize any one leader to hold and reconcile its many parts. The crisis of identity existed at the individual, role, and systems levels. Berardino's role crisis was a product of a system that is in significant transition, a shift in identity, having been forced to spin-off its consulting arm by the partners of that division and facing significant changes within their industry. Berardino clearly needed help in sorting through how these powerful forces in his organization had impacted him, his actions, identity, and how he had taken up his role as leader of this organization in crisis. Understanding these dynamic forces and deep-seated identity issues, and finding creative ways of managing them is critical to successfully negotiating the minefields of any rapidly changing competitive environment, that is, daily organizational life.

How is it that we come to develop this multiplicity of selves? How is it that we come to have a sense of self that is cohesive and coherent? How can this notion of multiple selves coexist with our experience of a sense of ourselves that is cohesive or has a core? What is the nature of these forces that makes it so difficult to follow and to lead?

Psychodynamic organization theory

As stated earlier, much of psychodynamic organization theory has roots in the socio-psychological and socio-technical traditions originating at the Tavistock Institute in London. These traditions evolved into the Group Relations theory, deriving from a number of projects undertaken by the Tavistock, which shared the aim of engaging the social sciences to address social problems of the time.

An underlying assumption of the socio-technical systems approach is the economic maxim of survival; that organizations must continually maintain their viability by maintaining efficiency, thereby justifying the resources that their environment provides. This joint optimization process involves the coordination of the physical, technical, and mechanization requirements of the work process, referred to as the *technical system*, with the responsibilities, interdependencies, and patterns of both cooperation and control of the social system in adaptation to the demands of the external environment.

A critical concept that represented a paradigm shift at the time of its emergence, was the move away from the traditional principle of a “redundancy of parts”, involving a proliferation of individuals assigned to isolated tasks, to a principle of “redundancy of functions”, involving the utilization of multiple skills of workers in the completion of multiple tasks. Many paradigm shifts later, one can see the seeds of socio-technical concepts in the “knowledge workers” of the “customer-driven” organizations in today’s global economy. Trist (1981) acknowledged a shift in the macrosocial environment that organizations were operating in and described that new environment as “*the turbulent field* in which large and competing organizations, all acting independently, in diverse directions, produce unanticipated and dissonant consequences” (cited in Fox, 1995, p. 39). His suggestion at the time was that these organizations could best adapt by identifying shared ideals by which they could guide the efforts of their enterprises.

The socio-technical systems approach has the goal of integrating social and technical processes in organizations. Key to the understanding of socio-technical systems is the interplay of its core dynamic operatives: role, task, and authority relationships. While the role of the leader and the tasks that the leader undertakes are important aspects of the psychodynamics of leadership, particular interest here is in the concept of authority, from where it is derived and the difficulties of assuming authority or being authorized in a multidetermined self-system. The focus on authority is not to suggest that it is more important than role or task, but to highlight the difficulties of taking the leadership role given the complexity being discussed.

If one extrapolates the complexity of authority given and taken

(Krantz & Maltz, 1997) to a system in which authority is resident in a postmodern structure where role relationships fluctuate given the task, boundaries are permeable, and structures merge and reemerge depending on the need, then leadership authority becomes a complex and fluctuating enterprise. Leaders must move beyond the frame of role, task, authority, and the constructs of group dynamics, to take in the continuously changing context for their authority. The multi-determined self clearly holds numerous roles depending on the role interaction with different parts of the system. One's authority needs to be taken and given from that complex array of role relationships. The anxieties that are inherent in such a complex authority-role system are not easily managed, if not unknowable. We believe that it is time for the psychodynamic theory of organizations to be enhanced by theory and technology that can help us both understand and intervene with such complexities. Understanding the greater system of authorization within an organization that has a vast network of authority relations founded on how one identifies, requires processes that help one surface and manage the anxieties resident in such relations.

Interpersonal psychoanalytic theory

Multiple selves

Harry Stack Sullivan (1953), generally recognized as the father of the interpersonal school of psychoanalysis, and his followers devised a theory of psychology that was free from the abstractions of Freudian thinking and closer to the empiricism of experience. For Sullivan, psychological attributes were thought to arise out of social interactions. This stemmed, in part, from the intellectual tradition of George Herbert Mead (1934), who viewed the self as an aspect of the organism that internalizes the expectations presented by the environment and develops the ability to enact roles consistent with those expectations, independent of any direct stimulus.

For the interpersonalist, self is the internal representation that emerges from our experiences with others—self is always known in relation to others. Theoretically, there are as many selves as there are interactions in life. Mitchell (1991) describes the result as a

“manifold organization of self . . . derived from different relational contexts. We are all composites of overlapping multiple organizations and perspectives, and our experience is smoothed over by an illusory sense of continuity” (Lionells, 1995, p. 128).

From this perspective, the challenge for individuals and organizations alike is not a deeper understanding of one’s “core self” or a move from one developmental stage or “position” to another. The goal is a continual reconciliation of these different composites of experience over time.¹ In the case of Sam Waksal, his inability to reconcile the dramatic shifts occurring in his psyche as a CEO, son, father, in the face of Bristol-Myers Squibb’s decision to no longer fund ImClone led to his attempt to protect his family and friends who were significant shareholders, and, ultimately, his demise. These were not lateral processes, but simultaneous occurrences that developed in Dr. Waksal’s unaware state and progressed to action.

Development

As posed in the introduction: How is it that we come to develop this multiplicity of selves? How is it that we come to have a sense of self that is cohesive and coherent, given this complexity? How can this notion of multiple selves coexist with our experience of ourselves as being cohesive and having a core?

Discriminating between experiences that are comforting or disturbing, the infant begins to personify the reflected appraisals of early interpersonal encounters into a schema of “good-me” and “bad-me” personifications that form the initial self-definition. Development proceeds on the basis of an intricate interweaving of expectations, perceptions, behaviors, and reactions with mother and significant others. The patterns of interactions that evolve become familiar pathways for: (1) enhancing the positive feelings of approval and interpersonal security from “good-me” experiences; and (2) warding off the anxiety of disapproval or “bad-me” experiences. Sullivan referred to this behavioral infrastructure as the “self-system” designed to assure approval and defend against disapproval.

The residues of “good-me” experiences provide the foundation for self-confidence, self-esteem, and an image of our ideal self. “Bad-me” experiences form the basis of our conscience and defensive and

self-protective maneuvers. Encounters in which rejection or disapproval is felt to be especially harsh are personified as “not-me” experiences, which are warded off into a repository of experience that remains out of our awareness and is often referred to as the subconscious and unconscious (Maltz & Walker, 2003).²

As our behaviors are continually modified in response to the reactions of others, our patterns of interaction become increasingly complex and differentiated, and the personifications resulting from our interactions become increasingly integrated. Over time, the derivative of these experiences is the formation of a trajectory or “career path” of unique maneuvers designed to manage anxiety in response to balancing internal needs and the social demands of the environment, many of which were first formed in the development of the *good-me-bad-me-not-me self-system*.

Over time, these patterns become resistant to modification by transitory experience and similar behaviors present themselves in similar circumstances, lending a sense of familiarity and consistency that we experience as a sense of self. We struggle to maintain this sense of familiarity and consistency in opposition to experiences that are inconsistent with our sense of self and endanger this equilibrium, often posing the greatest threat to our psychological health. In our work with leaders in organizations, we often have them draw their career trajectory from age 0 to the present, asking them to pay particular attention to growth spurts, key influences (e.g., mentors), and when they felt at the “top of their game”. This process helps the person become more aware of the developmental factors that motivate and drive her or him by illuminating the self-system. It also begins the process of communicating individual self-systems to others, opening a new level of communications about out-of-awareness experience among participants.

Sullivan considered the basic need for social approval and the avoidance of interpersonal anxiety stemming from social disapproval as conditioning the vast majority of human behavior. Critics and supporters alike recognized the limitations of Sullivan’s focus, especially in the narrow definition of anxiety and the lack of attention to issues of agency and volition.

Fiscalini (1991), crediting the foundational work of his predecessors in the interpersonal tradition, has contributed two additional notions of self, offering a more comprehensive model for under-

standing the multiple conceptions of self, the corresponding motives, and the sources of tension or threat to self, as follows:

1. *Physical self*—the need for gratification of physical needs and the freedom from the fear of these needs not being met.
2. *Relational self*—the need for intimacy or love, affection or mutuality, which, when unmet, results in the experience of loneliness.
3. *Interpersonal self*—the need for security in interpersonal relationships, for social acceptance, approval, status, prestige, and freedom from the anxiety of rejection or disapproval.
4. *Personalized self*—the need for personal orientation, for order, familiarity, clarity, certainty and predictability, or freedom from the fear of uncertainty, novelty or chaos, characterized by Fiscalini as “apprehension”.
5. *Authentic self*—the need for personal fulfilment or freedom and the fear of psychic unaliveness or self-constriction (i.e., psychological death), characterized as “dread”.

This need for fulfilment is “a broad category of need which refers to the innate human striving for personal expansion and self-knowledge and the fulfilment of one’s unique psychic potentialities, including the full expression and realization of one’s singular capacity for feeling, imagining and thinking” (Fiscalini, 1991, p. 247, emphasis added).

Apprehension is a threat that stands in stark opposition to the need for fulfilment. Fiscalini likens his notion of apprehension to Fromm’s (1941) “fear of freedom” and Schactel’s (1959) “embeddedness anxiety” or fear of separation from the unknown. Freedom from this existential experience of angst in the face of the unknown corresponds to an inherent need for order, coherence, or familiarity. Apprehension is often mixed with interpersonal anxiety and is almost always conditioned by interpersonal experience. Early experiences of approval or disapproval of curiosity, adventurousness, and risk-taking inevitably shape our way of navigating the world. Also, apprehension of the unknown is frequently experienced with the fear of aloneness, potentially diverting from the consensually determined path of significant reference groups or the approved way of influential individuals.

Fiscalini categorizes the needs for personal fulfilment, interpersonal intimacy, and satisfaction of physical needs as forward

moving “progressive” needs, contrasting them with the inherently contradictory “conservative” needs for interpersonal security and personal orientation. The fundamental nature of the inherent contradiction in these opposing sets of needs creates an important dynamic. Relief from the tensions of fear, loneliness or dread of “unaliveness”, associated with our physical, relational, or authentic self, inevitably involves action that threatens the interpersonal security associated with our interpersonal self or stimulates the apprehension of uncertainty associated with our personal self.

This dialectical tension is an inescapable force that a leader may be acutely or vaguely aware of in any given situation. Whether aware or not, this tension plays a critical role in a leader’s ability to take up authority in and to be authorized by an organization. As noted earlier, authority can be derived from multiple sources. A successful CEO is authorized by the board, direct reports, customers, suppliers, organization, markets, and by the many aspects of life. While authority may be derived or taken from one’s internal sense of self, exercise of that authority is contingent on it being mutually derived, or given by one or all of the constituents noted above. In the case of Andersen, the partners authorized Berardino only to the extent that he did not jeopardize the security of their individual and collective aware and not-aware identity.

Identity and change

All of these needs and sources of anxiety may coexist and operate in a myriad of ways. Attempts to satisfy one set of needs may be defensive against or compensating for the threat of another. The balance of these forces is always uniquely individual. Some drive towards and others dread the pursuit of self-fulfilment. Those who seek fulfilment exhibit seemingly little apprehension of change. Those who dread self-fulfilment may experience severe anxiety in the face of change. Some may pursue personal fulfilment with an apparent lack of concern for interpersonal intimacy. Still others hold interpersonal intimacy above all other needs. Whatever the combination, one’s needs for fulfilment in some measure contradict the need for security, and the needs for stability, continuity, and order always stand in opposition to the needs for creativity, innovation, and self-expression.

At the organizational level, Fiscalini's characterization of progressive and conservative needs represents elements of the driving and restraining forces present in any change process. Successful leaders find ways of harnessing the needs for fulfilment to energize change initiatives. They are also cognizant of the counterbalancing needs for order and stability, for meaningful work relationships and for the security, status and self-esteem that come from those bonds. A leader must be able to understand and work with all of the constituents' identity needs.

Any change represents a risk of loss, or threat, to the people involved; not only to their physical and emotional security needs, but also to identity factors such as role or status. In situations such as the World Trade Center example noted earlier, this threat is magnified and realized in quantum proportion by the traumatic nature of the event. Change also poses a threat to the fulfilment needs of the people involved. Striving to realize one's potential is unique to each individual in an organization. If consistent with the direction of change, these strivings can be utilized in the service of the change. If these strivings are not in line with the proposed change, they can be experienced as resistance to change (Basler & Maltz, 1991). The role of leadership in today's ever-changing complex organization is to facilitate the construction of new meaning for the organization and all of its constituents. New meaning can be best constructed in a process that is codetermined and adaptive to the social and technical demands of the continuous change.

Leading the complex organization

As noted in the introduction, we view an organization as simply a collective of the many selves held within its boundaries and as both a product of and determinant of the self that is held within. Understanding the organization as a sum of the whole, yet continually influencing, impacting, and affecting each of the multi-determined selves that make up its whole provides one with greater insight to the formation and continued shifting of organizational self-identity. The leader within an organization must work at understanding the multi-determined influences that this construct implies.

Combining Fiscalini's five selves with the complexity of shifting mutuality of postmodern reality provides a greater window

from which to peer into the complexity of postmodern leadership. Leaders do not usually delve into their inner world to explore this multi-determined world of their identity, let alone that of the larger organization. To begin to explore what is me and what is “not-me” in daily experience requires deep interest and self-reflection. The authors believe that recognizing the existence of a multi-determined self within the many-determined system is a critical step for the leader. The leader, who develops the capacity to take in and explore these aspects of the self and the whole, will be able to better understand the existence and creation of anxiety, an undeniable and necessary part of daily work-life, and the containment of anxiety, a necessary role for the leader if the whole is to survive and thrive.

New perspectives, new approaches

Heifetz's adaptive leadership

In today's leadership literature, there are many views of what an effective leader must pay attention to in the pursuit of leadership excellence. One of the more psychodynamic views considering the interpersonal argument of leadership complexity comes from Ron Heifetz (1994). Drawing on the biological analogy of adaptation, Heifetz's notion of adaptive leadership represents a shift in the social contract between the leader and the led. Heifetz argues that the role of leaders is not to influence a community to follow its vision, but to influence a community to address its problems by finding “adaptive solutions”.

According to Heifetz, our natural tendency is to respond to situations from our existing repertoire of solutions in order to restore equilibrium and return to the status quo. These “technical solutions”, in Heifetz's parlance, are fine when there is no underlying problem or the situation does not represent an “adaptive challenge”. The difficulty arises either when we are faced with adaptive challenges that are not recognized as such or we continue to attempt solutions from our existing repertoire because we cannot tolerate the tension created by the disequilibrium of the required change process. For organizations, as with biological species, failure to adapt

leads to extinction and adaptation requires the introduction or development of new perspectives, including the understanding of how adaptation affects one's identity.

In simple words, Heifetz builds a case for the leader as one who leads people by creating a capacity to adapt to the changing needs of the organization. The role of the leader is to enhance people's ability to face reality and take responsibility for solving the problems that the organization faces. Key to this is getting people to examine the values that they currently hold, clarify what is most important, and make necessary changes to bridge the "value gap" between what exists currently and what is required for survival. The leader also needs to address the "value gap" between his or her value system and that of the context within which one works and that to which one is seeking a change.

This sometimes requires an understanding and reconciliation of multiple value systems that may or may not be reconcilable. For Berardino to make such reconciliation would have been an enormous task. His value system, whatever it was at the time, must have been seriously challenged by a number of conflicting elements, including the values of his partners, clients, regulators, and so on. To make matters more difficult, Berardino was most likely not aware of his own deeper motivations and resistances present in his self-system. These elements are usually out of one's awareness and only reachable through intensive processes such as therapy, coaching, and psychoanalysis. And, of course, Berardino certainly did not know of these same elements that exist within the psyches of his partners, employees, regulators, and customers. The unaware aspects of one's emotional, behavioral, and cognitive abilities, and self-system, can certainly inhibit or prevent one's full understanding of the complex array of value systems requiring alignment.

Adaptive change involves challenging and changing deeply held values, beliefs and behaviors, significant elements in the cognitive recognition of the five conceptions of self (Fiscalini, 1991) that is a product of one's deeper self-understanding. Disruption to this cognitive conception of self is inherently anxiety provoking. Consequently, an essential task of leadership is helping people to withstand the internal disruption to their conception of self while adapting to the daily demands of work, rather than engaging in the

myriad “work avoidance behaviors” driven by anxiety. The role of the leader is to enhance people’s capability to:

1. value the tension of competing or conflicting points of view;
2. tolerate the ambiguity accompanying the disequilibrium of change; and
3. manage the anxiety of facing uncertainty.

In order to do so, he or she must also develop the capacity to manage and contain the anxiety that accompanies ambiguity and change.

Stacey’s complexity

Ralph Stacey (1992) approaches this dilemma of leadership from a new science or chaos theory perspective, identifying business organizations as non-linear feedback systems that fail when they seek equilibrium and succeed when they are innovative and creative. In *Managing the Unknowable*, Stacey (1992) argues that people in organizations generate such complexity of behaviors that cause-and-effect links are broken and people’s self-organizing interactions create what happens. In spite of our wish to create a vision of the future that we can plot, plan and execute, the future of an innovative organization is, by definition, not predictable. Given the unknowable future of an innovative organization, the notion of a “shared vision” is obsolete. Similarly, a unified, strongly shared culture is a hindrance. For Stacey, the role of leader is to create conditions that foster different perspectives, provoke questioning, and promote complex learning in a state that he describes as “bounded instability”. Such systems will inevitably increase the anxieties of their members, require them to reconcile their multiple perspectives of self, and align their differing values as a means to manage ambiguity, contain anxiety, and develop compatible work processes.

Wanting to control the uncontrollable

This understanding of organization and leadership characterized by Heifetz and Stacey represents a paradigm shift toward a post-modern perspective that challenges many fundamental ideas and

builds on the interpersonal views of self. Yet, many continue to hold dear the “white knight” ideals that reflect the fantasy that a leader is able to chart the course into the future and be in control. In an interview with Steve Ballmer, the CEO of Microsoft was asked about WorldCom and other troubled organizations regarding what CEOs know and do not know. Ballmer was “sympathetic” and, true to his personality and operating style, admitted that he “humor[s him]self to believe that [he] . . . would know . . . every last detail” (Bedow, 2002, pp. 72–75). In this quote one sees the wish and desire to control, and the inevitable understanding that one could not possibly “know” everything. Steve Ballmer’s value system has its limits and one might assume that what is characterized as a controlling personality will also limit him in his ability to lead Microsoft. Mr. Ballmer would do well to explore the parts of himself as well as those parts of Microsoft he has internalized, which drive such needs.

What leaders can do, a way of working

There are a number of key points that stand out in the thinking presented here. To give them shape and lend useful meaning, Table 8.1 compares the conventional framework of leadership concepts to psychodynamic leadership. The table follows a continuum that begins with the interpersonal idea of multiple vs. singular core self and the intersubjective notion of authority as mutually and multiply determined. A shift in systems thinking from a linear cause-and-effect assumption to a postmodern conception of system dynamics that are nonlinear and chaotic argues for a corresponding reframing of leadership thinking. The “old standard” of a “visible” leader, creating the right organization structure for the execution of action items to achieve the growth targets of a strategic plan derived from a “shared vision”, will ultimately lead to stagnation in a rapidly changing world. The new standard of psychodynamic leadership is one that is transparent and can create reflective spaces and foster the “bounded instability” necessary to support the extant self-organizing processes essential for the manifestation of creativity and innovative ideas, both of which are critical to an organization’s survival.

We end this continuum with a note about resilience. Resilience (both individual and organizational) is the ultimate outcome leaders and organizations seek. To be able to withstand the turbulence of

Table 8.1 Comparison of conventional and redefined psychodynamic leadership

| | <i>Conventional</i> | <i>Psychodynamic</i> |
|----------------------------|-----------------------|----------------------------------|
| <i>Self</i> | Singular core self | Multiple selves |
| <i>Authority</i> | Taken and given | Mutually and multiply determined |
| <i>System Concept</i> | Linear | Non-linear |
| <i>System Dynamic</i> | Cause and effect | Chaotic |
| <i>Leadership Approach</i> | Directive | Adaptive |
| <i>Leadership Goal</i> | Stability and control | Bounded instability |
| <i>Leadership Stance</i> | Visibility | Transparency |
| <i>Leadership Focus</i> | Structure and action | Spaces and processes |
| <i>Strategic Principle</i> | Shared vision | Self-organizing and adaptive |
| <i>Strategic Goal</i> | Growth | Innovation and creativity |
| <i>Desired Result</i> | Reproduction | Resilience |
| <i>Frame</i> | Modern | Postmodern |

daily organizational life, the leader and the organization must work to contain anxiety while adapting to what emerges. As we have observed in the aftermath of September 11th:

When a resilient firm is in that sweet spot where employees feel psychologically contained, excited by opportunity and morally engaged, they give more than they take . . . resilience lies in the relationships among employees, between leaders and followers, and between the firm and its stakeholders . . . an organization that wishes to prepare for trauma due to a physical catastrophe or sudden change in business conditions [must] focus on these human factors. (Hirschhorn, Maltz, & Freeman, in press)

Table 8.2 provides a framework for thinking about the multi-determined leadership role using the organizing language of emotional intelligence (Goleman, Boyatzis, & McKee, 2002) and offers some tools to use to navigate these complex waters. Goleman *et al.* distill their particular collection of emotional intelligence competencies into four quadrants: self-awareness, self-management, social awareness and relationship management. The principles underlying

Table 8.2 Tools for Developing as a Leader

| | <i>Managing Self</i> | <i>Managing Others</i> |
|---------------------|--|---|
| <i>EI Quadrants</i> | Self-awareness and self-management | Social awareness and relationship management |
| <i>Tools</i> | Self-reflection Career trajectory 360° feedback Coaching Role analysis/consultation Therapy/psychoanalysis Emotional intelligence Psychographic instruments | Coaching 360° feedback Group process/Group relations Various team/group technologies Responsibility charting Organizational role analysis/consultation Adaptive Leadership ^a Managing Resistance to Change ^b Difficult Conversations ^c Seven Languages for Transformation ^d Psychographic Instruments |

^a Heifetz & Linsky (1994)

^b Basler & Maltz (1997)

^c Stone, Heen, & Patton (1999)

^d Kegan & Lahey (2001)

all of the tools identified to facilitate self-awareness are self-reflection and feedback. Lombardo and Eichinger (1989), in their work on derailment³ at the Center for Creative Leadership, highlight that having experience is no guarantee of learning. They found that successful and unsuccessful managers often had the same experiences. Those who derailed missed the meaning. Personal therapy or psychoanalysis, career trajectory exercises, coaching, and role consultation, are all tools to help individuals discern the meaning of the experience of their lives.

As noted earlier, the search for meaning and reconciliation of the multiplicity of experience is central to the interpersonal tradition of psychoanalysis. Role consultation, drawing from psychoanalytic traditions, extends the coaching relationship beyond the conventional coaching domains of skill and strategy into the arena of

personal, interpersonal, and organizational dynamics as they apply to the person in role. Feedback from others, either in the reflective space of a coaching or consultative process, or directly from those in the 360° constellation of our interpersonal relationships, is critical to grounding our perceptions in a co-constructed reality and to shedding light on aspects of us that might otherwise remain out of our awareness. Self-awareness facilitates not only one's ability to manage oneself but one's awareness of others as well. Social awareness, the key to effective relationship management, is the critical determinant to successfully managing others.

Empathy, characterized by Kohut (1984) as "vicarious introspection", is the ability to understand the inner life or actions and reactions of others. Empathy is the cornerstone of social awareness and the ability to understand group processes. Adaptive leadership hinges on the empathic ability of leaders to titrate the level of anxiety in a continually evolving organization. Responsibility charting and organizational role analysis/consultation are tools designed to help people understand, clarify, and define the boundaries of their organizational roles and effectively manage their interdependencies. *Managing Resistance to Change* (Basler & Maltz, 1997), *Difficult Conversations* (Stone, Patton, & Heen, 1999), and *Seven Languages for Transformation* (Kegan & Lahey, 2000) are tools that have a common thread in their utilization of Chris Argyris's left-hand/right-hand methodology (Argyris & Schön, 1974) for analyzing what lies below the surface of interpersonal and organizational interactions.

The above charts are meant to be a beginning conversation on how to bring the unknowable and seemingly unmanageable into a learning process that will help leaders develop the requisite skills for leading. Exploring both the parameters of leadership and tools for enabling leaders to pay attention to the psychodynamic processes within the systems for which they are responsible is critical for their future success. Following are two examples of shifts in leadership from the conventional to the psychodynamic.

One example of this more expansive view of working with organizational leaders comes from the case of the World Trade Center firm referred to earlier. As mentioned, the managing partner who led this firm through extraordinary circumstances entered into a journey of rethinking the self (both the person and the person-in-role) once the decision to stay in business was made. From the

moment we met, we engaged the managing partner in a deeper conversation, spawned by the unusual circumstances. At our first meeting, the managing partner asked for the “bottom line” as to how we could help his firm manage the loss of their friends and colleagues. Our response got to the heart of who we are in our work, [Maltz] responded:

“May I ask you a question? We are talking about you aren’t we? You are the person who has lost his two best friends and mentor? Aren’t we talking about . . .?” There was clearly so much more being asked for at this critical moment, and the managing partner said yes, with tears emerging. He asked again, though in a more engaged tone, how we could possibly help. I believe this incident to be the first time [he] had cried since the unfolding of these events, though I did not know that at the time. My response was simple, “I can only help you find the [names of partners] in you, to find the place in you that has them, that has learned from them. The place where they will always remain”. For [him], no other answer exists; there is no bringing his “closest friend, his mentor, his colleagues” back. [His] journey has circled back to this key concept. At the anniversary memorial held in [this firm’s] offices, [the managing partner] spoke briefly and emotionally from the voices of those lost. He told his friends and colleagues that there was nothing else to speak but what he thought those lost would be saying on this day.

(Maltz, in press)

This ability to dig internally and reformulate the self in the context of the dramatic shifts in what his firm faced was partially a result of the ongoing consultancy⁴ that provided coaching (role consultation) and comprehensive organizational consultation as well as clinical counseling. At the firm level, a number of factors converged to provide psychological containment, producing a “psychological sense of community” in which grief and work could be co-managed. This firm’s ability to move from the conventional form of response to a psychodynamic one was key to the organization’s resilience and current success (Hirschhorn, Maltz, & Freeman, in press).

Traumatic shifts are not required to create opportunity for fostering change in both the leader and the organization. We believe that shifting from the conventional to the psychodynamic is key in most organizational change, particularly since all organizations face daily

turbulence in markets, constituents, and so on. In our work with the CIO/CTO and her leadership team at a major university, we have witnessed the transformation from a group that was insular and distrustful to one that has developed the ability to collectively identify and respond to the adaptive challenges of the institution in innovative and creative ways. Psychodynamic leadership has been instrumental in this transformation. In addition to the creation of numerous forums for the exchange of ideas, the reconciliation of competing values, and healing of old rifts, transparency on the part of the leader has been key to the development of trust within the group. A critical point in the evolution of the group came at a retreat in which the leader shared with the group feedback she had received from them and others using an emotional intelligence-based 360° feedback instrument. Her willingness to be transparent and open with this group enabled them to take the step of eliciting feedback from one another and to formulate development processes for themselves and their staff.

Conclusion

Leadership in today's complex dynamic organization requires one to think and to operate in ways that may be foreign to how we have developed as individuals and have internally adapted to the work context. Leading is an anxiety-provoking endeavor. Those with a high capacity for ambiguity generally fare better than those who are less tolerant. Those who have a need to control outcomes do worse than those who can let go and adapt. The dilemmas posed are manifold. People are not independent entities within an organization; they are dependent socially, technically and psychologically, linked in an intersubjective mutuality. One does not have all the internal capacities to adapt that the work context demands. And, those around us have a continuous "self impact", greatly promoting or inhibiting one's capacities to change. For people to be truly able to negotiate the multiplicity of self and the resulting value systems around them when leading, one has to be able to:

1. have an additional capacity to empathize with the other;

2. find what part of us identifies with the other (and help the other see that part of her or him that identifies with us); and
3. find those parts of us that connect to what the other values.

Extending the process for each individual within the institutional realm (including stakeholders to the organization) is a daunting task. The challenge is in creating organizational structures that will facilitate the essential innovative and adaptive processes that will ensure that institutions survive and thrive, and simultaneously contain the anxieties generated. It should be noted that the authors do not portend that one can completely understand these processes, only appreciate them, widen one's field of understanding of the events occurring around them, seek help to sort out the deluge of data encountered, and remain hungry to learn as one assumes the role of leadership.

Notes

1. Stephen Mitchell credits Hans Leowald with reconciliation of multiple experiences as a goal of psychoanalysis. For a more complete exploration of the shifting goals of psychoanalysis from the traditional to the contemporary see Mitchell (1993).
2. Recent developments in neurobiology help us understand in more detail the varied levels of brain functioning, which range from conscious aware to unconscious unaware. For a thorough description of this see Damasio, A., (1999). *The Feeling of What Happens*. New York: Harcourt Brace & Company.
3. Derailment refers to "managers failing to make the transitions required to deal with the increasing complexities they face" (Lombardo & Eichinger, 1989).
4. The firm referred to here was consulted to between September 12, 2001 and December 31, 2002 by a team of organizational consultants and clinical psychologists. A core team continues periodic work with the firm.

[Re]thinking leadership in a global economy

Amy L. Fraher

Introduction

For most of us living in the Western world, life has changed markedly over the past few decades. Some of these changes have been of a technical nature, such as the ubiquitous presence of electronics and computers found in all facets of our lives. Other perhaps less visible changes include advances in the biotechnical field such as DNA analysis, cloning, explorations of the human genome, and agricultural “pharming” techniques (Rifkin, 1997). Many of these phenomena were once, in the not-so-distant past, restricted to James Bond movies and the imagination of science fiction writers. Today, they have become commonplace.

In addition to these developments, changes have occurred in the global marketplace perhaps as ubiquitous as computers and as insidious as advances in the biotechnical field. Termed *globalization*, these changes have been influenced most directly by the spread of Western capitalism and the growth of organizations such as the International Monetary Fund (IMF), the World Trade Organization (WTO), and the World Bank.

Although many people applaud these advancements, not every-

one considers the changes brought by globalization to be positive. For instance, on November 30, 1999 tens of thousands of people picketed the WTO's Third Ministerial conference in Seattle, Washington. They claimed to be part of a grassroots democracy movement whose goal is a global revolution that would replace the money values of the current system with the life values of a truly democratic system (Danaher & Burbach, 2000).

The paradox of globalization

Whether one can balance money values with life values in a democratic system is a question that remains central to the globalization debate and will be the topic of this chapter. Most explorations of this question seem to rigidly choose one side or the other: Either one chooses market-based systems of growth, prioritizing money values over life, or one chooses growth limited by presumptively universal ethical principles, prioritizing life values over money values.

The notion that purely capitalistic enterprises such as the spread of McDonald's hamburgers and Disney theme parks throughout the world are "not only compatible with but actively advance democratic ideals" (Barber, 1995, p. 14) remains contrary to many people's thinking. Yet, globalization contains within its processes a double paradox: only when we support life values do we also support money values; at the same time, the support of life values has the potential to undermine money values. As Karl Marx observed in 1852, "The limitation of *capital* [i.e., the system of market production] is that this whole development brings out contradictions" (McLellan, 1970, p. 121).

In other words, if Nike does not provide for workers' needs in China, Nike cannot continue to sustain a profit in America. At the same time, providing for workers' needs may be an ethical and production enhancing imperative, but it also limits Nike's profitability. As Marx so aptly pointed out, "Capital is itself contradiction in action . . . Productive forces and social relationships—the two different sides of the development of the social individual—appear to be, and are, only means for capital, to enable it to produce from its own

cramped base. But in fact they are the material conditions that will shatter this foundation" (McLellan, 1970, pp. 142–143).

An increased awareness of the contradictions of globalization is needed. The recognition that money values and human values, or productive forces and social relationships, are complementary and interdependent is required. While one is not reducible to the other, neither can one be chosen without impacting the other.

This chapter highlights the paradox about relatedness in a global economy in order to explore the implications of globalization for the field of Group Relations. Although Group Relations theories and methods are not a panacea for all the social problems identified by critics of globalization, such theories and methods do have application at the nexus of globalization, leadership, and organizational change. This chapter will explore this connection.

Given the pervasiveness of these global challenges, the questions that remain are: (1) Can our adaptive skills (Heifetz, 1994) as a global community—our ability to communicate, learn, invent, take risks, connect, and seek responsibility—keep pace with the technological advances that have emerged as a result of globalization? And (2) how can the field of Group Relations contribute to the development of this leadership process?

The answers to these questions will not be discovered quickly or easily. As a start, this chapter describes some of the historical roots and present day influences of globalization, examines trends in the development of the field of Group Relations, and relates this history to the leadership challenges confronting contemporary organizations. This chapter concludes with three recommendations that may assist Group Relations theorists and practitioners in responding to the challenges of globalization.

Globalization defined

It is difficult to define *globalization* precisely. Yet, there are some commonly accepted applications for the word. Globalization broadly refers to modes of social, corporate, political, and cultural design that blur traditional lines of social and cultural demarcation and weaken national boundaries in ways that affect nearly every corner

of the globe (Landau, 2001). Although globalization has been described as a contemporary phenomenon, the processes covered by the concept are not entirely new. The roots of today's transnational world economy can be traced back thousands of years to processes of market expansion—colonialization and imperialism—which required the movement of material goods and people, including slaves, around the world (Youngs, 2000).

Even in the more recent past, globalization was central to developments of industry and society. For instance, the Industrial Revolution which began in Great Britain in the late 18th century was the result of technological and social changes that reformed production and revamped culture: the development of steam engines powered by fossil fuels, furnaces used to make metal products, and machines designed to spin threads and manufacture cloth at a rapid pace. Mechanized production fundamentally changed the way work was organized and social and political systems were structured. These advances, among others, spread and were further refined by later innovations such as electricity in the 1880s, the telegraph, chemicals, packaged foods, pharmaceutical drugs, and expanded forms of transportation in the United States.

In these new capital-intensive industries, semiskilled workers were presented with simple routines that required little training while skilled craftsmen were replaced by machines that could do their work cheaper and faster (Chandler, 1977; Mathias, 1983). The stage was set for workers' needs to be subordinated to production demands in order to increase productivity and enhance revenues. Early social critics, such as Marx and Max Weber, complained about the subordination of human needs to the exigencies of capital. Over 100 years later, Seattle demonstrators voiced similar concerns as the debate about money values versus human values raged on.

As an example of this perspective's influence in current globalization debates, a cadre of young economists at Massachusetts Institute of Technology (MIT) in the United States is struggling to understand "why the poorest people [of the world] almost always stay poor" (Altman, 2002, p. C2). Putting aside the traditional approaches inaugurated by the IMF and the World Bank, this group emphasizes grassroots solutions innovated by abandoning "big-picture paradigms" based on exclusively empirical data in favor of conducting fieldwork in developing countries. In a "shift from promoting bulky,

all-encompassing models to building simple truths from field work and the theory of incentives", (Altman, 2002, p. C2) this type of experimental solution illustrates the type of leadership process needed to hone our adaptive skills in order to explore the challenges of globalization.

The field of Group Relations

Social priorities and democratic values

Questions about social priorities and democratic values, such as those raised during the Industrial Revolution or voiced in Seattle, are not new. Examples of these debates, along with experimental solutions, can be found in the history of the Group Relations field in both Great Britain and the United States.

Based, in part, on the notion of using democracy to improve the human condition and on lessons learned through experiments with groups necessitated by manpower shortages during World War II and the postwar period, the field of Group Relations began to explore how to humanize organizational changes wrought by market developments. In debates similar to those argued today about globalization, postwar theorists struggled with the notion of how to facilitate democratic participation in a pluralistic society complicated by the rights of individuals to compete freely in a market. The challenge was whether, and how, market values could be balanced with ethical principles that reflected a sense of responsibility to the community and environment (Lakin, 1976). In response, the Group Relations field emerged as part of a larger social movement interested in using social science to rebuild a postwar social order that would be more democratic and less alienating (Krantz, 1993).

One example is the life and work of Kurt Lewin and his influence on the development of the National Training Laboratories Institute for Applied Behavioral Science (NTL). Lewin fled Nazi Germany for the United States in 1932, after observing firsthand the potential that humanity had for good and evil. Lewin's harrowing wartime experiences resulted in a lifelong commitment to use science to integrate democratic values in society. He believed the application of

social science to organizational life was the only viable means to prevent a recurrence of world war (Freedman, 1999).

As a result of this commitment, Lewin and others at the NTL struggled more than 60 years ago with the very definition of a democratic society, and the boundaries of freedom within it, in ways remarkably similar to those advocated by critics of globalization today. In a similar, yet distinct way, social scientists at the Tavistock Institute of Human Relations (Tavistock Institute) also sought methods of investigation and application that could be used to study and ameliorate society's social problems in the post-World War II period (Dicks, 1970).

Ample evidence exists to demonstrate the early cross-pollination between these two organizations and to describe how influential individuals on both sides of the Atlantic contributed to Group Relations thinking (Back, 1972; Fraher, 2002; Miller, 1993; Trist & Sofer, 1959). Working in concert, but from a distance, early group theorists searched for a conceptual framework in which relationships within groups and organizations could be examined. In the United States, Lewin's work with Ronald Lippitt, Kenneth Benne, and Leland Bradford, in the development of a human relations training laboratory at the historic 1946 NTL conference in Connecticut, had significant impact. In the United Kingdom, Wilfred Bion's theories about people's behavior in groups, based in part on his wartime experiences at the Northfield Hospital, and Melanie Klein's theories about individuals, were also becoming foundational to Group Relations.

During this formative postwar period, the distinctions that now clearly separate the methods of working experientially with groups, as represented by the NTL in America and the Tavistock Institute in London, had not yet crystallized (Fraher, 2002). But by the 1960s, the early collaborative period between the NTL and the Tavistock Institute had waned. By that time, the NTL's approach had solidified into a more individual-centered one that explored relatedness between individuals using sensitivity training and the basic skills training group or T-group (Benne, Bradford, Gibb, & Lippitt, 1975; Neumann, Holvino, & Braxton, 2000). The Tavistock Institute pursued a more group related focus, exploring organizational applications through Group Relations conferences, and focused on the individual only insofar as he or she represented something on behalf of the group

(Neumann *et al.*, 2000). It is this perspective, focusing on organizational application and group representation provided by the Tavistock Institute, which will be most valuable in the further analysis of globalization and is the focus of the remainder of this section.

The Tavistock Institute

In what might be called an historical answer to the chants of Seattle protesters, studies done at the Tavistock Institute in the middle of the 20th century explored the interrelatedness of human elements and technological imperatives within organizations. In these studies, researchers concluded that "human needs, satisfactions and interests could be met in the work situation without sacrificing economic goals, and that alienation in work need not necessarily be a direct consequence of attempts to increase economic efficiency" (Tavistock Institute of Human Relations, 1966, p. 6).

Based on these new theories about the interdependence of human and technical factors in the workplace, Tavistock researchers evolved a unique approach to understanding work in groups. Called a *socio-technical* approach, it entailed "the recognition that the technological and human aspects of work systems are complementary and interdependent, and that one is not reducible to the other" (Tavistock Institute of Human Relations, 1966, p. 6). In the 1940s, 1950s, and 1960s, studies conducted by Jaques, Rice, Miller, Trist, Bridger, and Menzies Lyth, among others, in major corporations, coal mines, textile mills, and hospitals proved influential in the refinement of the concept of the socio-technical system embraced by the Tavistock Institute. As a result, the socio-technical system provided a way to optimize both human relations and technological imperatives within organizations, without sacrificing one to the other.

However, the socio-technical systems approach focused at the level Bion termed the *work group* rather than the wider organization and its environment (Bion, 1961). Further developments in *open systems* theory by Eric J. Miller and A. Kenneth Rice (1967) made it possible to look simultaneously at the relationships between the worker and the group, the work group and the organization, and the organization and its environment. In other words, open systems theory built upon, and expanded, the premise of the socio-technical

system in ways that permitted an understanding of the operation of the organization's internal dynamics as well as interaction with its external environment (Miller, 1993).

Over time, the concepts of the socio-technical approach and open systems theory were amalgamated with those from the psychoanalytic tradition and an interdisciplinary field began to emerge based largely on the pioneering work of the Tavistock Institute. This burgeoning field is referred to as *systems psychodynamics*, a construct explicated by Miller and Rice (1967) in their book *Systems of Organization*. Systems psychodynamics is an interdisciplinary field that attempts to integrate theories and methods from the field of "Group Relations, psychoanalysis, and open systems" (Gould, Stapley, & Stein, 2001, p. 2).

The thrust of the systems psychodynamics perspective is that people create institutions to satisfy many needs, some of which are overt and oriented towards task accomplishment while others are covert, primal, and defensive. All of these needs are present potentially within any group of people and each must be considered when working with organizations. If we are to fully analyze the complexity and implications of relatedness in a global economy, systems psychodynamics offers the most promising approach.

Based on the above analysis, one might assume that the systems psychodynamic perspective should be understood as a set of theoretical ideas that provided the intellectual grounding for further application of Group Relations methods. Yet, one should remember that this intellectual foundation was not created prior to the application work conducted by the Tavistock Institute. Rather, the relationship between theory and practice in the field of Group Relations was symbiotic. Rice (1965) made this point clearly:

In recent years there has been increasing understanding of the behavior of individuals and of groups. But knowing about group processes and human behavior does not necessarily mean that use can be made of the knowledge and understanding. More over, knowledge, let alone its effective use, cannot generally be gained from reading, lectures, or seminars. Both the acquisition of knowledge and learning how to use it required direct experience. (p. 6)

The challenge is how to create a strategic organizational approach

that helps us to understand the global implications of our behaviors while also recognizing the need for organizations to be technically modern, competitive, and flexible in response to market demands. This is where the field of Group Relations in general—and systems psychodynamics in particular—can make its most valuable contributions.

This chapter does not present a strategic organizational model per se. Instead, it will suggest *processes of sense making* (Stacey, Griffin, & Shaw, 2000) through which the development of such a leadership process might occur. In order to begin the discussion of new ways of understanding relatedness in a global economy, one may start with an overview of organizations and leadership, and how these have changed over time.

Changing organizational strategies, structures, and models

Western organizations in the postwar period

The history and impact of Group Relations models have been shaped not only by the political, economic, social, and cultural times in which the different approaches have emerged, but also by the organizational models extant during the development of Group Relations theory and practice (Fraher, 2002). For instance, when the Tavistock model of studying groups and organizations evolved during the 1950s and 1960s, organizations had more hierarchical and homogenous designs than today.

Within capitalist-styled organizations in the West, a typical work setting was one where tasks were specifically delineated; workers reported to one boss, and remained employed at the same organization their entire working lives. During this organizational era, effective leadership had more to do with managing the financial bottom line than modifying the corporate culture. Most skilled employees were white males, many of whom worked for the same companies for their entire careers. Miller (1999) noted, “Work has always provided a core identity for the vast majority of adult males. I work, therefore I am” (p. 98).

Women and minorities usually were relegated to less desirable,

low-paying positions. The result was a homogenous population in each work setting that could be easily managed through traditional practices. Strong cultural norms in the workplace resulted in a cohesive and self-censoring labor group with roots deep in the workforce psyche.

Today's organizations

Today's organizational models tend to be less hierarchical than in the post-World War II era and the composition of the workforce has become more ethnically and sexually diversified. Work tasks are more complex, often requiring teams to work together and to communicate via networks. In these organizational structures, it becomes more difficult to identify the boss because, depending on the task at hand, the leadership role may be shared among many. With these changes, people in authority roles quickly discover that many old assumptions and time-honored business models are inadequate to understand what is going on in their organizations, let alone how to respond (Lewin & Regine, 2000). As a result, one of the most daunting challenges for today's organizational leaders is learning to create a *container* that encourages productive work practices while managing anxiety within a goal appropriate organizational culture (Heifetz, 1994; Heifetz & Laurie, 1997).

The structure and culture of most large-scale companies remains a hindrance to the successful achievement of managed anxiety as senior executives remain distant from the workforce (Miller, 1999). This distance allows management to make guilt-free decisions, often with dire consequences for front-line workers. The remote manager may take the loyalty of followers for granted and remains immune to the implications of his or her actions and policies on company morale.

Some managers realized that this type of structure encouraged self-protectionist responses from workers and often resulted in their psychological withdrawal from the workplace—all counterproductive responses to organizational goals. As a result, the early 1990s saw a series of training programs aimed at reindoctrinating workers based on the assumption that loyalty could be taught. The response

to such programs was mixed at best. Miller's (1999) research showed that companies that tried most aggressively to eliminate negative attitudes may instead have created conditions of greater "resentment, mistrust and suspicion" (p. 107). In fact, Miller contended, "that it is counterproductive to try to make people do anything" (p. 107).

Managing organizational culture and complexity

As one answer to the leadership challenges caused by the changing strategies, structures, and models of today's organizations, some authors identified the need for people in positions of authority within organizations to manage their company's *culture*. For instance, Schein (1985) contends, "that the only thing of real importance that leaders do is to create and manage culture and that the unique talent of leaders is their ability to work with culture" (p. 2). In another example, Senge's (1990) very popular book *The Fifth Discipline* emphasizes that, in order for organizations to maintain the competitive market edge, there is a need to create *learning organizations*. However, Lipshitz, Popper, and Friedman (2002) observe, "organizational learning is not a single process" and is, in fact, "probably more of a visionary rhetorical device than a realizable empirical entity" (p. 94).

In addition to Schein's (1985) and Senge's (1990) work, many other examples of new models of organizational design and decision-making have emerged to challenge top-down management approaches (Goleman, 1998; Goleman, Boyatzis, & McKee, 2002; Lewin and Regine, 2000; Lippitt, 1998; Quinn, 1996, 2000). These authors describe how valuing relationships and fostering an environment that strives for open communication and deep connections can establish a more productive and healthier work environment and perhaps help one to rethink how organizations can better fit into the global picture.

Although few people argue against creating a more open, productive work culture that strives for deeper human connections and develops a learning organization, major stumbling blocks to the achievement of these goals remain. First, leaders can be unwilling to

acknowledge that they lack answers. Second, change can make many people uncomfortable. Third, many adults can be reluctant to learn (Bion, 1961). Nevertheless, most organizational and leadership theories ignore these factors. They downplay the psychological depths of people's resistance to change and discount the ways that such resistance is compounded by today's complex and demographically varied work environment. There is a need to explore how these psychological factors influence relatedness in today's global economy.

Despite the proliferation of proposals for new organizational models and cultures, little attention has been paid to the *process* by which such changes might be inaugurated. The remainder of this chapter will sketch the broad outlines of how Group Relations theories and methods can contribute to the elaboration of such leadership processes.

Can traditional models keep pace?

Since organizational structures, cultures, and workplace demographics continue to change, there is a need for Group Relations approaches to adapt in order to keep pace. These adaptations may prove helpful in understanding the *process* of leadership in response to the needs of the global marketplace. Three claims are hypothesized to fill the gap between existing and needed strategic organizational thinking and Group Relations theory and practice. It is suggested that these changes can help to develop a strategic organizational approach appropriately responsive to the challenges of relatedness in a global economy.

These three claims are: first, continued refinement of *definitions of leadership*, authority, and their influence on organizations today; second, further development of *alternative Group Relations approaches*; and third, continued *development of multidisciplinary applications*. Each of these ideas will be discussed in detail in the following section.

Definitions of leadership

In order to move toward a new strategic organizational approach that might assist in understanding relatedness in a global economy, one must consider whether previous definitions of leadership remain relevant. One must also recognize that organizational demands and the needs and motivations of workers have changed.

Just as the roots of globalization date back hundreds of years, so does the debate over concepts of leadership. Among the earliest sources shaping the traditional definition of leadership was Machiavelli's (1514/1977) work *The Prince*. Although Machiavelli never used the word *leadership*, he endorsed the idea of *princely rule* as an orchestration of specific acts by a talented individual in a power position designed to solicit a specific intended result. This is the standard interpretation of Machiavelli (ten Bos, 2002).

However, Jaquette (2002), Pocock (1975), and ten Bos (2002) argue Machiavelli formulated his advice to princes in the context of a dynamically changing social order and with the awareness that one could not control what would happen in the future, nor rely on godly intervention. In the face of such dynamism and ambiguity, Machiavelli urges princes to be prudential and to not search for a universal standard to reconcile ambiguities. Such a reinterpretation suggests renewed relevance for Machiavelli's understanding of leadership in an age of uncertainty for contemporary scholars as well as for those concerned with the ambiguities of globalization today. Jaquette notes, "Machiavelli teaches that political order does not emerge without human innovation, and he sees it as a prerequisite to all forms of sustained human cooperation" (p. 39).

Today, Machiavelli's formulation is echoed in the pervasive love-hate relationship between managers and followers as best represented by McGregor's (1960) "Theory X-Theory Y" philosophies about human nature. Highly influenced by Elton Mayo's worker efficiency study at Western Electric's Hawthorne plant in the 1920s, McGregor's Theory X assumes that most people prefer to be directed, are not ambitious, and must be closely monitored by management in order to achieve organizational goals. In contrast, Theory Y assumes people are not naturally lazy or unreliable and, conditions permitting, work is as natural as child's play. In the proper environment, people can become self-directed, creative problem-solvers who can

best accomplish organizational goals by directing their own efforts. It is “management’s” main task to unleash each worker’s potential by fostering a motivating environment (Hershey & Blanchard, 1993).

It was not until the mid-20th century that the term *leadership* actually came into vogue, and was then often used synonymously for *management*. Since then, many authors have wrestled with the complex task of defining leadership, often contributing quickly fading buzz-word theories based on certain observable personality traits or inherent characteristics of *greatness*—usually based on a male model. One commonality among most of the more recent definitions is that leadership is a sort of *influence relationship* in which *leaders induce followers to act in mutually beneficial ways* (Burns, 1978; Rost, 1991). These types of influence-oriented definitions have become commonplace as dozens of different definitions of leadership have emerged in recent years (Hughes, Ginnett, & Curphy, 1996; Roach & Behling, 1984).

Yet, even if one were to agree with these definitions, most theorists remain silent about the *process* by which a leader might achieve this *influence-relationship*. It remains clear that the changing demographics, cultures, and structure of contemporary workplaces combine to challenge the applicability of these influence-oriented models of leadership with new ways of thinking about leadership that emphasize process skills over goal achievement. Further refinements of Group Relations approaches, and explorations into the development of new ones, can be the means to achieving a more process-oriented leadership approach called for by the organizational challenges of today’s global marketplace.

Changing Group Relations approaches

This call for continuing to evolve Group Relations approaches is not new. From the earliest days of Group Relations, scholars emphasized the need to continue to develop theories and new ways to work with groups in response to changing organizational demands (Klein & Astrachan, 1971; Klein, 1978). Consequently, a number of different Group Relations theories and models have emerged over the years. In this section, a few of these approaches

will be described briefly to highlight some examples of how people have adapted Group Relations approaches to the changing times.

Lengthy conversations with 13 Group Relations experts provided insights in to the evolution of the field. The participants in this research were Wesley Carr, Laurence Gould, Evangelina Holvino, Edward Klein, Gordon Lawrence, Isabel Menzies Lyth, Eric Miller, Theresa Monroe, Anton Obholzer, Diane Porter, Edward Shapiro, Mannie Sher, and Kathleen White. These informants helped identify characteristics of the alternative Group Relations approaches discussed below as well as future applications and challenges of Group Relations work.

The double-task model

One of the earliest examples of innovations in alternative Group Relations approaches was Harold Bridger's double-task method. Bridger was one of the first to merge and expand early Group Relations approaches, developing his own double-task model in the 1950s based on his experiences with socio-technical methods. A central figure at the historic Northfield Experiments during World War II, Bridger was one of the Tavistock Institute cofounders and directed a number of Group Relations conferences at the University of Leicester (Harrison, 2000; Neumann *et al.*, 2000).

Comparing Bridger's "more democratic ethos" to other models of working with groups, informant Laurence Gould emphasized that Bridger "thought that the tone of the Group Relations conference was a little too stiff, a little too formal, a little too hard edged, and a little too focused on transference to the consultant or the staff to the exclusion of other processes . . . especially with regard to the application of this kind of learning to organizational life" (L. Gould, personal communication, January 7, 2002). Opting instead to develop his own methods, Bridger in his early nineties continued to work collaboratively with the NTL, bringing his version of Tavistock's socio-technical systems theory to their facility in Bethel, Maine (Freedman, 1999).

The third way to group consultancy

In the 1990s, a hybrid Group Relations approach called the *Third Way* emerged that incorporated and expanded on both the NTL and Tavistock theories and practices (Neumann *et al.*, 2000). While innovative, the notion of combining these two experiential group approaches was not new. Harrow, Astrachan, Tucker, Klein, and Miller (1971), Klein and Astrachan (1971), and Klein (1985) all explored this idea decades ago.

Harrow *et al.* (1971) conducted one of the first empirical studies of group methods by examining how the two models differed and how participants perceived the different methods. Klein and Astrachan (1971) focused on “a comparison of the two models, with special attention to the ways in which authority and peer relations are viewed” (p. 659). In 1972, both NTL and Tavistock theories were used once again in a series of leadership training interventions with community leaders from Belfast, Northern Ireland (Klein, 1985). This was, perhaps, the first documented example of an international training program designed to incorporate both NTL and Tavistock approaches into one experiential event. In addition, Alderfer and Klein (1978) reported on the use of both models in exploring leadership dynamics and boundary management in an American Fortune 500 company.

In more recent efforts, Neumann *et al.* (2000) outline the foundational premise of their Third Way approach. They observe that today’s changing organizational demands require a variety of processes in order to operate at peak efficiency. Therefore, the Third Way model incorporates the best of the NTL and Tavistock models, as warranted, when working experientially with groups and organizations.

Complexity theory

Ralph Stacey, professor of management at the Business School of the University of Hertfordshire in the United Kingdom, provides another theory about organizational leadership. In his *complexity theories*, Stacey built upon the systems psychodynamic approach, yet questioned the Tavistock model’s relevance to creativity, contending that its relative inflexibility hampered the harnessing of change.

Stacey's approach encouraged creativity over conformity within organizations, emphasizing that it is possible to find order out of chaos by harnessing "the creative potential of disorder, so giving new insights into the process of change" (Stacey, 2001, p. 94).

The San Diego model

The last approach to be discussed in this chapter builds upon, yet modifies, previous innovations. The San Diego model has been evolving for the past four years at the University of San Diego in California, under the direction of Theresa Monroe, professor of leadership studies.

Similar to the Third Way approach, the San Diego model incorporates both the overt—more individual behavioral elements of the NTL model—and the covert, unconscious elements from the Tavistock model. Yet, the San Diego model also contains elements of Stacey's (2001) complexity theories and the exploration of chaos reflected in conference titles such as: "Leadership for Change: Chaos, Complexity, Resistance, and Courage" and "Human Relations for Leaders: Chaos, Conflict, and Courage". Recognizing the modernity of this approach and its relevance to the changing organizational structures of today, Zachary Green noted Monroe's approach is helpful because it is "more akin to the networked organizations" that are now common in many organizational settings and "more about the space created in the relationship between consultants and members than authority per se" (Z. Green, personal communication, July 18, 2001).

Conclusion

Each of these innovations in Group Relations theories and methods, described above, reflects the recognition that societal and organizational developments require new leadership processes to initiate and adapt to change; a one-size-fits-all approach is not appropriate. Yet, a critical factor in the successful adaptation of Group Relations theory to the study of organizational change is a renewed emphasis on the development of application-driven approaches oriented towards next level thinking—the topic of this next section.

The future is in application and next level thinking

Fraher (2002) identified the importance of continued efforts to develop multidisciplinary applications for Group Relations theories and practices in order to sustain its relevancy to today's organizations. As one Group Relations scholar, Wesley Carr, suggested, the future of Group Relations work lies in its application: "What we need is people who can do the next level of thinking, which is how to apply this thinking in various institutions . . . bringing about some sort of change" (A. W. Carr, personal communication, January 14 2002). Evangelina Holvino, another informant, agreed, emphasizing that using Group Relations methods to highlight relevant social, as well as organizational, issues in new forums is pivotal to its future success.

Other informants suggested that one "next level of thinking" about application for Group Relations theories and practices might be its application to educational programs—more specifically graduate degrees and leadership studies programs. Edward Shapiro observed "Understanding organizational dynamics, understanding systems theory, and the nature of irrationality in organization, I would think, would be a core requirement for leadership" (E. Shapiro, personal communication, February 12, 2002). Theresa Monroe agreed, adding that the potential for application of Group Relations theories and practices in the field of leadership studies is unlimited and largely untapped. She contended that the experiential nature of Group Relations events is an invaluable teaching tool: "I just don't believe you can teach leadership without this experiential component. It's like the example I use all the time about trying to learn how to ride a bicycle by reading a manual about it. I think too many leadership programs are trying to read a manual and then thinking you can do it" (T. Monroe, personal communication, January 3 2002).

Many informants discussed a need to find new ways, more in keeping with current fast-paced lifestyles, to expose people to Group Relations theories and practices. Carr, Holvino, Obholzer, Porter, Sher, and White all commented on the different effects of long or short conference formats on member learning. Many remained optimistic that each format provided a unique learning experience that could not be replicated in the other. Given these

informants' comments, it seems clear that the future of Group Relations lies in exploring how to maintain its relevance to today's organizational models and social issues in ways that can be effective for long-term learning without being overwhelmingly time consuming or costly.

Obstacles inside and outside the field

With so many experts in agreement that this methodology can contribute to the leadership needs of today's organizations, one question remains largely unaddressed: What are the obstacles to the growth of this field and a wider application base? Shapiro has some thoughts about why prospective clients and their organizations may not enthusiastically embrace this methodology:

Who wants to learn things that are painful? Who wants to learn ways in which you are not in control of your life, and who wants to know how you are used by others in ways that you can't do anything about? People don't really—nobody wants to know that. It doesn't sell in America. What sells is: This is how you get the right answer.

(E. Shapiro, personal communication, February 12 2002)

In addition to clients being resistant, Gould observes why some consultants also may not enthusiastically embrace the organizational application of the Group Relations methodology. He provides a hypothesis about why there continues to be such a struggle in the United States for Group Relations people to apply their work:

Psychoanalysis has done a terrific job of shooting itself in the foot in terms of the larger society. It has become a kind of priesthood and as if we have almost literally a pipeline to the human condition that nobody else can really share or have if they're not analysts. So I think there is a whole complicated issue about our own feelings, and again authority is not unimportant here, around counter-transferences to the commercial world . . . I think most people who come from mental health are really terrified to walk into a board room where there are really "high powered" people who know business because mental health people don't know much about business and institutions . . . most clinicians would feel incredibly deskilled, incompetent, out of their world.

(L. Gould, personal communication, January 7 2002)

Given these two hypotheses about the challenges of application, one solution might be to develop collaborative multidisciplinary teams, which could combine the psychological insights that a clinician provides with the organizational insights that a person with business experience could bring.

If the message is clear that the future of Group Relations work lies in its ability to find ways to apply its theories and methods to emerging social issues such as globalization, the use of collaborative teams may be a way to facilitate a more global application of Group Relations philosophies and a clearer understanding of the process of leadership.

Concluding thoughts

This chapter suggested a process by which one might balance money with life values in a democratic system by embracing the apparently contradictory elements of globalization. It revealed that the paradox of globalization is that only when one actively supports life values can one also support money values. It also provided examples from Group Relations history, theories, and methods in order to illustrate possible ways to proceed in thinking about *the process of leadership* in a global economy. Although not a panacea for all the social problems identified by critics of globalization, this chapter suggested how Group Relations theories and practices had, and continue to have, application in the complex, fast changing dynamics of today's competitive economic/political marketplace.

This is only a start. Given the pervasiveness and the seeming intractability of today's global changes, many concerns remain: Can leaders recognize that leadership is not only a *role* but also a *process*? Are leaders willing to accept the globalization challenge to hone further their adaptive skills so that social relationships and life values can be balanced with productive forces and money values? How can the field of Group Relations best find relevancy at the nexus of globalization, leadership, and organizational change?

AFTERWORD

Edward B. Klein

Massive social changes have brought prosperity to many individuals, groups and nations in the global economy. Technological developments continue to facilitate the transformation of our personal and work lives. Some aspects of the global society are a reality. More employees are working in teams connected technologically throughout the world. Many have participated in lengthy, sometimes disconnected, teleconferences involving managers in numerous countries, in various time zones on different continents. How we understand the dynamics of such virtual environments are challenges for workers, executives and consultants.

Institutional transformation often involves a process of continuous change, which by its very nature is exciting and a challenge to all parties. Flexibility on the part of executives and consultants is called for in this time of rapid change. Given the speed of communication, it is often hard to think about more complex dynamics which influence decision-making. Organizational consultants using systems psychodynamics offer CEOs, managers and workers a space to think about and understand complex global issues.

The introduction to this book raised three questions about the usefulness of a thoughtful systems approach to organizational life:

1. How can a combination of social system and psychoanalytic theories help us understand the dilemmas of relating in a complex, competitive economy? Maltz and Witt understood the dilemmas at the individual level, in describing the openness of a CEO in providing effective leadership to a damaged company. Gabelnick understands these dilemmas at the family level, by using family systems theory in understanding a French family business. Fraher understands these dilemmas at the group level, by noting the importance of the application of group dynamics theory in the global economy. Penwell understands them at a cultural level, by noting elements that enhance global identification.
2. How can systems psychodynamic authors apply their theories to the market place? Stapley suggests how a consultant can help a British firm cope with its negative *global-economy-in-the-mind*. Dagleish and Long do by describing how a South Asian corporation's fear of the market place interferes with its ability to function under stress. Klein helps the leadership group of a multinational company understand the role of a scapegoat, which then frees them to be more effective.
3. Using these theoretical perspectives, can consultants affect how we relate in the new economy? Viswanath and Gouranga highlight the use of grassroots methods to try to help the Dalits (untouchables) benefit from globalization. Smith notes how sensitive developed nations need to be to ensure that Mongolian, Madagascan and Australian Aborigine cultures are included in collaborative activities that ensure that the groups, until now left out, can participate in the global economy.

A number of developing nations (e.g., Chile) have shown that under the right conditions, globalization can lift poor people out of poverty. Many people will never be helped by globalization, but millions could benefit right now if IMF and WTO policies, and the practices of some developed nations, were not fashioned only to help rich companies and nations. Globalization can work if it is not seen as the end goal but as a means to help provide health, education and welfare to the developing nations of the world. As the

authors of this book show, greater sensitivity to cultural issues could also facilitate technological advances in less developed countries.

Prahalad and Hammond (2003) note that multinational corporations (MNCs) can serve the world's poor profitably and help create a more stable, less dangerous world. Over four billion people earn less than \$2,000 a year. Though individual income is low in underdeveloped nations, the aggregate buying power is high, representing an important market for satellite television, wireless phones and so forth. MNCs can lower costs both through low-cost labor and transforming innovations developed to serve current operations. The biggest changes needed are for CEOs to face their own negative attitudes about high-volume, low-margin businesses. Even though there are many economic obstacles, new thinking by corporate leaders can bring less developed nations into the global economy in a more constructive fashion and thereby decrease the gap between the haves and have nots of the world.

On a more speculative note, Eidelson and Eidelson (2003) focus on the parallels between the core beliefs of individuals and the collective worldviews of groups that may trigger violence. The authors suggest that superiority, injustice, vulnerability, distrust and helplessness are the most likely to produce conflict. Taking a dynamic social systems perspective, business, community, governmental, health, and NGO leaders can address these attitudinal domains to bring underdeveloped, often marginalized, groups and nations into the global economy. Such a sophisticated approach should increase the chance of more collaborative interactions and decrease the stereotyping of both first world and third world groups and nations.

Interestingly, there are parallels between developing and developed countries. Just as in developing countries, within developed nations there are also winners and losers in the global economy. More broad based education is needed in first world nations among poor and minority groups to ensure that there is access to information and technology that allows for fuller and informed participation in an open society. Otherwise there is greater alienation from the larger society, which is often reflected in poor voter turn out in national elections in America and other western nations.

With both greater interdependency and downsizing, in technologically developed nations, leaders face mounting problems in helping employees carry out work tasks. There is less certainty in a

fast changing world, which produces greater anxiety. Leaders are challenged by these developments to create a learning environment to facilitate growth among the work force. No matter what organizational structures develop in the future, we expect that leaders with an open personal style who employ consultants with a systems psychodynamic perspective should do well in the global economy of the 21st century.

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INDEX

- Aborigines
 - impact of global learning
 - methods on traditions, 75–8
 - socio-cultural characteristics, 72–5
 - 'adaptive leadership' (concept), 180–82
- adult development theory
 - case study of application to business development, 150–64
- aid, international
 - failure in Madagascar, 70
- AIDS
 - need for international collaboration to combat, 145
- Alderfer, C., 59
- Aldred, C., 140
- Ambeddkar, B., 45
- anxiety
 - executive response to financial markets, 108–16
 - inter-group psychosocial dynamics, 132–3
 - psychological defences against, 91–9
- Ambirajan, S., 31–2
- apprehension (interpersonal psychoanalytic theory), 177–8
- Aram, E., 20
- Armstrong, D, 11–12, 17
- Arthur Andersen (accountancy firm), 171–2
- assets (financial)
 - dynamics of, 104
 - lack of control as barrier to industrial planning, 84–5
- authority
 - as leadership role, 182–3
 - psychodynamic organization theory approach to, 173–4
 - 'authority' (concept), 12, 19
- Bain, A., 22–3
- Ballmer, S., 181
- Bangalore
 - case study of software production
 - globalization, 37–43, 51–2, 52–3
- Benne, K., 195
- Berardino, J., 171–2, 181
- Bergman, A., 160
- Billig, M., 134
- Bion, W., 12, 15–17, 127, 128–9, 167, 195
- 'boundaries'

- characteristics, 12, 18–19
- lack of in disease spread, 59–62
- theoretical organization and development, 58–9
- threat of non-regulation to disease spread, 62–3
- 'boundaryless' organizational systems
 - organization and development, 58–9
 - role in disease spread, 59–62
 - see also* globalization
- Bradford, L., 195
- Bridger, H., 204
- Buffet, W., 103
- bureaucracies, political
 - role in Egyptian pyramid development, 140–44
- businesses
 - case study of share price collapse, 111–16
 - challenges and changes within globalised environment, 150–64
 - organizational drivers, 110–11
 - psychosocial
 - characteristics/dynamics, 86–7, 91–9
 - see also* competition, inter-group and organizational; conflict, organizational; social responsibility
- capital (finance)
 - dynamics of, 104
 - lack of control as barrier to industrial planning, 84–5
- capitalism
 - values surrounding vs. life values, 191–2
- Carr, W., 207
- case studies
 - application of systems psychodynamics, 24–30
 - business relatedness, 150–64
 - computer production
 - globalization, 36–51, 51–2, 52–3
 - executive fear of financial markets, 110–14
 - political/psychosocial
 - organization in development of pyramids, 140–44
 - protection from globalization effects, 45–51, 52–3
 - share price collapse, 111–16
- Chattopadhyay, G., 34
- children, homeless
 - barrier to Mongolian socio-economic development, 66–7
- collaboration, global and international
 - necessity for disease control/scientific endeavour, 145
 - necessity for environment protection, 144–5
- collectives, not-for-profit
 - case study of protection from globalization effects, 45–51, 52–3
- companies
 - case study of share price collapse, 111–16
 - challenges and changes within globalised environment, 150–64
 - organizational drivers, 110–11
 - psychosocial
 - characteristics/dynamics, 86–7, 91–9
 - see also* competition, inter-group and organizational; conflict, organizational; social responsibility
- competition, inter-group and organizational
 - management of, 87–99
 - psychosocial dynamics, 133–9
- complexity theory (group relations) (Stacey), 205–6
- computers and computerization
 - case study of software production
 - globalization, 37–44, 51–2, 52–3
 - impact on unpredictability of industrial planning, 83
- conflict, inter-group
 - psychosocial dynamics, 133–9
- conflict, organizational
 - management of, 87–99
 - psychological defences against, 91–9

- 'container-contained' (systems psychodynamics), 12
- control, disease
 - boundary regulation need, 62–3
 - international collaboration need, 145
- cultures and customs
 - Aboriginal-settler mismatch, 72–5
 - management within
 - organizations, 87–8, 200–201
 - organizational types, 20–21
- Dalits
 - case study of protection from globalization effects, 45–51, 52–3
 - characteristics, 45
- 'dependency'
 - emotional response to leadership, 15–16
 - organizational culture concept, 20–21
- Dirlik, A., 35
- diseases, animal
 - boundary regulation need, 62–3
 - role of 'borderless' globalization in spread, 59–62
 - see also* foot and mouth disease
- diseases, human
 - need for international collaboration in control, 145
- double task model of group relations (Bridger), 204
- Dynamic Consultation in a Changing Workplace* (Klein), 23
- dynamics, psychosocial
 - influence of personal identity, 128–31
 - inter-group, 131–2
 - of employees, 91–9
- economies, global
 - unpredictability as barrier to industrial planning, 81–2
- education
 - application of group relations theory, 207
 - role in environment protection, 70–72
 - see also* learning, patterns and methods; training, personnel
- Edwards, I., 140
- Egypt
 - political and psychosocial organization in pyramid development, 140–44
- Eichinger, R., 185
- Emery, F., 102, 120–21
- Emery, M., 102
- empathy
 - necessity as leadership quality, 186–8
- employees
 - psychological impact of management responses, 117–18
 - psychosocial characteristics and dynamics, 86–7, 91–9
- Enron Corporation, 104
- enterprises *see* companies
- environments, industrial
 - unpredictability of, 81–5
- environment, natural
 - fragility in Madagascar, 69–70
 - protection *see* protection, environment
- executives
 - personal qualities required, 183–4, 186–8
 - psychological responses to market uncertainty, 103–4, 108–16, 118–19
 - see also* leadership
- exploration, space
 - need for international collaboration, 145–6
- families
 - relatedness within family business environment, 150–64
- family systems theory
 - case study of application to businesses, 150–64
- fear
 - executive response to financial markets, 108–16
 - psychological defences against, 91–9
- Fifth Discipline, The* (Senge), 200
- 'fight-flight'
 - emotional response to leadership, 16

- organizational culture concept, 20–21
- finances
 - unpredictability as barrier to industrial planning, 81–2
 - see also* capital (finance)
- Fiscalini, J., 176–8, 179–80
- foot and mouth disease
 - containment in Kenya, 62–3
 - evolution and control in UK, 59–61
- forests
 - fragility in Madagascar, 69–70
- Fraher, A., 207
- Friedman, V., 200
- fulfilment (interpersonal psychoanalytic theory), 177–8
- Gabelnick, F., 19, 23, 24
- 'global-economy-in-the-mind', 94–5
- globalization
 - barriers to socio-economic inclusion, 65–8
 - characteristics and influences, 31–6, 45–51, 52–3
 - definition and history, 192–4
 - facilitators for, 146–7
 - relatedness paradoxes, 191–2
 - see also* 'boundaryless'
 - organizational systems; markets, globalized
 - see also recipients eg* industries, steel; information and communications technology; non-governmental organizations
- 'globalization-from-above/below' (Falk), 33–6
- Goleman, D., 184–5
- Gould, L., 22–3, 23, 208
- 'grassroots globalization', 34–6
- group relations levels (systems psychodynamics), 15–17
- group relations theories
 - concerning leadership, 203–6
 - future applications, 207–8
 - historical development, 194–8
 - obstacles to enhancement, 208–9
- groups
 - inter-group dynamics, 131–3
 - organizational structure and dynamics, 127–8
 - see also* valencies
- growth, capitalist values surrounding vs. life values, 191–2
- Harrow, M., 205
- Hawass, Z., 140
- Heifetz, R., 180
- Herr, P., 23, 24
- homelessness, child
 - barrier to Mongolian socio-economic development, 66–7
- humans
 - diversity as element in industrial management, 85
 - interrelatedness with technology, 196–7
- ICT (information and communications technology)
 - as facilitator for global change, 146–7
- identity, personal
 - and organizational change, 178–9
 - influence on group dynamics, 128–31
- ImClone Systems, 168–9
- India
 - case study of protection from globalization effects, 45–51, 52–3
 - case study of software production globalization, 37–44, 51–2, 52–3
- industries
 - barriers to development, 81–5
 - case study of drivers for financial success, 110–11
 - case study of share price collapse, 111–16
 - employee psychosocial characteristics/dynamics, 86–7, 91–9
 - see also* competition, inter-group and organizational; conflict, organizational; markets, customer; markets, financial

- industries, computer software
production globalization, 37–44,
51–2, 52–3
- industries, steel
impact of globalization, 80–81
- information and communications
technology (ICT)
as facilitator for global change,
146–7
- innovation
management within
organizations, 90
- ‘institution-in-experience’ (Long
and Newton), 23
- interests, local social
changing expectations as barrier
to industrial planning, 82
- interests, organizational
management of, 88–90
- internet
barrier to socio-economic
development, 65–6
- interpersonal psychoanalytic
theory, 174–8
- Jaquette, J., 202
- Kenya
foot and mouth disease control,
62–3
- Kets de Vries, M., 20–21, 164
- Klein, E., 19, 23, 24
- Klein, M., 12–13, 15, 130, 133, 134,
167, 195
- Krantz, J., 19, 23–4, 29
- Lawrence, W., 22–3
- leadership
application of psychodynamic
organization theory, 172–4
challenges within organizations,
168–72, 199–200
definition and characteristics,
12–13, 19–20, 202–3
paradigms of styles, 182–8, 184,
185
responses to failed, 15–17
theories of, 203–6
see also ‘adaptive leadership’;
managers
- learning, patterns and methods
mismatch between global and
Aborigine traditions, 75–8
- Levinson, D., 153, 156
- Lewin, K., 194–5
- Lewin, L., 139
- lifestyles
values surrounding vs. money
values, 191–2
- Lippitt, R., 195
- Lipshitz, R., 200
- Lombardo, M., 185
- Long, S., 23, 105–6
- McGregor, D., 202–3
- Machiavelli, N., 202
- Madagascar
socio-economic importance, 68–9
see also aid, international; forests;
protection, environment
- Mahler, M., 160
- ‘mainstream globalization’, 33–4
- Maltz, M., 187
- management, personnel
challenges within organizations,
199–200
see also leadership
- managers
personal qualities required, 183–4,
186–8
psychological response to market
uncertainty, 103–4, 108–16,
118–19
see also leadership
- Managing the Unknowable* (Stacey),
182
- markets, customer
characteristics and dynamics,
105–7
- markets, financial
importance, 107–8
organizational characteristics,
102–7
psychological responses of
managers, 108–16, 118–19
- markets, globalized
role in disease spread, 61–2
unpredictability as barrier to
industrial planning, 81–2
- Marx, K., 191, 193

- Mathur, A., 36
 Mayo, E., 202
 Mead, G., 174
 mental maps (Gould), 23
 Menzies, I., 20
 Microsoft Corporation, 181
 Miller, D., 20–21
 Miller, E., 19, 164, 196, 197, 198
 Miller, E.J., 21, 22
 Minuchin, S., 155
 Mitchell, S., 174–7
 models
 group relations theory, 204–6
 leadership *see name eg* ‘adaptive leadership’
 organizational design, 198–201
 Mongolia
 barriers to socio-economic development, 65–8
 political history, 63–5
 Monroe, T., 206, 207
 ‘multiple selves’ (interpersonal psychoanalytic theory), 174–7
 Murray, H., 21–2

 National Training Laboratories
 Institute for Applied Behavioral Science (NTL), 194–5
 Neumann, J., 205
 Newton, J., 23
 Non-Governmental Organizations (NGOs)
 case study of protection from globalization effects, 45–51, 52–3

 ‘oneness’
 emotional response to group relations, 16
 ‘open systems’ (organizational concept), 18
 open systems theory
 historical development, 196–7
 ‘organization-in-the-mind’ (Turquet), 23, 94
 organizations
 changing organization and structures, 198–200
 evolution of psychodynamic theories, 167–8

 humans-technology
 interrelatedness within, 196–7
 relationship with markets, 105–7
 structure as facet of group dynamics, 127–8
 see also competition, inter-group and organizational; conflict, organizational; cultures and customs; interests, organizational; leadership; profits, organizational
 see also type eg businesses
 organizations, political
 psychosocial organization in Egyptian pyramid development, 140–44

 ‘pairing’
 emotional response to leadership, 16
 organizational culture concept, 20–21
 Pine, F., 160
 planning, industrial
 barriers to, 81–5
 Pocock, J., 202
 politics, global
 organization of in Egyptian pyramid development, 140–44
 unpredictability as barrier to industrial planning, 83–4
 Popper, M., 200
 ‘primary tasks’ (concept), 12, 17–18
Prince, The (Machiavelli), 202
 production, industrial
 case study of globalization, 37–43, 51–2, 52–3
 profits, organizational
 management of, 87–91
 protection, environment
 need for global collaboration, 114–5
 role of education in Madagascar, 70–72
 psychoanalytic theory (interpersonal), 174–7
 psychodynamic/individual levels of systems psychodynamics, 13–15, 17–21
 psychodynamic organization theory

- application to organization leadership, 172–4
- psychodynamics, interpersonal and organizational
 - evolution of theories, 167–8
 - inter-group application, 131–2
- psychodynamics, systems *see* systems psychodynamics
- Psychodynamics of Leadership* (Klein), 23
- pyramids, the
 - political and psychosocial organization in development of, 140–44
- Raghavan, S., 62
- ‘rapprochement’ (Mahler), 160
- regulation, boundary, 62–3
- relationships
 - group theories *see* group relations theories
 - human vs. technology within organizations, 196–71
 - lifestyle vs. money values, 191–2
- resilience
 - need in organization management, 183–4
- responsibility, social
 - management of within organizations, 87–91
- Rice, A., 19, 196, 197
- roles (organizational concept), 21
- Rose, G., 161
- San Diego model of group relations, 206
- Schapiro, E., 208
- Schein, E., 134, 135–6, 200
- Seasons of a Man’s Life* (Levinson), 153
- Senge, P., 164–5, 200
- shares (financial)
 - case study of collapse of, 111–16
- Sherif, M., 134
- skills, organizational
 - as driver for survival, 125–6
- Slater, P., 126
- ‘social defenses’ (systems psychodynamics), 13
- social responsibility
 - management of within organizations, 87–91
- socio-technical systems approach to organizations, 173–4
- software, computer
 - case study of production globalization, 37–44, 51–2, 52–3
- Stacey, R., 182, 205–6
- Stapley, L., 86
- Stephan, C., 132–3
- Stephan, W., 132–3
- stress
 - psychological defences against, 91–9
- structures, organizational
 - as facet of group dynamics, 127–8
- Sullivan, H., 174, 176
- systems level
 - of systems psychodynamics, 17–21
- Systems of Organization* (Miller and Rice), 197
- systems psychodynamics
 - definition and characteristics, 11–15, 17–21
 - development history, 21–4, 197
 - see also elements eg* ‘container contained’; group relations levels; ‘social defenses’
- Tajfel, H., 131–2, 134
- ‘task and social roles’ (systems psychodynamics), 13
- Tavistock Institute of Human Relations
 - group relations theories development, 17, 167, 195–8
 - role in systems psychodynamics development, 21–4
- technologies
 - interrelatedness with humans, 196–7
- technologies, information (ICT)
 - as facilitator for global change, 146–7
- theories, behavioural *see name eg* adult systems theory; group relations theories; systems dynamics

- 'Theory X–Theory Y' philosophy (McGregor), 202–3
- Third Way* model of group relations, 205
- timespans, manufacturing
 - barrier to industrial planning, 82–3
- training, personnel
 - historical development, 194–6
- 'transitional objects' (Winnicott), 161
- Trist, E., 21–2, 120–21, 146, 173
- Turquet, P., 23

- Ungood-Thomas, J., 59
- unpredictability, environment
 - barrier to industrial management, 81–5

- valencies
 - impact on group dynamics, 130

- values (individual and collective)
 - relatedness paradoxes, 191–2
- vignettes
 - executive fear of financial markets, 110–14

- Waksal, S., 168–9, 175
- Waterhouse, R., 59
- Weber, M., 193
- Weick, K., 128
- William Alanson White Institute, 168
- Winnicott, D., 15, 160–61
- workplaces
 - changing organization and structures, 198–200
 - see also* employees
- WorldCorp, 104
- worldwide web
 - barrier to socio-economic development, 65–6

