

**SWP 3/96 PSYCHOLOGICAL DYNAMICS AND
ORGANISATIONAL LEARNING:
FROM THE DYSFUNCTIONAL ORGANISATION
TO THE HEALTHY ORGANISATION**

**DR.KIM JAMES, MICHAEL JARRETT and DR.DONNA LUCAS
Cranfield School of Management
Cranfield University
Cranfield
Bedford MK43 0AL**

Tel: +44 (0)1234 751122

Fax: +44 (0)1234 751806

Tel: +44 (0)181 742 0558

Fax: +44 (0)181 742 0553

The Cranfield School of Management Working Papers Series has been running since 1987, with approximately 415 papers so far from the nine academic groups of the School: Economics; Enterprise; Finance and Accounting; Human Resources; Information Systems; Logistics and Transportation; Marketing; Operations Management; and Strategic Management. Since 1992, papers have been reviewed by senior members of faculty before acceptance into the Series. A list since 1992 is included at the back of this paper.

For copies of papers (up to three free, then £2 per copy, cheques to be made payable to the Cranfield University), please contact Wayne Bulbrook, Assistant Research Administrator, at the address on the back of this booklet.

Copyright: James, Jarrett & Lucas 1996

ISBN 1 85905 086 7

Abstract

This paper explores the notion of organisation health as a factor contributing to the organisation's ability to learn and create its future. Ill health or dysfunctionality is seen as blocking learning and change. The authors develop a diagnostic map, drawn from a psychodynamic perspective. This map aims to help change consultants pin-point the blocks to a healthy organisational culture in order to be more specific in their interventions to the client system.

Psychological dynamics and organisational learning; from the dysfunctional organisation to the healthy organisation.

"The word health has the same roots as 'whole' (the old English 'hal' as in "hale and hearty"). Like people, organisations can get sick and die. They also need to be cured and healed. Yet, like physicians who focus only on their speciality, most consultants operate from the analytic tradition. They fragment complex situations into symptoms, and rarely inquire into the deeper causes of problems: how we learn and act together with a sense of shared inspiration. Consequently, management experts have very little ability to influence organisational health." Kofman and Senge (1993) p8.

In this paper, an analogy is drawn between individual experiences of psychological ill-health and seeking help from a psychologist, and the similar experience of organisations feeling pain and anxiety and seeking help from an organisational consultant. When a client complains of depression, the attending psychologist needs to explore what lies behind this statement and form an opinion about the best way to help this person. Similarly, when an organisational consultant is told by a client organisation that the current situation is uncomfortable and difficult, he or she needs to hypothesize about what lies behind this statement and form an opinion about the best way to intervene. Without being judgemental, the psychologist or organisation consultant must in either case have some framework or methodology on which to base their diagnosis. Without expert diagnosis, treatment or intervention is merely a random and hopeful gesture to help the client: "Take some pills", or "Do a team building exercise." The more explicit this diagnostic framework, the more it can be refined, developed, and refuted in the light of experience.

Building on the work of organisational psychologists such as Howard Baum (1987) Ian Mitroff (1987) and Manfred Kets de Vries (1986), this paper introduces a map for diagnosing organisational health and sickness from a psychodynamic perspective. This map is intended to help those who help organisations to identify factors blocking the organisation from utilising its full learning capacity. In this way, it attempts to give a direction for consulting interventions. Key aspects of organisational experiences and relationships in terms of the kinds of thinking, emotions and structures which can create healthy organisations compatible with processes needed in learning organisations are explored within the model. It compares these with unhealthy and dysfunctional organisations in which most learning is survival learning.

There are many other frameworks for diagnosing organisations (Weisbord, 1976, McKinsey 7-S model, Nadler and Tushman, 1977). The model presented here offers additional insight by taking a psychodynamic perspective into exploring the deeper causes of organisational problems. This perspective acknowledges the use of unconscious processes and examines the roots of interpersonal and group processes. These are concepts which have their root in the individual level of analysis (Klein 1959, Freud, 1921).

In this paper, these concepts are applied to organisations. The link being made between individual psychology and organisational dynamics is clearly metaphorical, not literal. However, applying this metaphor has proven to be helpful in observing and diagnosing organisational issues. Certainly, caution must be applied in taking this metaphor beyond the limits of analogy.

From Dysfunctional to Functional Organisational Learning

Senge (1990) describes a learning organisation as one which is continually expanding its capacity to create its future. Pedler, Burgoyne and Boydell (1991) define it as an organisation which facilitates the learning of all of its members and continually transforms itself. Senge (ibid) also describes learning as a mindshift;

"to grasp the meaning of metanoia is to grasp the deeper meaning of learning, for learning also involves a fundamental shift or movement of mind."(p.13)

In order that the organisation is able to engage in the discipline of dialogue, to commit itself to fundamental shifts of mind, or to have the energy to continually transform itself, its culture must be relatively free of many of the energy draining games of blaming, defending, justifying and explaining which prevent learning and inhabit so much of the 'normal' working day. To engage in a mind shift requires the community, or company, to be willing to explore and examine firmly held assumptions and beliefs in a process that requires suspension of suspicion and argument (Schein 1993).

In our consulting experiences in organisations, we have found a need to understand those processes which would prevent the organisation from paying more than "lip-service" to interventions which might be designed to create shifts in the culture or mind set of the organisation. In order to explore this the notion is offered that the organisation can be more or less functional and healthy or more or less dysfunctional and unhealthy. This is analogous to the way in which an individual might be described as more or less emotionally healthy or more or less neurotic and psychologically unhealthy. In using the notion of developing organisational health, parallels are drawn with the processes of personal development with which many managers have become familiar. In personal development, dysfunctional behaviour or attitudes are those which the client recognises, or comes to recognise, as those which inhibit their capacity to achieve what they set out to do. Similarly, in working with organisations, "dysfunctional" is what prevents the organisation from being able to focus and achieve tasks. In this sense, "dysfunctional" is not a label indicative of right, correct or moral behaviour.

The judgment that there is some form of dysfunction within an organisational system is implicit in the organisation's request for a consulting intervention. In this way, the consultant is not making a judgment about the health or dysfunction of the client company, the client company itself is asking for assistance in bettering a situation.

However, the map developed in this paper provides a starting point for those working with the presenting symptoms of an organisational dysfunction to identify the underlying causes of these problems. In this way, it helps to:

- a) make a diagnosis of where dysfunctionality seems to be occurring, and
- b) provide guidance as to what kind of interventions to make next.

Before introducing the map, two very different consulting experiences are presented in order to illustrate the flavour of the differences between a relatively healthy and relatively dysfunctional organisation.

Two consulting examples

Both of the examples chosen took place at the entry phase of the consultant's intervention. In fact, both took place at initial meetings when the consultants were first introducing their proposals for the work to be done. This is a key time for important insights to be gained about the culture of the company, as the impact of the culture is often heightened and most forcibly apparent at this stage. It is inevitable that some of

that initial awareness is lost later as the consultant becomes socialised within the organisation. Taking a psychodynamic and "clinical" perspective, the initial contact with the client organisation informs the consultant about possible latent issues that exist. For example, the way the client behaves towards the consultant, how colleagues within the company relate to each other, the subtext of interactions, the client's projections and the feelings experienced by the consultant are all rich sources of data which are most noticeable at this stage (Schein 1987, Kahn 1993). As Schein writes:

" .. it is the observed anomalies, blank looks in response to simple questions, defensive denial and counterarguments, and various other kinds of emotional responses that occur in reaction to my own behaviour that are the most valuable sources of insight into what is going on."
(1987)

Both of the cases involve public sector organisations in which an initial presentation of an organisational development process was made to the top team. Organisation A provided a range of borough-wide public services and Organisation B was in the public health service. Both agencies had to make a decision about whether to proceed with the process or not.

Organisation A

We arrived in plenty of time for our 9.00 meeting, but somehow still had the impression we were late. Visitor badges were duly distributed, and we were ushered into a room marked "Directors" where we were told by the unsmiling receptionist that we could have tea and "prepare".

Although well-seasoned at presenting bids to potential client organisations, we both felt nervous as we went through our overhead slides and hastily-made notes about the organisation.

The senior managers entered with a degree of pomp. Handshakes all around, but very little in the way of smiles or welcome. In fact, presenting to them was very hard work, with our jokes met by stony silence. Each member took up explicit and assigned roles - "the hard man", "the facilitator", "the pragmatist", the woman "note-taker" All of the questions they posed had been already answered in our proposal, but they seemed to need to ask them as part of a recognised ritual.

When we had the chance to speak with middle managers of the organisation, to whom our programme would be delivered, it became clear that they knew little of the information we had been privy to in designing our proposal. Information we had about the strategic direction of the organisation was met with blank stares as they had only seen it themselves the day before. The document was over a year old!

Both senior managers and middle managers hinted that the culture of the organisation was difficult to work with, and both groups were interested to know how we would deal with "trouble-makers". A dependent fantasy began to emerge that the consultants were going to be 20th-century knights and rescue them from their plight and the internal "bad guys".

At the end of the meeting with both senior and middle managers, we were ushered back into the Directors' room to be told "We'll let you know our decision". In fact, the contract was won.

The culture of the organisation felt closed, internal looking, with formalised authority relations and hints of paranoia and dependency. The present capacity for organisational learning seemed low.

Organisation B

Prior to giving our presentation, we were invited to have an informal lunch with the Chief Executive Officer (CEO) and the initial contact person on the management board. Both greeted us warmly, and over lunch a wide range of issues was discussed. These included the strengths and weaknesses of the organisation as they saw them, and even the shortcomings of their own management styles. They explained the workings of the senior management team, which comprised nine members responsible for strategic implementation, with four forming an "inner core" responsible for strategic direction.

We enjoyed giving the presentation, which was welcomed with interest and enthusiasm. There was considerable engagement with the ideas of the programme as well as humour and a liveliness that generated creative development and ideas on the core presentation. People's reactions to the proposals were discussed openly and the decision-making was done in our presence. "We are not going to ask you to leave while we talk about our decision," said the CEO.

Group members raised points of clarification or support, and challenged the basis of the work. They then undertook a discussion among themselves until there was agreement. This included one objector unpacking his own arguments, challenging its underlying assumptions and agreeing that the process would help the task and outcome objectives of the group and the organisation.

Thus, in this situation, the key immediate beneficiaries of the process were in the room discussing the decision on an equal basis. There was no prima facie evidence of "dependency" on us to save them or on each other. Instead, there was evidence of a "work group" and mutual independence with everyone striving in a collaborative venture. The CEO facilitated constructive dissent and assisted the group in exploring options while at the same time clarifying process. Other members also shared that task throughout the session.

We perceived the organisational culture to be collaborative and open, yet with a healthy dose of realism. Differences were allowed, even encouraged, and creative solutions were developed from this dynamic. The ability to work with task and process was evident and the scope for "generative" (REF) double-loop learning (Argyris) seemed a real possibility.

Commentary:

These two contrasting case studies provide a glimpse of the issues that a consultant may face in the entry phase of a piece of work. No doubt these are familiar scenarios and examples are discussed elsewhere (Neumann (1994) (Mirvis and Berg 1977). However, they do suggest that a wealth of information is available in the initial contact with a client system about the organisation's culture.

The dynamics of those early interactions provide a basis for generating questions, and possibly initial working hypotheses, based both on the evidence and other consulting experiences. The extent to which either may be a learning organisation or have the potential to achieve better learning systems may be informed by the framework for diagnosis that is developed here.

This framework provides an alternative for the consultant by suggesting a more in depth organisational analysis. Instead of deriving a checklist of "things to work on", including aspects such as "leadership, teamwork, personality, or organisational structures", this model helps the consultant to become aware of the psychodynamics affecting each of these organisational aspects, and to see them operating and inter-relating systemically. By addressing these issues from such a perspective of depth, it is hoped that real blocks to organisational learning can be removed, and the potential and

latent energy within the organisation can be made available to deal with present issues and concerns.

From Individual to Organisational Pathology

In considering individuals and their capacity for adapting to changes, or proactively creating new ways of handling the world, it seems apparent that some people are more able than others to "see" the world in a way unencumbered by past experience. They are able to disentangle themselves from inappropriate or outmoded thoughts and assumptions. Although they maintain realistic concerns and anxieties about the way forward, they are able to tap their creativity and intelligence and apply it to the world with which they are dealing.

Other people seem less able to do this. Their thinking and attitudes become entrenched in patterns from which they seem unable or unwilling to vary. Their past experience is inappropriately transferred to the present, preventing them from seeing the present issue in a clear and unprejudicial way. Their feelings of anxiety or fear may be exacerbated by unfinished events in their past which resonate with current problems and so influence judgements in an ungrounded manner. When the individual is in the grip of this kind of episode they cannot go beyond their familiar patterns of thinking, and so their creative and intelligent responses to problems are inhibited. Johnson (1991) summarises this by writing:

"Psychopathology can accurately be seen as universally restrictive of human responses. Indeed it is this rigidity that hampers the organism's otherwise rich array of possibilities for handling situations" (p.10).

No individual can claim that they are completely free of their neuroses or the influence of their past. However, some have had experiences of life resulting in low levels of emotional and psychological difficulty, whereas others have to work harder to overcome emotional and psychological issues.

In the same way, an organisation's past learning and assumptions can restrict its capacity to deal with today's reality and trust its repertoire of responses.

Organisational change and individual change can be supported or hindered by one another. For example, as an organisation begins to change, it may encourage regressive behaviour in individuals and group. Alternatively it may mean aspects of its culture which have previously supported the individual's neurotic or ungrounded behaviour, now challenge it. At the individual level there may be a perceived need to make some fundamental shifts of thinking. The fundamental shifts of mind may be made by individuals as a consequence of engaging with their personal development. By dealing with past unfinished business they can see and interact with the world in ways they were unable to do before. This can free up their personal capacity to learn. This is exactly what organisations need to do when they engage in the mind shifts required in learning organisations.

There is a possibility that there is some resonance between the individual and organisational learning that results in a fundamental shift in 'mindset' for both the individual and the organisation. What follows is an exploration of some of the emotional and psychological processes that operate in the organisations culture which could prevent organisational learning despite individual learning and development.

Organisational Psychopathology: From Individual to Organisational Analysis.

The link between organisational culture and leadership and individual psychopathology is not new (Kets De Vries & Miller (1986), Menzies (1960). Similarly, the link between individual emotional development and group emotion is well documented (Bion 1961). Here, this metaphor is used to describe how the unhealthy organisational "personality" can be created and can prevent the organisation developing processes required for learning. Like the unhealthy individual, it gets stuck in unfinished business, its energy absorbed by a preoccupation with the past, preventing it from being able to tap into a rich array of possibilities for handling new environments. In this way, organisation culture is seen to be analogous to the individual's personality. Likewise, the framework presented here suggests that the notion of psychopathology of the individual can be used metaphorically to describe dysfunctionality in organisations.

A map of factors affecting the psychopathology of individuals is depicted with corresponding aspects of the organisation.

(Insert Figure 1 here)

Here, a parallel understanding of intrapersonal, interpersonal and group behaviour is used to explore how organisations can grow essentially healthy or unhealthy. Like people they may grow habits which are essentially dysfunctional but have been tolerable, even successful, because of the 'match' with the environment. It is when they or the environment changes that these dysfunctionalities become painfully apparent. When this point is reached a framework is needed for helping the organisation diagnose what the blocks to its development are. From this understanding appropriate interventions can be made. Possibly, like individuals, no organisation can be entirely free from dysfunctional characteristics. However, sufficient "neurotic" aspects may warrant attention if the organisation is to avoid using a restricted repertoire for dealing with situations. The map we present uses an analogous notion of blockages which stop organisations from learning and being effective.

A map for diagnosing organisational health.

Organisations are a complexity of task, leaders' personality, history, structure, group dynamics and individual personality. Many of these areas have been studied in their own right, as illustrated in Table 1.

(Table 1 Here)

The search for a diagnostic tool began with a linear list of factors identified as important in the health of the organisation. These factors seemed to be key aspects which contributed to the observed and experienced organisational culture. This culture could then be assessed to make a judgement about its state of health.

The problem was that the data being collected from consultancy experiences did not quite match this linear model. It was impossible to take an overall description of a company's culture and from that to judge its level of "hale and heartiness". Instead, we found ourselves constantly drawn back into the web of observed factors, and more importantly, into the links between them.

For example, the inability of a senior group to function as a work group is compounded by a leader who cannot handle the individuals' projections on to him or her as an authority figure and takes these issues not in role but as personal. An example of this would be if the organisation chose the leader at a point in time when charismatic "leading from the front" was required, and the leader cannot adapt to a role in which

this leadership style is no longer appropriate. At an extreme, the leader may then "manufacture" crises which require him or her to behave in their preferred manner. In this way, unconscious forces such as these, which occur in the spaces between organisation aspects (such as leadership and the organisation's history) can have a major impact on the organisation's ability to cope in the present.

The forces and links which would result in a positive, functional culture where organisational learning processes were possible began to be identified. These were contrasted against those with different forces and linkages typical of a dysfunctional culture inimical to anything but survival learning. Figures 2 and 3 below present these ideas diagrammatically.

Figures 2 and 3

These diagrams represent a simplified version of the way in which key aspects of the organisation interact to produce either functional, or dysfunctional, ways of working. As mentioned earlier, one way of approaching dysfunctional ways in which the organisation works is to attack an isolated area, such as the leadership or the organisational structure. But attacking an isolated bit often does not have the desired affect. For change to be permanent, the system which supports the change must shift as well.

This can be demonstrated by what happens when an individual goes on a training intervention. He or she can come back to the organisation full of enthusiasm for making changes in the way they operate. Often, however, such changes meet a quick death as colleagues' expectations and organisational "ways of doing things round here" inhibit effective change. Likewise, just making an intervention in one of these areas is often not enough to make a real change in what is going on.

The model presented here is an attempt at identifying the interactions between aspects that contributes to dysfunctionality in organisations. In Figure 2, only the possible interactions between aspects adjacent to one another in the model are presented for simplicity's sake. In actuality, any aspect could be examined for its interaction with any other aspect. For example, in Figure 2, one of the possible dysfunctional interactions which is highlighted is the way in which transference and projection can get in the way of the top team and the leader interacting effectively. The top team can want to give over responsibility for management to the leader who as authority figure is supposed to know all the answers. Likewise, the leader may "buy into" this projection of her or himself, and further support it by not asking for help, making decisions unilaterally, or isolating him or herself.

Interactions between the leader and individuals in the organisation can be similarly fraught, both ways. Bosses have "star" proteges, who remind them of offspring, and likewise, can find it difficult to get on with employees who remind them of past adversaries. When conducting a consulting intervention, it is important to try to get at the root of relationships not based in the here and now, but harkening back to the past.

The aspects of the organisation are seen to interact circularly, rather than within a hierarchy. This circular representation seems to better represent the systemic nature of the interactions. Outcomes are not seen to be directly causally produced, but rather as the results of diverse parts of the organisation interacting to produce different effects.

This circularity in the organisation reinforces dysfunctional behaviours, with paranoia, defensiveness or lack of open communication resulting. The organisation structures are designed to maintain the status quo, rather than to respond to market demands. Power is invested in positioning, and negative politics is rife. Structures do not change to support new business needs or strategies, but are changed to protect individual's

positions. Alternatively, they do not change in order to maintain the status quo. The way in which history is interpreted and re-interpreted stops new actions from being taken. This can prohibit the organisation from changing because in its past history lies a bank of "undiscussable" subjects. The influence of the past is left unconscious.

In Figure 3 those aspects which represent a healthy organisation, which should predispose the organisation to learn are shown. As with the dysfunctional organisation, they are presented as interconnected aspects of a circle. In fact, an optimal way of representing them would be as factors within a sphere, representing the organisation.

Again, each of the factors interacts and relates to the others. For instance, the leader of a healthy organisation will be able to adapt to the present point in the organisation's history, without harking back to earlier times. Transference issues between the leader and her or his followers are handled insofar as the leader is able to maintain their role and authority, with the leader able to accept, even welcome challenge and feedback. The leader's acceptance of his or her role as steward will lead the structure of the organisation to be designed in ways that enable the easy exchange of information, rather than power hoarding at the top of the organisational hierarchy. The two contrasting ways in which this dynamic is managed are depicted by Figures 2 and 3.

Teams are able to function mainly as work groups in which there is questioning and the free flow of information. Individuals within work groups are largely able to manage the anxiety of tasks with which they are faced and build on their personal strengths. Their response to the leader is grounded in here and now reality, rather than in fantasies of what the leader should be doing for the work group. Individuals take responsibility for their own development and feel they can influence and input into the organisations' decision processes.

Organisations A and B Revisited

To further illustrate how this map may be used as a diagnostic tool, the two organisations introduced at the beginning of this paper are revisited. In particular, the organisations' leadership, top teams, structures, inter-group dynamics, and history are considered in terms of their level of functionality or dysfunction.

Leadership and the Top Teams

The leader of Organisation A was perceived to be charismatic and powerful, and in this way seemed quite different from the rest of the top team. He was more outgoing, and somehow a bit "larger than life". In this way, there was felt to be something of a mismatch between him and the top team. We began to speculate about his understanding of the leadership role, and the extent to which he saw himself carrying far too much responsibility for the entire organisation.

Top team members seemed to collude with the idea that he, as leader, should be responsible for "sorting things out". There was a sense of fear within the top team as to what change would mean to the organisation, and whether or not they would be able to cope with it. The leader was seen as the person who would act as "saviour" within the turbulent situation. As consultants, we too, were put into the category of agents who would miraculously "save the day".

The dynamic between the leader and his top team seemed to be one in which the top team was responding to him not as adults, but as disempowered children. Although this put enormous strain on the leader, this expectation of the leader role seemed to be one which he tried to fulfil. In this way, although their interactions were dysfunctional, each side was engaged in a fantasy about the role each played in the other's reality.

In Organisation B, a different picture of the leadership emerged. Here, there seemed to be far less in the way of a dependency relationship between the leader and her top team. The team seemed to operate in work mode (Bion), with attention spent on working on current organisational issues together as a team. Although occasional dependency behaviours were exhibited, or fight or flight responses evoked, the leader did not consistently collude with these. Instead, responsibility for handling and managing difficulties was seen to rest squarely within the means of the affected manager. Other top team members and the leader herself were seen to be supportive, but they did not engage in "rescuing" behaviour.

The top team within Organisation B appeared to be a "resilient" (Diamond) 1993 work group, with a high quantity of tasks accomplished. Additionally, the team seemed to operate at a high level of process awareness, with people feeling safe enough to openly challenge others' assumptions and unpack their own or others' meanings.

Structures

A second variable to consider in the relative function or dysfunction of an organisation is its structure. Organisation A is structured in a highly formalised way. It is very bureaucratic, with boundaries clearly defined and seldom moved beyond. In fact, people within the organisation rarely speak to others who exist outside of their own functional area.

This structure is a relic from the organisation's public sector history, perceived function + -and has little bearing on the real work which the organisation does today. In fact, we were brought in to help the organisation as it goes through a re-structuring process

in which people will have to work across traditionally-held organisational boundaries. In the existing structure, tasks are prescribed exactly, with roles and responsibilities narrowly defined. The structure seems to be more about keeping people in their places, defining roles, and as a hearkening back to the organisation's beginnings than as a real response to current work realities. In fact, the current structure actively hinders people from working across functional areas.

Organisation B was in the process of re-organising. The structure which was being aimed at was one which would be process driven rather than historically determined. The desired organisational structure was one in which the system would be examined holistically. Ideally, the new structure would enable the whole organisation to work at its best, rather than just selected parts of it. The restructuring was taking place along business requirements. There were still some fixed groupings within the organisation (mostly clustered around technical capabilities). These too, were considering ways of becoming more responsive and flexible to current work needs.

Group Dynamics

In Organisation A, there was a good deal of identification with particular technical groups and the status such groups offered. There existed a tangible "them" and "us" mentality, with groups feeling disempowered. However, this feeling of disempowerment was further exaggerated by the view: "we don't feel very powerful, but we don't want to take decisions, either". Very little trust was exhibited in the interactions between different groups within the organisation.

Within Organisation B, there was also identification according to work groups, but there was an ability for different group members to acknowledge the importance of each other, and to recognise the different constraints each other experienced. There seemed to be a way of managing inter-group needs. However, the picture was not completely rosy, with some groups gathering around technical expertise, and professional groups against technical groups when resources were severely stretched.

Organisational History

Both organisations were affected by their history. In the case of Organisation B, it had been seen to be a "poorer relation" of a similar organisation, and had been seen to be struggling with this reputation over the years. It was gearing itself up to compete head on with this rival organisation. Perhaps because of its historic view of itself as a "second to the best" organisation, it was more willing to change and be flexible about doing things differently.

Organisation A, on the other hand, had always enjoyed a degree of status and regard. Being part of this organisation had been traditionally seen as being prestigious. Perhaps this bit of organisational history meant that the organisation would be less willing to change, as it had been "doing just fine" in the recent past.

Commentary

This case highlights a range of complex and inter-related issues that are discussed in the dynamic model above. We focus particularly on the factors and relationships between the "Leader", the "Top team", "Inter-group Dynamics", the Organisation's Structures, and its History. Further analysis would explore other aspects of the model.

The map helps to identify some of the unconscious, undiscussable aspects which might be thwarting organisational change and learning efforts. For example, in Organisation

A, unless the transference/dependency loop is broken between the leader and his top team, there is little hope of effecting long-term organisational learning.

The organisational structures, too, harken back to an organisation structured around disempowerment and line authority, rather than around team decision-making and responsibility. The organisation's recent history, as a prestigious place to be, holding status for employees just by being its members, will further support lack of change rather than shaking the organisation from its complacency.

These factors, largely unconscious and hidden, will act as powerful forces to hold the organisation in its state of inertia. By gently beginning to uncover these, by making subjects that have heretofore been undiscussable, talked about the organisational consultant can stand a better chance of enabling real organisational learning to take place.

For organisation B, we see a much more open and functioning authority relationship with respect to the leader. The top team group is able to engage in 'work' and there is an acknowledgement of the issues surrounding the inter-group dynamics.

Dysfunctional processes do not disappear in this system and that would not be expected. However, the willingness, capacity and capability to work through difficult issues was sufficiently established for the system to weather further changes and an uncertain future.

Taking this map forward.

We would like to do more in-depth case studies to see if this model of psychological health has validity beyond our current experience. As the paper has illustrated, certain aspects of psychological health which have been observed in a variety of organisations can be identified. It is clear that these affect the organisation's ability to learn. We want to observe more systematically how intervening in the dynamics of these variables, affects the overall health of the organisation.

Parallels between Individual and Organisation Learning

Individual

Organisational

Personality

Culture

Individual anxiety

Group emotionality and
basic assumption behaviour

Ego defense

Social defenses

"Acting out"

Dysfunctional and
habitual routines

"Mature ego" sees proper
balance between inner and
outer world

"Work group" activity in
strategic leadership.
Managing boundary between
internal culture and external
demands and reality

Individual learning
transition

Organisational learning and
transition

Psychodynamics and Organisational Learning : The Dysfunctional Organisation

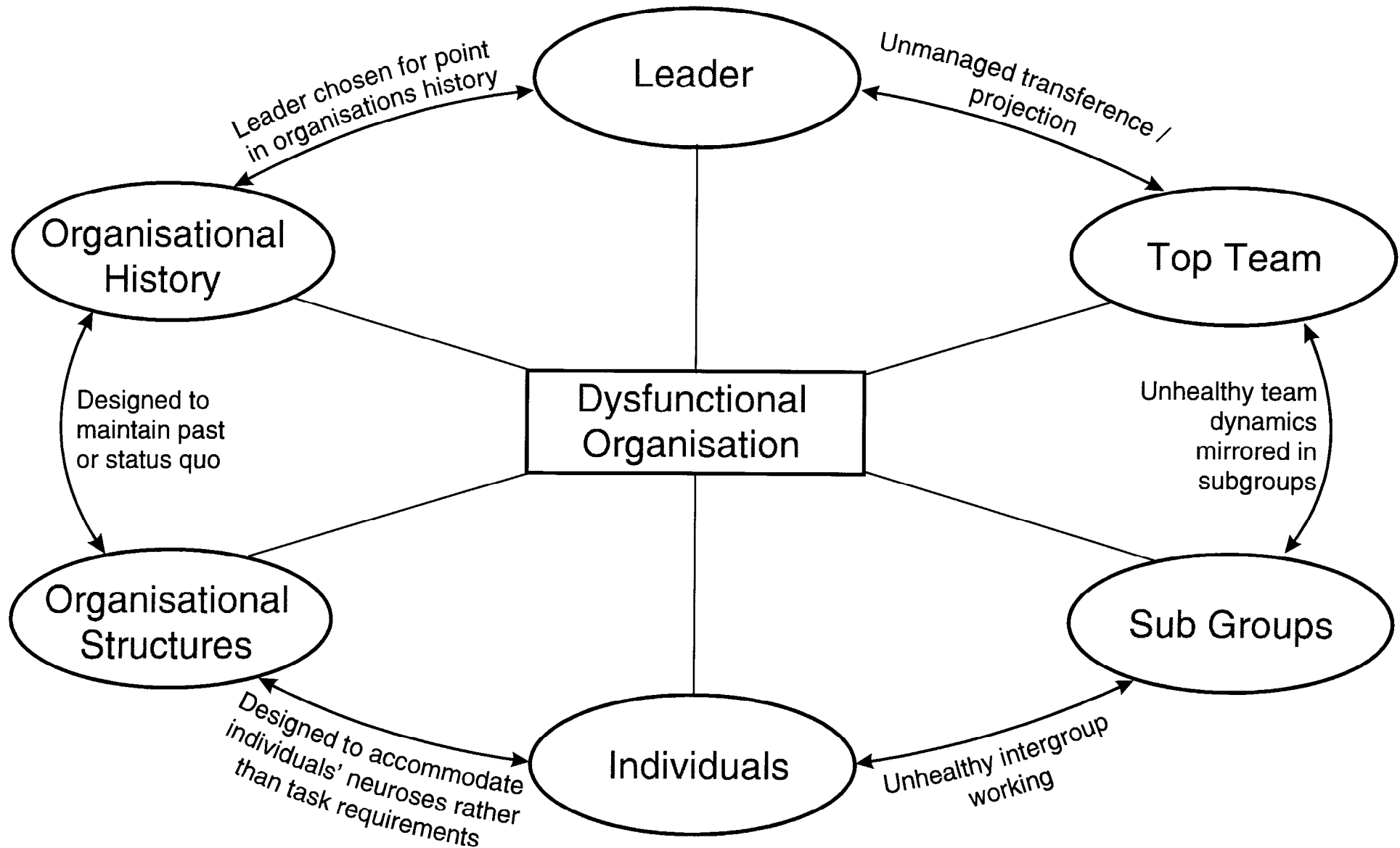
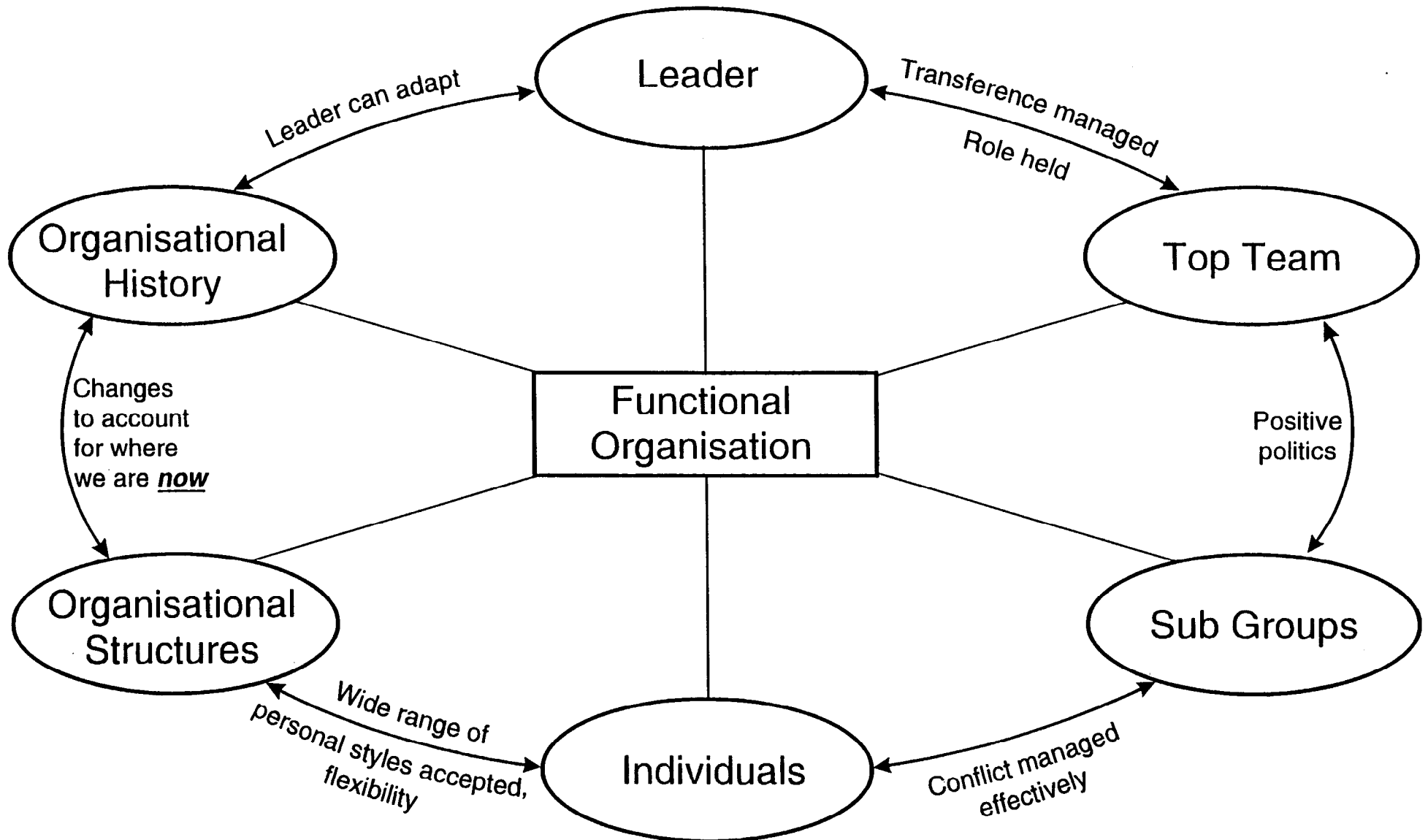


Figure 2

Psychodynamics and Organisational Learning : The Functional Organisation



	Key in terms of	References
Leadership	Success Leading transformational change Establishing culture	Kanter et al (1991) Beckhard & Pritchard (1992) Burke & Litwin (1992) Bessant & Buckingham (1993)
Leaders Style	Effect on culture Effective leadership	Kets de Vries & Miller (1986) Kets de Vries (1986) Senger (1994)
Leadership Group	Direction of organisation culture	Argyris & Schon (1978) Bion (1961) DeBoard (1978)
Organisational History, Myths and Rituals	Conveying and strengthening culture	Pedler (1994) Salama (1992)
Ex-leader	Retaining culture	Hirshhorn (1990)
Organisational Structures and Systems	Work performance efficiency and effectiveness	Baum (1987) Menzies (1960) Jaques (1955)
Individuals	Reflect or reinforce organisational culture Determines potential of organisational learning	Briggs Myers & McCaulley (1985)

Table 1

Factors Affecting Organisational Function and Dysfunction

Bibliography

- Argyris, C. & D.A. Schon (1978) *Organisational Learning: A Theory of Action Perspective* (Addison-Wesley Publishing Company)
- Baum, H. S (1987) "The Invisible Bureaucracy: the Unconscious in Organisational Problem Solving" (Oxford University Press: NY)
- Bion, W.R. (1961) *Experiences in Groups and other papers* (Tavistock Publications, London)
- Beckhard, R. & Pritchard, W (1992) *Changing The Essence: The Art of Creating and Leading Fundamental Change in Organisations* (Josey-Bass, San Francisco)
- Bessant, J. & Buckingham, J. (1993) "Innovation and Organisational Learning: the case of computer-Aided Production Management" *British Journal of Management* Vol 4 No.4 pp219 - 234
- Briggs-Myers, I & M.H. McCaulley *Manual: A Guide to the Development and Use of the Myers Briggs Type Indicator* (Consulting Psychologists Press, California)
- Burke, W.W. & Litwin, G.H. (1992) "A Causal Model of Organisation Performance and Change" *Journal of Management* Vol 18 No 3 pp525 - 545
- DeBoard, R. (1978) *The Psychoanalysis of Organisations: A psychoanalytical Approach to Behaviour in Groups and Organisations* (Tavistock Publications, London)
- Diamond, M.A.. (1985) "Psychological Dimensions of Personal Responsibility for Public Management: An Object Relations Approach" *Journal of Management Studies* Vol 22 No.6 pp649 - 667
- Diamond, M.A. (1993) "The Unconscious Life of Organisations" (Cenorium)
- Freud, S (1921) *Group Psychology and the Analysis of the Ego*, Norton, New York.
- Hirshhorn, L. (1990) *The Workplace Within: Psychodynamics of Organisational Life* (The MIT Press, London)
- Jaques, E (1955) "Social Systems as a Defence Against Persecutory and Depressive Anxiety In M. Klein, P. Heimann and R. Money-Kyrle (eds)", *New Directions in Psychoanalysis* (Tavistock, London)
- Johnson, S (1991) "The Symbiotic Character" (Norton, New York).
- Jones, A.M. & C. Hendry (1994) "The Learning Organisation: Adult Learning and Organisational Transformation" *British Journal of Management* Vol. 5 pp153- 162
- Kahn, W.A. (1993) "Facilitating and Undermining Organisational Change: A Case Study" *Journal of Applied Behavioural Science* Vol 29 No.1 pp32- 55
- Kanter, R.M., Stein, B.A. & Jick, T.D. (1992) *The Challenge of Organisational Change: How Companies Experience It And Leaders guide It* (The Free Press, New York)
- Kets de Vries, MFR (1986) *Organisational Paradoxes: Clinical approaches to management*, (Tavistock Publications, London)

- Kets de Vries, M.R.F. & Miller, D. (1986), "Personality, Culture and Organisation", *Academy of Management Review* Vol 11 No 2 pp266 - 279
- Klein, M (1959) "Our Adult World and its Roots in Infancy", *Human Relations*, Vol XII No 4 Nov pp 291-303.
- Kofman F and Senge P (Autumn 1993), "Communities of Commitment: the heart of learning organisations", *Organisational Dynamics* pp 5 - 23.
- Menzies, I (1960), "A Case in the Functioning of Social System as a Defence Against Anxiety", *Human Relations* 13 pp95-121
- Mirvis, P, & Berg, D (eds) (1977), "Failures in Organisation Development", (John Wiley, New York)
- Nadler, D A and M L Tushman (1977), "A Diagnostic Model for Organisational Behaviour" in J R Hackman, E E Lawler and L W Porter (Eds) *Perspective on Behaviour in Organisations* (McGraw-Hill, New York) pp 83-100.
- Neumann, J (1994) "Difficult Beginnings: Confrontation between client and consultant" International Consulting Conference 'What Makes Consultancy Work - Understanding the Dynamics', 29 January, 1994 (South Bank University/Tavistock Institute of Human Relations, London)
- Pedler, M. (1994) "What is organisational biography?" in Burgoyne, J., Pedler, M., & T. Boybell (1994) *Towards the Learning Company: Concepts and Practices* (McGraw-Hill, London) pp127 - 134
- Pedler, M., Burgoyne, J., & T. Boybell (1991) *The Learning Company* (McGraw-Hill, London)
- Salama, A. (1992) 'The use of an organisation's biography as a research method for investigating organisation development', *Management Education & Development*, 23 (3) pp225-233
- Schein, E.H. (1985), "Organisational Culture and Leadership: A Dynamic View", (Jossey-Bass, Oxford)
- Schein, E.H. (1987) *The Clinical Perspective in Fieldwork* (Sage Publications, London)
- Schein, E.H. (1993) "On Dialogue, Culture and Organisational Learning", *Organisational Dynamics* Autumn pp40 - 51
- Senge, P. (1990) *The Fifth Discipline: The Art and Practice of the Learning Organisation* (Doubleday, New York)
- Weisbord, M.R. (1976) "Organisational Diagnosis: Six Places to Look for Trouble with or without Theory" *Group and Organisation Studies* 1 pp430-47
- Winnicott, D.W. (1958) *Through Pediatrics to Psychoanalysis* (Hogarth Press, London)

**CRANFIELD SCHOOL OF MANAGEMENT
WORKING PAPER SERIES
List No 6, 1992**

- SWP 1/92 Mike Sweeney
"How to Perform Simultaneous Process Engineering"
- SWP 2/92 Paul Burns
"The Management of General Practice"
- SWP 3/92 Paul Burns
"Management in General Practice: A Selection of Articles"
- SWP 4/92 Simon Knox & David Walker
"Consumer Involvement with Grocery Brands"
- SWP 5/92 Deborah Helman and Adrian Payne
"Internal Marketing: Myth versus Reality?"
- SWP 6/92 Leslie de Chernatony and Simon Knox
"Brand Price Recall and the Implications for Pricing Research"
- SWP 7/92 Shai Vyakarnam
"Social Responsibility in the UK Top 100 Companies"
- SWP 8/92 Susan Baker, Dr Simon Knox and Dr Leslie de Chernatony
"Product Attributes and Personal Values: A Review of Means-End Theory and Consumer Behaviour"
- SWP 9/92 Mark Jenkins
"Making Sense of Markets: A Proposed Research Agenda"
- SWP 10/92 Michael T Sweeney and Ian Oram
"Information Technology for Management Education: The Benefits and Barriers"
- SWP 11/92 Keith E Thompson (Silsoe College)
"International Competitiveness and British Industry post-1992. With Special Reference to the Food Industry"
- SWP 12/92 Keith Thompson (Silsoe College)
"The Response of British Supermarket Companies to the Internationalisation of the Retail Grocery Industry"
- SWP 13/92 Richard Kay
"The Metaphors of the Voluntary/Non-Profit Sector Organising"
- SWP 14/92 Robert Brown and Philip Poh
"Aniko Jewellers Private Limited - Case Study and Teaching Notes"
- SWP 15/92 Mark Jenkins and Gerry Johnson
"Representing Managerial Cognition: The Case for an Integrated Approach"
- SWP 16/92 Paul Burns
"Training across Europe: A Survey of Small and Medium-Sized Companies in Five European Countries"
- SWP 17/92 Chris Brewster and Henrik Holt Larsen
"Human Resource Management in Europe - Evidence from Ten Countries"
- SWP 18/92 Lawrence Cummings
"Customer Demand for 'Total Logistics Management' - Myth or Reality?"
- SWP 19/92 Ariane Hegewisch and Irene Bruegel
"Flexibilisation and Part-time Work in Europe"
- SWP 20/92 Kevin Daniels and Andrew Guppy
"Control, Information Seeking Preference, Occupational Stressors and Psychological Well-being"
- SWP 21/92 Kevin Daniels and Andrew Guppy
"Stress and Well-Being in British University Staff"
- SWP 22/92 Colin Armistead and Graham Clark
"The Value Chain in Service Operations Strategy"
- SWP 23/92 David Parker
"Nationalisation, Privatisation, and Agency Status within Government: Testing for the Importance of Ownership"
- SWP 24/92 John Ward
"Assessing and Managing the Risks of IS/IT Investments"
- SWP 25/92 Robert Brown
"Stapleford Park: Case Study and Teaching Notes"
- SWP 26/92 Paul Burns & Jean Harrison
"Management in General Practice - 2"
- SWP 27/92 Paul Burns & Jean Harrison
"Management in General Practice - 3"

SWP 28/92 Kevin Daniels, Leslie de Chernatony & Gerry Johnson
"Theoretical and Methodological Issues concerning Managers' Mental Models of Competitive Industry Structures"

SWP 29/92 Malcolm Harper and Alison Rieple
"Ex-Offenders and Enterprise"

SWP 30/92 Colin Armistead and Graham Clark
"Service Quality: The Role of Capacity Management"

SWP 31/92 Kevin Daniels and Andrew Guppy
"Stress, Social Support and Psychological Well-Being in British Chartered Accountants"

SWP 32/92 Kevin Daniels and Andrew Guppy
"The Dimensionality and Well-Being Correlates of Work Locus of Control"

SWP 33/92 David Ballantyne, Martin Christopher, Adrian Payne and Moira Clark
"The Changing Face of Service Quality Management"

SWP 34/92 Chris Brewster
"Choosing to Adjust: UK and Swedish Expatriates in Sweden and the UK"

SWP 35/92 Robert Brown, with Peter Cook et al
"Goldsmiths Fine Foods - Case Study and Teaching Notes"

SWP 36/92 Mike Sweeney
"Strategic Manufacturing Management: Restructuring Wasteful Production to World Class"

SWP 37/92 Andy Bailey & Gerry Johnson
"An Integrated Exploration of Strategic Decision-Making"

SWP 38/92 Chris Brewster
"European Human Resource Management: Reflection of, or Challenge to, the American Concept"

SWP 39/92 Ute Hanel, Kurt Volker, Ariane Hegewisch & Chris Brewster
"Personnel Management in East Germany"

SWP 40/92 Lawrence Cummings
"Logistics goes Global - The Role of Providers and Users"

SWP 41/92 Roger Seaton & Martin Cordey-Hayes
"Interactive Models of Industrial Technology Transfer: A Process Approach"

SWP 42/92 Susan Segal-Horn
"The Logic of International Growth for Service Firms"

SWP 43/92 Mike Sweeney
"Benchmarking for Strategic Manufacturing Management"

SWP 44/92 Paul Burns
"Financing SMEs in Europe: A Five Country Study"

SWP 45/92 Robert Brown
"The Graduate Enterprise Programme - Has it been Worthwhile?"

CRANFIELD WORKING PAPERS List No 7, 1993

SWP 1/93 John Mapes
"The Effect of Limited Production Capacity on Safety Stock Requirements for Periodic Review Inventory Systems"

SWP 2/93 Shai Vyakarnam & Alison Rieple
"Corporate Entrepreneurship: A Review"

SWP 3/93 Cliff Bowman & David Faulkner
"Pushing on a String: Uncertain Outcomes from Intended Competitive Strategies"

SWP 4/93 Susan Baker & Mark Jenkins
"The Role of Values in the Design and Conduct of Management Research: Perspectives on Managerial and Consumer Cognition"

SWP 5/93 Kevin Daniels, Leslie de Chernatony & Gerry Johnson
"Validating a Method for Mapping Managers' Mental Models of Competitive Industry Structures"

SWP 6/93 Kevin Daniels & Andrew Guppy
"Occupational Stress, Social Support, Job Control and Psychological Well-Being"

SWP 7/93 Colin Fletcher, Ruth Higginbotham and Peter Norris
"The Inter-Relationships of Managers' Work Time and Personal Time"

SWP 8/93 Mike Sweeney
"A Framework for the Strategic Management of both Service and Manufacturing Operations"

SWP 9/93 Colin Armistead and Graham Clark

- "The 'Coping' Capacity Management Strategy in Services and the Influence on Quality Performance"
- SWP 10/93 Ariane Hegewisch
"Equal Opportunities Policies and Developments in Human Resource Management: A Comparative European Analysis"
- SWP 11/93 Paula Stanley
"Service to the Courts: The Offender's Perspective"
- SWP 12/93 Mark Jenkins
"Thinking about Growth: A Cognitive Mapping Approach to Understanding Small Business Development"
- SWP 13/93 Mike Clarke
"Metro-Freight: The Automation of Freight Transportation"
- SWP 14/93 John Hailey
"Growing Competitiveness of Corporations from the Developing World: Evidence from the South"
- SWP 15/93 Noeleen Doherty, Shaun Tyson and Claire Viney
"A Positive Policy? Corporate Perspectives on Redundancy and Outplacement"
- SWP 16/93 Shailendra Vyakarnam
"Business Plans or Plans for Business"
- SWP 17/93 Mark Jenkins, Eric le Cerf & Thomas Cole
"Defining the Market: An Exploration of Marketing Managers' Cognitive Frameworks"
- SWP 18/93 John Hailey
"Localisation and Expatriation: The Continuing Role of Expatriates in Developing Countries"
- SWP 19/93 Kevin Daniels & Andrew Guppy
"Reversing the Occupational Stress Process: Some Consequences of Employee Psychological Well-Being"
- SWP 20/93 Paul Burns, Andrew Myers and Andy Bailey
"Cultural Stereotypes and Barriers to the Single Market"
- SWP 21/93 Terry Lockhart and Andrew Myers
"The Social Charter: Implications for Personnel Managers"
- SWP 22/93 Kevin Daniels, Gerry Johnson & Leslie de Chernatony
"Differences in Cognitive Models of Buyers and Sellers"
- SWP 23/93 Peter Boey & Richard Saw
"Evaluation of Automated Warehousing Policies: Total Systems Approach"
- SWP 24/93 John Hailey
"Training for Entrepreneurs: International Perspectives on the Design of Enterprise Development Programmes"
- SWP 25/93 Tim Denison & Simon Knox
"Pocketing the Change from Loyal Shoppers: The Double Indemnity Effect"
- SWP 26/93 Simon Knox
"Consumers and Grocery Brands: Searching for Attitudes - Behaviour Correspondence at the Category Level"
- SWP 27/93 Simon Knox
"Processing Ideas for Innovation: The Benefits of a Market-Facing Approach"
- SWP 28/93 Joe Nellis
"The Changing Structure and Role of Building Societies in the UK Financial Services Sector"
- SWP 29/93 Kevin Daniels, Gerry Johnson & Leslie de Chernatony
"Similarity or Understanding: Differences in the Cognitive Models of Buyers and Sellers. A Paper outlining Issues in Mapping and Homogeneity"
- SWP 30/93 Habte Selassie & Roy Hill
"The Joint Venture Formation Environment in a Sub-Saharan African Country: A Case Study of Government Policy and Host Partner Capability"
- SWP 31/93 Colin Armistead, Graham Clark and Paula Stanley
"Managing Service Recovery"
- SWP 32/93 Mike Sweeney
"The Strategic Management of International Manufacturing and Sourcing"
- SWP 33/93 Julia Newton
"An Integrated Perspective on Strategic Change"
- SWP 34/93 Robert Brown
"The Graduate Enterprise Programme: Attempting to Measure the Effectiveness of Small Business Training"

CRANFIELD WORKING PAPERS
List No 8, 1994

- SWP 1/94 Keith Goffin
"Repertory Grids in Market Research: An Example"
- SWP 2/94 Mark Jenkins
"A Methodology for Creating and Comparing Strategic Causal Maps"
- SWP 3/94 Simon Knox
"Re-engineering the Brand"
- SWP 4/94 Robert Brown
Encouraging Rural Enterprise in Great Britain - Britain's "Venturecash" Competition
- SWP 5/94 Andy Bytheway, Bernard Dyer & Ashley Braganza
"Beyond the Value Chain: A New Framework for Business Modelling"
- SWP 6/94 Joseph Nellis
"Challenges and Prospects for the European Financial Services Industry"
- SWP 7/94 Keith Thompson, Panagiotis Alekos & Nikolaos Haziris
"Reasoned Action Theory applied to the Prediction of Olive Oil Usage"
- SWP 8/94 Sanjoy Mukherjee & Ashley Braganza
"Core Process Redesign in the Public Sector"
- SWP 9/94 Mike Sweeney
"A Methodology for the Strategic Management of International Manufacturing and Sourcing"
- SWP 10/94 Ariane Hegewisch & Henrik Holt Larsen
"European Developments in Public Sector Human Resource Management"
- SWP 11/94 Valerie Bence
"Telepoint: Lessons in High Technology Product Marketing"
- SWP 12/94 Andy Bytheway
"Seeking Business Improvement: A Systematic Approach"
- SWP 13/94 Chris Edwards & Ashley Braganza
"Classifying and Planning BPR Initiatives: The BPR Web"
- SWP 14/94 Mark Jenkins & Malcolm McDonald
"Defining and Segmenting Markets: Archetypes and Research Agendas"

SWP 15/94 Chris Edwards & Joe Peppard
"Forging a Link between Business Strategy and Business Re-engineering"

SWP 16/94 Andrew Myers, Andrew Kakabadse, Colin Gordon & Siobhan Alderson
"Effectiveness of French Management: Analysis of the Behaviour, Attitudes and Business Impact of Top Managers"

SWP 17/94 Malcolm Harper
Micro-Credit - The Benign Paradox

CRANFIELD WORKING PAPERS
List No 9, 1995

- SWP 1/95 Andy Bytheway
"Information in the Supply Chain: Measuring Supply Chain Performance"
- SWP 2/95 John Ward & Joe Peppard
"Reconciling the IT/Business Relationship: A Troubled Marriage in Need of Guidance"
- SWP 3/95 Kevin Daniels, Gerry Johnson, & Leslie de Chernatony
"Collective Frames of Reference, Recognition, and Managers' Mental Models of Competition: A Test of Two Industries"
- SWP 4/95 Alison Rieple
"Staffing as a Lever of Strategic Change - The Influence of Managerial Experience, Behaviour and Values"
- SWP 5/95 Grafton Whyte & Andy Bytheway
"Factors Affecting Information Systems Success"
- SWP 6/95 Andy Bailey & Gerry Johnson
"The Processes of Strategy Development"
- SWP 7/95 Valerie Bence
"The Changing Market for Distribution: Implications for Exel Logistics"
- SWP 8/95 Valerie Bence
"The Evolution of a Distribution Brand: The Case of Exel Logistics"
- SWP 9/95 Andy Bytheway
"A Review of EDI Research"
- SWP 10/95 Andy Bytheway
"A Review of Current Logistics Practice"
- SWP 11/95 Joe Peppard
"Broadening Visions of BPR: The Imperative of Strategic Integration"

SWP 12/95 Simon Knox & David Walker
“Empirical Developments in the Measurement
of Involvement, Brand Loyalty and their
Structural Relationships in Grocery Markets”

SWP 3/96 Kim James, Michael Jarrett & Donna Lucas
“Psychological Dynamics and Organisational
Learning: from the Dysfunctional Organisation
to the Healthy Organisation”

SWP 13/95 Ashley Braganza & Andrew Myers
“Issues and Dilemmas Facing Public and
Private Sector Organisations in the Effective
Implementation of BPR”

SWP 14/95 John Mapes
“Compatibility and Trade-Off Between
Performance: An Alternative View”

SWP 15/95 Mike Sweeney & Marek Szwajkowski
“Manufacturing Standards of Performance for
Success”

SWP 16/95 Keith Thompson, Nicholas Thompson &
Roy Hill
“The Role of Attitudinal, Normative and
Control Beliefs in Drink Choice Behaviour”

SWP 17/95 Andy Bytheway
“Information Modelling for Management”

SWP 18/95 Mike Sweeney & Marek Szwajkowski
“Manufacturing Strategy and Performance: A
Study of the UK Engineering Industry”

SWP 19/95 Valerie Bence
“St.James’s Hospital and Lucas Engineering
Systems Ltd - A Public/Private Sector
Collaboration in BPR Project A - Elective
Admissions”

SWP 20/95 Valerie Bence
“St.James’s Hospital and Lucas Engineering
Systems Ltd - A Public/Private Sector
Collaboration in BPR Project B - The Re-
Organisation of Purchasing and Supplies”

SWP 21/95 Simon Knox & David Walker
“New Empirical Perspectives on Brand
Loyalty: Implications for Segmentation
Strategy and Equity”

CRANFIELD WORKING PAPERS
List No 10, 1996

SWP 1/96 Andy Bailey & Gerry Johnson
“Patterns of Strategy Development”

SWP 2/96 Simon Knox & David Walker
“Understanding Consumer Decision Making in
Grocery Markets: New Evidence from the
Fishbein Model”