



The Psychotic Organization: A Socio-Analytic Perspective*

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abstract

'The Psychotic Organization: A Socio-Analytic Perspective' has somehow become the leitmotiv of my research and writing on organization and management for about a decade. First, I would like to introduce my understanding of organization from a socio-analytic perspective. I will then briefly describe the experience of a Group Relations Conference in which organizational madness predominated. In the third part I will outline my understanding of psychotic organization and indicate some of the thinkers and sources upon which I have built my conceptualization. The fourth part comprises some of the insights that I have gained in 'applying' this perspective to various organizational and societal dynamics. In the conclusion, the assumption is further elaborated that the psychotic organization as a socio-analytic attempt at understanding organizations in depth opens up new thinking and important vistas on the theory and politics of organizations.

At the unconscious level we all know about the normality and ubiquity of psychotic anxieties, but it is quite another matter to be able to reflect upon some of the consequences of the omnipresence of these unconscious phantasies for life, culture, politics and the theory of knowledge. (Robert M. Young, 1994: 50)

Even if managers deny their psychotic anxieties they unconsciously come to bring into being organizations which are designed to keep them at bay. (W. Gordon Lawrence, 1995: 17)

Introduction

This paper is an elaborated version of a presentation at a Centre for Psychoanalytic Studies. I would like to address a broader readership here, those who might not be familiar with the psycho- and socio-analytic approach (and rhetoric), i.e. the 'uninitiated', as one reviewer of this paper put it. Thus, I am following the recommendation of the reviewers to be more explicit about it. I therefore would like to

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begin with a brief outline of how I perceive such a perspective in the context of organization and management.

The understanding of psychoanalysis as a science of culture, society and organization is not broadly shared. From a traditional stance, psychoanalysis is mainly seen as a sub-discipline of either medical science or psychology. For the humanities and the context of management and organization in particular, psychoanalysis thus mainly has been reduced to an *applied* science, in the sense that its relevance is restricted to the application of insights gained from clinical research. As the focus of psychoanalysis as an applied science is thus primarily limited to the unconscious of individual organizational members or 'inmates', unconscious phenomena and dynamics on the level of the organization as a whole are extremely difficult – if not impossible – to be thought and conceptualized – and are thus broadly considered to be irrelevant or even non-existent.

In contrast to the mere application of psychoanalysis, the scientific concern for the unconscious in organizational (and societal) contexts meanwhile has become a discipline of its own based on respective theories (e.g. Elieli, 1994; Eisold, 1997; Erlich, 1998; Gabriel, 1999; Lawrence, 1999; Neumann & Hirschhorn, 1999). In comparison to the more common term *organizational psychodynamics*, the concept *socio-analysis*, suggested by Bain (1999), appears to me more appropriate for this field of study and research. Bain describes socio-analysis "as the activity of exploration, consultancy, and action research which combines and synthesizes methodologies and theories derived from psycho-analysis, group relations, social systems thinking,...organisational behaviour" and social dreaming (*ibid.*: 14). Whereas the notion of socio-analysis explicitly refers to its roots in psychoanalysis, it surmounts, on the other hand, the focus of the individual predominant in the therapeutic use of psychoanalysis.

Bain sees the origin of socio-analysis in the work of Bion, Rickman and Foulkes at the Hollymoor Hospital, Northfield, Birmingham in 1943 (Main, 1946; Harrison & Clarke, 1992; Harrison, 2000). The broadening of the psychoanalytic perspective to groups and institutions is mainly attributed to Wilfred Bion and the learnings he derived from his experience of the Northfield Experiments (Bion, 1946, 1948a/b, 1961). Even though the respective theory was not yet available at the time, Bion first contributed a 'systemic' perspective to psychoanalytic thinking. His work with groups was based on the hypothesis that groups are led in general by 'primitive' phantasies of an unconscious nature, which are an expression of psychotic anxieties. This led him to the assumption that the traditional emphasis on the individual or triadic part of the Greek myth of Oedipus, favoured by Freud and most of his successors as the 'Oedipus complex', could be extended to the social and political dimension. Emphasizing the other part of the myth, i.e. the Sphinx and its riddle – "What is the creature that walks on four legs in the morning, two legs at noon and three in the evening?" – Bion (1961: 8) suggested a 'binocular' vision as indispensable prerequisite for the psychoanalytic study of groups – and thus the social. While the 'project of Oedipus' stands for the classical domain of psychoanalysis in the dyadic setting of analyst and analysand, the 'project of the Sphinx' refers to the social context, which constitutes consciousness and meaning in organizations (Lawrence, 1999: 104; cf. Sievers, 1999b). The Sphinx represents the capacity to illuminate and to question the predominant (unconscious) phantasies and the

psychotic thinking in groups in order to allow reality-testing required for the 'work group'. "The psychoanalytic study of organisations coheres around the centring of Sphinx, with Oedipus as a secondary but linked consideration. In short, Sphinx is 'figure' in the study of organisations and Oedipus is 'ground'" (Lawrence, 1999: 106).

In the present context of the psychotic organization, 'the Sphinx' offers a perspective on organizational dynamics that allows understanding psychotic phenomena and reactions not as those of individuals but – on the contrary – as socially induced. Instead of focusing on specific individuals who might have a critical impact on the unconscious dynamics of organizations, the perspective chosen here is based on the contrary assumption that unconscious emotions and phenomena in organizations are socially induced and thus 'taken in' by organizational role holders. When psychotic defences against anxiety in organizations predominate, organizational members consciously or unconsciously feel bound to mobilize their own personal psychotic parts, thus unconsciously colluding with the 'social psychosis' on the organizational level.

The following example may indicate to what extent the unconscious dynamic in organizational contexts and the thinking of role holders can be understood as induced by the organization (and its relatedness to its environment). For example, Lawrence (1995; cf. Sievers, 1999; Knights & McCabe, 1997; Steingard & Fitzgibbons, 1993; Willmott, 1993) has noted that the implementation of traditional management tools by the British National Health Service has contributed to the tendency of hospital managements to represent and justify totalitarian ways of thinking incompatible with the professional value orientations of physicians and nurses. To the extent that management practices and tools are primarily oriented towards a maximization of profit and economic survival, the original 'spirit of a hospital' is lost. Hospitals thus no longer differ from other production or service enterprises and employee anxiety about losing their jobs predominates. Employees and patients are reduced to economic objects, i.e. human resources and customers. The anxiety of annihilation – both that of losing one's job and one's professional identity – reactivates earlier anxieties of this kind on the side of organizational role holders. They therefore are in danger of losing the capacity to contain¹ the (annihilation) anxieties of patients, which they experience in relation to their illness and/or their impending death (cf. Menzies, 1960).

In addition to the earlier referenced root of socio-analysis, i.e. the work of Bion, my underlying perspective is further influenced by Melanie Klein's contributions to the theory of object relations. Her theory of early childhood development was applied to the organizational context by Jaques (1953, 1955) and Menzies (1960) with their emphasis on social defence mechanisms. This development has had a significant impact on many

1 "Bion's concept of containing is based on the idea that the infant projects into its mother feelings that are distressing, frightening, painful or in some other way unbearable. The mother experiences the feeling herself, and is able not to act on it but to contain it and return it in a modified and contained form to the infant, so that the infant can reclaim it and reintegrate it as its own. It is not the infant that is contained as such. It is the *feeling* that the mother experiences in relation to the infant that she has to contain. The infant may develop an overall sense of containment as a result of a multiplicity of such experiences of having a specific feeling contained and returned. But the mother's focus is not on the containment of the infant, but on the containment of the specific feeling projected into her by the infant at a particular time" (Blackwell, 2006).

researchers in the field. Both the Kleinian concepts of the paranoid-schizoid and the depressive position are constituent dimensions of this theory – and the following reflections. As they most likely may be unfamiliar to many of the readers of this journal, I would like to briefly explain them.

In her theory of early childhood development Klein differentiates between the paranoid-schizoid and the depressive position. With the notion of ‘position’ Klein emphasizes that although the infant can be understood to develop from the first (paranoid-schizoid) to the latter (depressive), the positions cannot be regarded as phases, in the sense that once the latter has been reached, the former becomes obsolete. Both positions contain a specific set of anxieties and defences. The leading anxiety of the paranoid-schizoid position is of being persecuted and annihilated by the ‘object’. The predominant defences of this position are projection and introjection, splitting into good and bad objects, idealization, and magic omnipotent denial.² “In the depressive position, the object is loved in spite of its bad parts, whereas in the paranoid-schizoid position awareness of the bad parts changes the good object abruptly into a persecutor. Thus, love can be sustained in the depressive position, giving the beginnings of stability” (Hinshelwood, 1991: 141). While the persecutory anxiety of the paranoid-schizoid position “is a fear for the ego”, the anxiety of the depressive position “is a fear for the

2 *Projection*: “Lit. throwing in front of oneself. Hence its use in ... psychoanalysis to mean ‘viewing a mental image as objective reality’. In psychoanalysis two sub-meanings can be distinguished: (a) the general misinterpretation of mental activity as events occurring to one, as in dreams and hallucinations; and (b) the process by which specific impulses, wishes, aspects of the self, or internal objects are imagined to be located in some object external to oneself. Projection of aspects of oneself is preceded by denial, i.e. one denies that one feels such and such a wish, but asserts someone else does.... Projection of internal objects consists in attributing to someone in one’s environment feelings towards oneself which derive historically from some past external object whom one has introjected” (Rycroft, 1968/1995: 139).

Introjection: “The process by which the functions of an external object ... are taken over by its mental representation, by which the relationship with an object ‘out there’ is replaced by one with an imagined object ‘inside’. The resulting mental structure is variously called an *introject*, an *introjected object*, or *internal object*” (Rycroft, 1968/1995: 87).

Splitting: “Process (defence mechanism) by which a mental structure loses its integrity and becomes replaced by two or more part-structures. Splitting of both ego and object is described. After splitting of the ego, typically only one resulting part-ego is experienced as ‘self’, the other constituting a (usually) unconscious ‘split-off part of the ego’. After splitting of an object, the emotional attitude towards the two part-structures is typically antithetical, one object being experienced as ‘good’ (accepting, benevolent, etc.) the other as ‘bad’ (rejecting, malevolent, etc.). Splitting of both ego and object tends to be linked with denial and projection, the trio constituting a schizoid defence by which parts of the self (and of internal objects) are disowned and attributed to objects in the environment” (Rycroft 1968/1995: 173).

Idealization: “Defensive process ... by which an ambivalently regarded ...(internal) object is split into two ..., one resulting object being conceived of as ideally good, the other as wholly bad. The concept includes two notions: the construction of an ideal, perfect object and the reification of an idea. Idealization in its wider and non-technical sense of regarding some person as perfect and wonderful involves projection as well as idealization” (Rycroft, 1968/1995: 75).

“*Omnipotent phantasies* are phantasies that the subject is omnipotent. *Omnipotence of thought* refers to the belief that thoughts can of themselves alter the external world. According to some accounts, all infants believe in the omnipotence of thought and learn by their experience of frustration to accept the reality principle. According to others, it is a symptom of alienation and the dissociation of phantasy from any contact with the external world” (Rycroft, 1968/1995: 119).

survival of the loved object” (*ibid.*: 273). Both positions remain constituent parts of the psyche in the emotional life of adults. Whereas attainment and increased stabilization of the depressive position is understood as maturity, regression to the paranoid-schizoid position and the paranoid defence against depressive anxieties is under certain (objective or subjective) conditions a more or less everyday experience – even for the adult.

In the frame of the socio-analytic context and building on what has been elaborated above, these positions, their anxieties and defences are primarily understood as constituting respective *organizational* dynamics and modes of thinking, which unconsciously may mobilize anxieties and defences from earlier experiences on the side of role holders. In a hospital, for example, as sketched above, where external threats from the economic and political environment may result in totalitarian thinking, the emergence of unconscious phantasies and anxieties amongst its employees – management and ‘workers’ alike – cannot primarily be explained by individual personal or character deficiencies but must be seen as socially induced. To the extent that the psychodynamic of a hospital (or one or several of its subsystems) is tainted by anxieties and defences of a paranoid-schizoid kind, it is most unlikely that role holders can deal with patients from a depressive position, which would provide sufficient care, ‘love’ and the acknowledgement of ambivalences.

Unlike the predominant understanding of organization in psychoanalysis as organization of the individual or the psyche, my conception of the organization focuses on the inner resonances, representations and experiences of organizational role holders with regard to the organization in which they work and of which they are a member. Organization thus is perceived as ‘organization-in-the-mind’ (Hutton *et al.*, 1997), ‘institution-in-the-mind’ (Armstrong, 1997, 2005) or as ‘institution-in-experience’ (Long, 1999: 58). Instead of assuming that organizations – with their structures, tasks, corporate identity, etc. – are ‘objective reality’, my view is based on the assumption that “all organizations ... rely on the thinking of the people who take up roles within them. Without thinking, there would be no organization. Thinking is a defining characteristic of the life and work of the people in an organization. And the same can be said for any other social configuration” (Lawrence, 2000: 3). This thinking can have both conscious and unconscious dimensions.

Organizational Madness

I have been struggling for about a decade now to understand and to conceptualise from a socio-analytic perspective what in everyday language would be referred to as ‘organizational madness’ or the ‘madness of normality’. My quest for what I later termed the ‘psychotic organization’ actually began on the occasion of a particular Group Relations Conference,³ which I directed in Germany more than a decade ago.

3 The approach of Group Relations Conferences “was evolved by Wilfred Bion ... and others and developed at the Tavistock Institute of Human Relations under the leadership of A. K. Rice. It involves the intensive study of authority, leadership and autonomy by individuals taking part in a temporary institution. This is achieved by members monitoring their own experience in the process of

The underlying understanding of groups (and social systems) in the group relations tradition is that man is a group animal at war with his 'groupishness' (Bion, 1961: 168). Learning from experience in these conferences always occurs somehow in resonance with 'the psychotic', both as a part of the normal personality and as a fundamental dynamic of groups and systems. This particular conference, however, happened to have a very intensive affinity to 'madness' (Sievers, 1999a).

The fear of going mad and the desire to drive others crazy ran throughout the conference from the opening plenary to the final session eight days later. It first began with some of the participants accusing the staff and the director in particular of taking a careless and irresponsible risk by exposing people to such a maddening event. But the paranoid and persecutory phantasies were soon tainting almost everyone, participants and staff alike. We, as a staff, worked to understand 'madness' as a systemic dimension and dynamic, contrary to personal pathology. We were greatly helped in our explorations by two narrative fictions: Herman Melville's (1855/1969) *Benito Cereno* and Edgar Allan Poe's (1855/1969) *The System of Doctor Tarr and Professor Fether*. In these stories, both authors describe organizations – the first a Spanish slave ship on the coast of Chile in 1799, the second a private asylum for lunatics in the south of France early in the 19th century – where slaves and inmates hide a mutiny or revolt behind the appearance of 'rational madness' (Lawrence, 1995: 2, 11; Jacobson, 1959: 587). Ultimately, towards the end of each story, the 'truth' becomes apparent. Both narratives offered us a metaphoric frame to conceptualize the experience of 'the psychotic' in the conference from a systemic perspective.

These narratives somehow served us – first the staff and later the conference as a whole – as a kind of container or transitional object⁴ for a different kind of thinking from the limited one of a personal psychotic dynamic. The narratives helped us to remobilize our non-psychotic parts (Bion, 1957), enabling us in our roles as management and consultants to better pursue the primary task of the conference, which is to be aware of one's experience and to explore it in order to learn from it. They also helped us to bring to conference participants the awareness of what one experiences in a systemic psychotic dynamic.

In both opening and closing plenaries of working conferences, I, in the role of the director, usually mention that we as staff are working with the assumption that the end of the conference may not necessarily mean the end of the learning. There was ample evidence on this occasion that this was the case for former participants and staff members. It became particularly true for me insofar as the learning it had initiated had a major impact on how I henceforth conceptualized my understanding of organizations and that of 'the psychotic' in particular. I had already for some time – mainly through

taking part in the individual, group and institutional dynamics of the conference itself. That is, it is a particularly intense form of experiential learning which concentrates on interpreting the constantly shifting, dynamic unconscious processes which mediate the relations between the individual and the group in the 'here and now'. The group relations model is an equivalent to the psychoanalytic method as a tool of social and cultural enquiry, and the members of the conference are encouraged to make links to their wider experiences in organisational and social life" (Young, 2006).

4 Transitional object; see http://en.wikipedia.org/wiki/Transitional_object (21/05/2006)

conference work – learned that any attempt at understanding organizations from a psychodynamic perspective requires a ‘priority of the social’. What I mean by this is that by focusing on groups and organizations from a systemic perspective, the search for meaning refers to ‘social facts’ and thus falls into the domain of the project of the Sphinx. Until that conference, I had found it most difficult to grasp an adequate *socio-analytic* conceptualization of ‘psychosis’ congruent, for example, with Bion’s (1957) differentiation of the psychotic and non-psychotic parts of the *person*.

To acknowledge psychotic anxieties as a constituent part of the development of infants and of human development – and thus of life in general – doubtless contributes towards a depathologization of psychosis and its respective anxieties (Young, 1994: 73ff.; Tarnopolsky, Chesterman & Parshall, 1995). Though organizations “are quite specifically and exquisitely designed to avoid consciously experiencing psychotic anxiety, ... psychotic processes are in danger of breaking through from moment to moment” (Young, 1994: 156). On the other hand, the acceptance of this normality does not, in any way, diminish the pain and suffering involved in the experience of being persecuted, retaliated against and annihilated. As the analyst works “to become able to be the analyst of psychotic patients”, the manager and/or consultant working with the psychotic in organizations requires that he or she “must have reached down to very primitive things in” him- or herself (Winnicott, 1949).

Psychotic Organization

In my effort to reach a socio-analytic conceptualisation of psychosis, I first looked at how it is framed regarding the individual as a personal system. I began with the *pathological organization*, a term that has been used by various psychoanalytic authors in an attempt to gain a better understanding of severe personality disturbances (Hinshelwood, 1991: 381ff.). It is (among others) based on Klein’s early observation that “if persecutory fears are very strong, and for this reason ... the infant cannot work through the paranoid-schizoid position, the working through of the depressive position is in turn impeded. This failure may lead to a regressive reinforcing of persecutory fears and strengthen the fixation points for severe psychoses” (1952b: 294). O’Shaughnessy’s (1981) concept of the *defensive organization*, emphasizes this pathological fixation among children, who, because of a weak ego and the experience of extreme persecution anxieties, fail to enter the depressive position. Their ego-development stagnates in the defensive mechanisms typical of the paranoid-schizoid position. Such stagnation either leads to an immature psychic equilibrium between the paranoid-schizoid and the depressive position or to an extremely narcissistic personality structure organized around omnipotent defensive mechanisms. Based on Bion’s (1957) differentiation of psychotic and non-psychotic parts of the personality and the splitting that goes along with this, Meltzer (1968) and Money-Kyrle (1969) have described the internal quarrel between the healthy and sick parts of the self. More often than not this results in projecting the latter into the outer world of the environment (Segal, 1956). Rather than by a splitting of bad and good parts, Steiner (1979, 1982, 1987, 1990, 1993), on the other hand, writes that pathological organizations are mainly characterized by a kind of

‘liaison of fragments’⁵ under the dominance of an omnipotent narcissistic personality structure which itself is the result of failed splitting.

I have suggested the *psychotic organization* as a metaphoric frame for the further socio-analysis of organizations. Though I feel a certain uneasiness with this concept – particularly in relation to social phenomena – due to the traditional clinical pathological implications of psychosis (Young, 1994: 76ff.), it is, on the other hand, the notion of psychotic anxiety as the in-between-state of the paranoid-schizoid and the depressive position which challenges me to use the notion with organizations. I am especially encouraged in this choice by Fornari (1966/1975), an Italian psychoanalyst, who in his *Psychoanalysis of War* anticipated most of the major insights of what some time later was conceptualized as the theory of pathological organization.

Like Bion and the early Jaques (1953, 1955; cf. Menzies, 1960), Fornari describes the important role the defences against psychotic anxieties play in the formation of society and its institutions. Based on the assumption that the psychotic dimension of group life finds its most glamorous realization in the war phenomenon, Fornari emphasizes the inability to mourn, i.e. the paranoid elaboration of mourning, as the critical dynamic (or factor) of war as a psychotic kind of social organization. While the non-psychotic mode of dealing with mourning is based on the capacity to endure pain and suffering and is concomitant with a certain confidence that it ultimately will be overcome (*ibid.*: 224), the paranoid elaboration of mourning is based on one’s own alienation and guilt feelings, which are projected onto the enemy. Contrary to the predominant notion that war is an expression of hate, Fornari suggests the paradoxical view that “war .. seems to be a madness of love rather than a madness of hate” (*ibid.*: 261). Instead of acknowledging the loss and destruction of the ‘loved object’ and the feeling of guilt concomitant with that, the paranoid elaboration of mourning, typical for war, places the blame for loss and guilt on the enemy, who then is considered responsible for the war. The defeat of the enemy is lasting evidence of his guilt and his annihilation is rationalized as a just retribution for his crime.

In comparison, for example, to Steiner (1979: 389, 1990, 1993), whose view is limited to the obstacles to mourning in the pathological organization of the borderline patient, i.e. the individual, Fornari’s analysis of the psychotic dimensions of war takes into account that fundamental relatedness between the individual and the social. Fornari’s theory is implicitly based on a pathological fixation and stagnation in the paranoid-schizoid position and on defences similar to what O’Shaughnessy (1981), some time later, conceptualized as the *defensive organization*.

I refer to the psychotic organization as a *metaphoric* frame mainly because I wish to avoid entering into a broader epistemological argument as to whether or not and, if so, to what extent conceptualizations originating from the psychoanalysis of the individual

5 For Steiner the psychotic organization of the individual is based on the fact that “fragments of self and of internal objects are projected into objects which are, in turn, assembled into a powerful organization. Because of the extent of the fragmentation, the intensity of the violence, and the power of the destructiveness and hatred, the organization is forced to rely in a crude way on omnipotent mechanisms. Thus sane parts of the personality are overwhelmed and forcibly recruited to participation in the psychosis” (1993: 66).

can be transferred or translated to the broader context of social organizations. I would prefer here to take a more pragmatic position in order to find out what insights can be generated if one assumes that social organizations (particularly enterprises) are psychotic organizations (cf. Morgan, 1986).

Similar to the way in which patients with severe personality disturbances often do not appear to be very psychotic, but rather give the impression that they have fixed their disorder on a certain level, social organizations – profit-oriented organizations in particular – often seem to cover their internal anxiety level with a somehow curious, but nevertheless normal appearance. As an external observer or consultant to large corporations, I often have the impression that these organizations are stuck in the predominant attempt to defend against the apparent threat and persecution emanating from the outer world of markets and competitors, which they at the same time tend to dominate and control with a high degree of aggression, sadism and destructiveness. In cases like these, it seems to me that the psychic dynamic of the organization is caught in a behavior and a way of thinking which are typical of the paranoid-schizoid position. In face of the on-going struggle for excellence, growth and survival and the attempt to gain greater market shares, there seems to be almost no capacity for the depressive position and its anxieties. As the concern for good objects of the inner or outer world is missing, the predominant destructiveness and aggression seem to leave no space for the experience of guilt, the desire for love, mourning or reparation typical of the depressive position. The external world and reality thus become shaped and reduced by internal psychotic anxieties and their respective defence mechanisms.

Lawrence describes psychosis in general as “the process whereby humans defend themselves from understanding the meaning and significance of reality, because they regard such knowing as painful. To do this, they use aspects of their mental functioning to destroy, in various degrees, the very process of thinking that would put them in touch with reality” (2000: 4f). The psychotic organization thus can be understood as a social system (or subsystem), which induces psychotic reactions in its role holders either temporarily or permanently. To the extent that role holders in organizations are unconsciously challenged to mobilize their psychotic parts more than they would do in other contexts and lose the capacity for thinking, they tend to reduce organizational reality to what appears to be obvious – the ‘data’ related to their predominant unconscious phantasies.

Psychotic Organization and Social Organizations

In my original paper on the psychotic organization (Sievers, 1999b), I indicated the usefulness of this concept by applying it to various systemic contexts: *intraorganizational*, *interorganizational*, and *global* dynamics. Here I would like to outline some more recent attempts at understanding the world of organizations through the lens of the psychotic organization: (1) an international German automobile company, (2) the Anglo-American pension fund systems, and (3) an Austrian political party. The frame of this paper, however, provides only space for some sketches.

An international German automobile company: Competition as war

The idea that competition within and between enterprises can be perceived as a psychotic dynamic of war became strikingly obvious to me when I was doing Organizational Role Analysis (Newton, Long & Sievers, 2006) with some role holders at Volkswagen a few years ago. A few interesting episodes on the occasion of visiting the main plant at Wolfsburg led me to some deeper research on the socio-history of this company (Sievers, 2000).

When I entered the company's gate as a visitor, I felt I was somehow being treated by the security staff as an unfriendly intruder. My host interceded, making the spontaneous remark that the people at the entrance still represented the spirit of the SS (the '*Schutz-Staffel*', i.e., the 'protective squadron'), who more than half a century before controlled the plant's boundaries with the outer world (Nelson, 1966: 72). Later, in her office, a garden gnome carefully poised on her desk with a dagger in its back brought us back to the company's early history and the obviously still virulent dynamics of warfare. My host told me that installations apparently used for torture were recently found in the basement of an old building not far from where we sat. They had been used to destroy the thoughts and identities of forced labor during World War II (Amati, 1987). On my next visit to the plant, her office had been temporarily moved into one of the huts in which foreign workers employed as forced labor were said to have lived.

These episodes confronted me almost inescapably with the megalomaniac part of the company's founding myth (McWhinney & Batista, 1988), which was itself an expression of the Nazi ideology. The encounter made me deeply aware of what might actually be hidden behind the warfare metaphor so often used in organizational practice and theory. It soon became obvious to me that this particular company is a prominent and probably unique example of the inter-relatedness of competition and war. The company has been heavily involved for decades in a war for dominance of the global automobile market. This corporation provides convincing evidence that its original support for a megalomaniac military mobilization still has an effect on the micro-politics of the corporation and its market activities to this day.

Unlike countless other German corporations, which also cooperated with the Nazi Regime and profited during World War II, Volkswagen was explicitly a 'wanted child' of the Third Reich, and of Hitler himself. The firm, founded in 1938, during the heyday of the Third Reich (Shirer, 1961: 258), explicitly served Hitler's grandiosity. The Volkswagen, 'the beetle' as it came to be known soon after the War, was Hitler's 'best work' and his 'favourite thought'. The project was from its very beginning considered to be unparalleled 'in the history of mankind' and was not only intended to surpass Ford's plants in Michigan (Nelson, 1966: 81, 98, 104), but to soon command leadership in the world's markets (Roth, 1990: 82).

My experience and my subsequent inquiry led me to question the predominant conviction that war is not considered part of the business world, organizations or the world built around them. According to this understanding, the economy of war and warfare exclusively refers to the gains derived from the production of war equipment, the maintenance of military forces (both in times of war and peace), and the repair work and reconstruction necessary after battle is done. The alleged absence of bloodshed or

casualties in business organizations invites us to assume that the frequent reference made to war is merely metaphorical. In organization or management theory it is seldom acknowledged that extreme violence, sadism, pain and loss – experiences and dynamics characteristic of every war – are predominant in the contemporary business world. In theory and practice alike, there does not seem to be too much awareness that organizational role holders often “are brimming with terrible stories, details and images” (Krantz, 2006: 15).

The Volkswagen case led me to hypothesize that similar war dynamics are not only found throughout the automobile industry but in many, if not most, corporations in their desperate longing to gain or maintain a predominant role as global players.

To the extent that organizations – enterprises and non-profit organizations alike – tend to reduce their own gains and losses as well as those of their competitors to mere figures of monetary accounting, they ignore the emotional experience of being a winner or a loser on the world markets. As the experience of loss, in particular, cannot be grasped, it cannot be acknowledged and thus cannot be mourned. Instead, the ignored feelings of failure, dismay or annihilation are psychotically turned into a defeat caused by ‘others’. The inherent aggression and destructiveness via rationalization, downsizing or increased marketing activities are directed ‘outside’ either towards part of the workforce or to competitors.

The Anglo-American pension fund systems

My attempt at understanding the psychotic dynamics of the global economy drew my attention to the impact of the financial services revolution on the pension fund systems (Sievers, 2003). My point of departure for this research has been the present Anglo-American ‘private’ pension funds system, which is based on totally different images of man, society, and social relatedness than are the traditional social security systems and retirement schemes characteristic of welfare states in many European countries.

This led me to the *working hypothesis* that the Anglo-American pension fund system, because of its inherent defences against persecutory and depressive anxieties, is based on psychotic dynamics. For participants in these systems, the expected pension after retirement is seen to protect one from a ‘miserable’ way of life, from deprivation, and annihilation and feelings of dependency, gratitude, love, and guilt. As people increasingly strive for an affluent retirement, commoditized money nurtures the illusion that the more money one accumulates the more certain death will be kept at bay.

The psychotic dynamic inherent in the pension funds system is, however, not limited to those who invest in the funds, but finds further expression in the organizations that manage the funds and their respective role holders. Loaded with their customers’ expectations and anxieties about adequate pensions after retirement, pension fund organizations tend to maintain and spread a globalized collusion of psychotic thinking. Thus, money paid into a pension scheme serves – in addition to its ‘pecuniary’ function – as a ‘conductor’ of psychotic anxieties. As a consequence, pension funds have become the main players in a kind of global marshalling yard, where underlying anxieties are transferred and shifted in various ways.

Initiated by the denial of death and the desperate longing for immortality on the side of future pensioners, the inherent global psychotic dynamic is turned into destructiveness that tends to deny the mortality of those working in enterprises – management and workers alike – by reducing enterprises via shareholder value optimisation into mere monetary entities. The world is thus reduced psychotically to its monetary value. All that counts is money and money makes the world go round.

An Austrian political party

While the two previous examples refer to the world of business and enterprises, this last one is taken from a working experience with a political party. Some time ago, I was working in a Social Dreaming Workshop⁶ with a group of Austrian Social Democrats, who were local council members in one of the federal states (Sievers, 2006b). Many of the dreams shared during the Social Dreaming Matrix (Lawrence, 1998: 2005) referred to the fact that participants felt severely betrayed by their political party.

I was surprised to learn that the party had not only changed its name from *Socialist Party of Austria* to *Social Democratic Party of Austria* a few years before, but it had also given up most of its original rhetoric and language – and, one could assume, part of its original mission. Whereas in 1978 it was stated: “we *Socialists* are *fighting* for man’s freedom and dignity, ... against all suppression and exploitation through political despotism and private economic or state-capitalist power” (Sozialistische Partei Österreichs, 1978: 1; my emphasis), the 1998 document emphasised that *Social Democrats* “are *obliged* to honour the ideal of a humane, democratic and just society. ... This ideal of a humane society is the aim whose realization we gradually hope to accomplish by democratic competition with other political concepts” (SPÖ-Bundesgeschäftsstelle, 1998: 3; my emphasis).

The transition from a party for the workers to one “*for all working people*” (*ibid.*: 4) is consistent with the fact that even though the *Socialists* had been “the leading power of societal change in Austria” for more than a century (Sozialistische Partei Österreichs, 1978: 45), by 1998 the *Social Democrats* took credit for having achieved the great progress of previous years.

In the first Matrix, one participant shared a dream in which he had been at a political event, which included a winning ceremony of a lottery. The first prize had been an inflatable car. The associations related to this dream were largely concerned with the question of whether the results of their political work and election campaigns were

6 *Social Dreaming* “is a discipline for discovering the social meaning and significance of dreams through sharing them with each other’s. This is done by the deliberate and sustained method of free association and amplification through the Social Dreaming Matrix. ... From the inception of Social Dreaming the systemic nature of dreaming was recognized and affirmed. Not only do dreamers dream from their ecological niche but also they dream themes that are systemically related. Social Dreaming is also a uniquely experiential discipline, which frees participants from their personal defences that constrain free-thinking and interaction in ordinary social situations. Social Dreaming can be used in organizational systems, professional communities, and consumer, focus and special interest groups” (Social Dreaming Institute). Social Dreaming was founded by W. Gordon Lawrence in 1982.

ultimately only hot air in a gigantic balloon. Unlike actual lotteries in Austria, the first prize in this dream was not even a *real* car. *'We stay permanently onstage but have forgotten the text'* is the association of another participant. *'Would it not be much more appropriate to stick a needle to the balloon (the first-prize car) or pull out the stopper to let the air out?'* Party events are experienced as overblown and mere cabaret. One of the participants questioned cynically what they represent on the stage. *'Scene shifters, lighting technicians – we are no leading lights, we don't play a role'* was the response of one of his colleagues.

Another dream shared by the same participant takes place in the institute where he is employed. The director has introduced a procedure by which all events are to be evaluated. He presents and vehemently defends this quality control procedure, for which he is made responsible, at a board meeting – despite the fact that he himself cannot identify with it. *'My heart is not in this work, but it has to be done. It is not my dearest wish to accomplish this task'*. Another participant comments that there is not too much difference between the dream and reality.

To what extent these questions about the future of Social Democracy are both subliminal and, at the same time, paralysing for the everyday life of these participants and connected to the party's current identity crisis becomes evident in the following associations during the first Matrix: *'If what we have accomplished with Social Democracy at present actually is a dream, then we have to fight against this dream. That is a gigantic story.'* *'...When we or the generation before us still had a vision that was worth fighting for Today it is only a matter of winning elections!'* Their party's pursuit of a policy of moderation in order to gain the centre and thus the majority of votes made them suspicious and full of anger and rage. As one participant expressed it: *'We should fight against our corrupt party, a system that exists. I have lost the dream, the vision of what Social Democracy embodies. There is nothing more worth fighting for. What is important has already been accomplished; we don't have to fight for it'*. While the disappointment of the participants was at first experienced as betrayal and expressed as an accusation toward their party leaders in a cynical way, they later were able to realize that they were not only the betrayed victims but were also playing an active role in the betrayal of the idea of socialism.

Cynicism can be understood as “an attitude that has already done with the experience of betrayal and is just getting to immunize itself against further injuries of this kind” (Teichert, 1990: 100). As such, cynicism can be seen as a psychotic attempt to protect one against the experience of paranoid-schizoid anxieties related to betrayal. Since before the First World War (if not from its very beginning in the nineteenth century), Social Democracy – at least in Germany and in Austria – has been caught in a vicious circle of cynicism and betrayal (Sievers, 2006a). The contemptuous and often cynical reproach from the far left communists and socialists that Social Democracy has betrayed the workers has often enough been repudiated by Social Democrats in no less a cynical manner. Perhaps there is some truth in what one member of the Social Dreaming Matrix stated, i.e. that *'there is nothing more worth fighting for'*. Perhaps Social Democracy has either fulfilled its mission or its mission is actually unfulfillable due to its inherent idealism and utopia. Be it as it may, it seems that neither position

could be held by Social Democrats from the depressive position in a mature sense because it would force them to confront their own (self-)betrayal and cynicism.

Conclusion

These three examples illustrate that focusing on unconscious psychotic dynamics in organizations throws a fresh light on research and theory and thus extends the frame of what might be regarded as 'reality'. Each of these examples certainly could be read from different theoretical perspectives, thus generating separate interpretations and valuable insights.

My chosen lens emphasizes the way that unconscious dynamics of the individual and the organization are interrelated, which has led me to offer a new understanding of organizational 'madness'. By regarding psychotic organizational dynamics as socially induced – and thus part of 'normal organizations' – the 'madness of normality' can be thought of as a social fact instead of an objective one. The socio-analytic perspective allows organizational role holders access to their own experience and encourages them to take it seriously as a source for new thoughts and thinking. One of the apparent weaknesses of this perspective lies in the 'nature of the beast', so to say, i.e. the quest for reflection and understanding of what is beyond (or underneath) the obvious is limited by the fact that "humankind cannot bear very much reality" (T. S. Eliot, 1974). This is partly due to the fact that role holders in organizations often seem to unconsciously foster a hatred of thinking, which reduces reality to what is consciously known and knowable. Though we tend to deny our psychotic anxieties we "unconsciously come to bring into being organizations which are designed to keep them at bay" (Lawrence, 1995: 17).

Though the notion of the psychotic organization focuses on its psychotic dynamics, it has to be emphasized that the psychotic parts of an organization usually co-exist with its non-psychotic parts. Analogous to Bion's (1957) differentiation of psychotic and non-psychotic parts of the *personality*, organizational dynamics can be of a psychotic and non-psychotic nature. Especially at a time when capitalism and the reification of money predominate, it is most likely for every organization – enterprises, social and educational services alike – that the increasing problem of scarce resources seriously threatens the fundamental values and future prospects of many organizations. Organizational role holders often react by extreme warfare (as in competition) or by retreat and cynicism. More often than not this fosters totalitarian thinking and the tendency to reduce organizational reality to what can easily be held accountable and can thus be legitimized by numbers. Acknowledgment by management of the psychotic dynamic may open up an awareness of and a capacity for mobilizing non-psychotic parts on the side of those role holders who have a critical impact on its fate and future.

In face of the increasingly predominant tendency toward reification of organizations, the concept of the psychotic organization offers important insights into the unconscious construction and one-sidedness of the underlying thinking. A deconstruction of the thinking in organizations, which allows both insight into the social constructiveness of

the underlying psychodynamic and its reflection may extend and enforce possibilities for non-psychotic thinking in organizations and thus a new construction of what is supposed to be regarded as 'organizational reality'.

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