Anxiety & the New Order
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We are reminded daily that we're heading-or perhaps careening - into the New Order where former approaches to organizing and getting work done are obsolete. Change is constant and unpredictable; markets are unstable; technological innovation is explosive and on a dramatically steep gradient; hierarchies change into networks, bosses to coaches, and jobs into ever changing bundles of shifting task assignments. The established psychological contracts between employees and their organizations are evaporating. Because change is pervasive, choice is ever present and learning is at a premium.

Wrenching change has become a fact of life, even though the institutions most of us work for exist in a kind of transitional, intermediate state between the older forms of bureaucratic organization and the new, cutting-edge arrangements. No matter how far along on the path to the New Order they are, organizations everywhere, buffeted by these turbulent forces, are under immense pressure to alter or dismantle deeply held patterns and cherished cultural arrangements. For many the losses of familiarity and safety are profoundly disorienting (Shapiro and Carr, 1991).

Organizations are adapting along lines that have coalesced into a fairly consistent and common set of overarching themes: a sharply disciplined focus on customer satisfaction; replacing Αcommand and control@ methods with ones that elicit greater employee commitment; emphasizing the ability to learn and adapt as new challenges and opportunities emerge; and addressing competitive issues through cross-functional collaboration rather than via the functional Αsilos@ characteristic of former, more segmented, organizational structures.

Perhaps the most pervasive theme is the recognition that in order to thrive in the intensely competitive, technologically unstable, and rapidly shifting markets, organizations must create highly participative environments in which people at all levels take, and feel, personal responsibility for collective output and in which they are emotionally invested. The conforming, loyal "organization man" of the 50's and 60's (Whyte, 1956) has given way to the authorized, risk-taking "enterprising" employee of the 1990's. By freeing people of the bureaucratic encumbrances and "empowering" them to take action, New Order organizations aim to promote success through more sophisticated collaboration, through teams whose members represent and integrate different specialties, and through the heightened interpersonal competence which arises as people fill their roles more passionately.

Just as organizations are expected to be leaner, meaner, smarter, more efficient and innovative, so are the people comprising them. In the words of the CEO of a major corporation: "Decision-

making cycles tighten, feedback loops are shorter, and there's less room for error. The risks go up because you can get left behind a lot more quickly." (Garvin, 1995) The disciplined focus on customers forces organizations to link activities and functions that have been historically segmented. In turn, practices that emphasize the interdependence among different specialties and functional areas draw upon the ability of members representing these diverse specialties, functional areas, levels of hierarchy, and geographic regions to work together in an ever more sophisticated fashion.

Paradoxically, the very conditions that put such a premium on the ability to work together in ever more sophisticated fashion also pose serious challenges to achieving this kind of collaboration. While the loss of familiar structures, for example, may require developing new, more fluid approaches to collaboration, the loss of stable structures also stimulates great anxiety and creates pressure to mobilize exactly the kind of defensive responses that impede the required collaboration. Heightened expectations for high commitment, increased sophistication, and greater competence by members of the New Organizations are accompanied by a dramatic increase in people's vulnerability. While the most obvious sources of vulnerability are the cutbacks, downsizing, and the frequency with which even senior executives are dismissed, the New Order brings with it many other ways in which psychic vulnerability is heightened, ways that are perhaps less obvious but no less challenging.

My basic argument builds upon the idea that those conditions enabling people to operate at high levels of sophistication and fully engaged collaboration must be considered a competitive advantage. Recent works highlighting the competitive significance of the workforce, and its role in creating significant strategic advantage (e.g. Pfeffer, 1994, 1995; Quinn, 1992) underscore this connection. According to Jeffrey Pfeffer's recent research (1994), for example, what distinguishes the top performing firms over the last 20 years is not the conventional strategic criteria (i.e. Porter, 1985) but rather what the firms have in common is that they rely "not on technology, patents, or strategic position, but on how they manage their workforces." (1995, p. 56)

My intention is to extend the idea that people create strategic advantages into the unconscious realm by arguing that the success of New Order organizations is deeply connected to the ways they develop to contain anxiety. The focus here is not with the part of the equation that involves basic skills or substantive knowledge, as is that of Pfeffer and others focusing on the strategic importance of human resources, but rather on the ways in which emotional experience effects the ability of people in organizations to think and collaborate. My hypothesis is that the ways in which organizations support - or erode - peoples' ability to maintain an integrated, realistic psychological connection to the people and events around them should be considered a competitive advantage - or disadvantage - in today's world.

The starting point for exploring this hypothesis is on the seam where psyche and system come together, where I use social defense theory to discuss the impact of organizational arrangements on peoples' ability to think and work effectively. Then, by threading that discussion through a

consideration of several cardinal features of the New Order, I will delve more deeply into questions of how the anxieties of people working in emerging organizations are being managed. Finally, the leadership challenges for the New Order will be considered in light of these issues.

Competence & the Depressive Position
The two modes of psychological functioning first described by Melanie Klein (1940, 1946) provide a useful framework for thinking about the impact of anxiety - and the way it is managed - on organizational performance. Klein described two states of mind, established in very early infancy, that form the basis of how we experience the world throughout life. In one mode, grimly labeled paranoid-schizoid, people cope with intense anxieties and threatening fears by relying on the more rudimentary, primitive end of the defensive spectrum, employing principally splitting, projective identification and idealization. This, in turn, leads to patterns of thought and experience characterized by blame, scapegoating, idealization, persecution and other distorted perceptions. When operating from this mode, the ability to engage in interpersonal relations is seriously compromised, and concrete thinking leads to rigidity and loss of creativity. (Segal, 1957). At the other end of the spectrum is what she called the depressive position, reflecting the mode in which we can experience ourselves and others as fully integrated people. This mode of experience leaves people with an increased ability to integrate experiences, to think, and to collaborate meaningfully out of concerns that extend beyond survival and self-protection.

In adult life, when people are operating in the paranoid-schizoid mode the organization is at risk since the capacity for problem-solving and genuine thought are possible only when depressive anxieties and modes of managing them dominate. Operating from the more primitive paranoid-schizoid end of the spectrum brings out the grandiosity, persecution and inflexible thinking. Laurent Lapierre (1989) has written insightfully on the effects of these two positions on leaders in their attempts to exercise power. When functioning primarily in the paranoid-schizoid mode, their exercise of power tends to be shaped by grandiose, unrealistic ideas that culminate in ineffective efforts. On the other hand, while aspirations and dreams shaped by the depressive mode of functioning may be less grand, they lead to what he calls "relative potence," as the exercise of power is more realistically connected to the external world.

From the "depressive" end of the spectrum people are more in contact with the full texture of inner and outer reality. In the words of Vega Roberts, "In the depressive position, omnipotent fantasy, obsessional ritual and paranoid blaming can give way to thinking: one can seek to know, to learn from experience and to solve problems." (1994, p. 118) When people are functioning from a depressive position they are able to mobilize their resources to confront the reality of complex tasks and challenges in sophisticated fashion. They are able to think and to collaborate as whole people with whole people. When managing our experiences in this more integrated frame of mind, we are able to tolerate complexity, assess reality from multiple perspectives, and understand realistic opportunities. It also allows us to take responsibility for our actions, rather than to externalize our unwanted parts and create "persecutors" in our environment.

This tradition of inquiry holds great promise in light of the New Order because it is the very

qualities of the so-called depressive position that are so necessary in the emerging settings - necessary for individuals to succeed and necessary if the organizations themselves are to thrive. Organizations in the era of bureaucratic approaches could contain and tolerate much more behavior and functioning arising out of the paranoid-schizoid stance, along with the resulting organizational drift and dysfunction, in the less competitive world. These organizations were, to a much greater degree, able to buffer their members from confronting troubling realities and challenges of their work by absorbing a much higher incidence of splitting, denial, projection, and other self-consoling attitudes without creating the same risk of organizational failure that these same modes of psychological operation pose today. There is simply less room for error, less "play in the wheel" operationally, and much less forgiveness for thoughtlessness in today's marketplace. Now the intensely competitive marketplaces and critical speed by which organizations must continually adapt leave far less margin for error, especially the kinds of error produced by people operating in the paranoid-schizoid mode (Obholzer, 1995). While technological change and intense global competition create the conditions that foster anxious regression to paranoid-schizoid states, they equally create conditions in which doing so is extremely dangerous.

The central themes that emerge in relation to the New Order all point to the importance of enabling people to operate from the depressive position: to be able to learn from experience, to be vulnerable without feeling persecuted so that one can learn from experience, to be curious about, rather than fearful of, the unknown, to be able to link with others across important differences, and to be realistically connected to the genuine opportunities and challenges they face. From the paranoid-schizoid position it is impossible to handle the emotional and cognitive complexity of the roles that people find themselves in today. While these more primitive defensive approaches enable people to avoid the experience of anxiety and complexity, they dis-able people from being able to confront situations realistically and competently.

Social Defenses & Organizational Performance
Whether people operate out of the depressive or paranoid-schizoid mode is not simply a matter of individual functioning alone - the surrounding environment has an impact upon how people tend to function on this unconscious continuum. Social Defense theory provides a way to see how impersonal organizational arrangements, such as structures, procedures, and technologies, influence the ability of people to function from the depressive position rather than operating in a paranoid-schizoid mode, or *vice versa.*

First developed by Elliott Jaques (1955) and Isabel Menzies (1960), social defense theory looks at the interplay between the individual's psychic defenses and organizational arrangements. It explores the ways in which the impersonal features of organizational life support the individual's defenses against the painful anxieties and emotions stimulated by participation in work organizations. Built on a Kleinian framework, social defense theory focuses on the ongoing process of projection and introjection between the individual and the organization.

People "map" their unconscious images, derived from early experience and shaped by their unconscious phantasies onto the organization and then re-internalize these meaning-filled experiences, though experiences that have been altered in some way by external reality. How these two realms interact - the subjective internal fantasy world of the individual and the organizational arrangements that serve both as container for projection and as a source of introjected experience - forms the basis of this theory.

Because the reality that people experience inevitably expresses some pattern in their own unconscious world of phantasy, organizational life resonates with and stirs up deep, primitive anxieties that are rooted in our earliest experiences and creates pressure to handle the resulting feelings by using equally primitive defenses - chiefly denial, splitting and projective identification. Organizational life can either confirm and reinforce this mode of managing experiences or can help people re-integrate their experiences and operate in the more coherent mode, the depressive position.

Jaques and Menzies first saw how the building blocks of organizational life take on the extra function of helping modify, foster, or support the pattern of defenses used by members to cope with their experience. Those aspects of the organization - cultures, structures, procedures, policies, etc. - that interact with and shape the way individuals handle their emotional experiences make up the social defense system.

In joining an organization, one internalizes its splits, projective patterns, and its characteristic ways of expressing and managing irrationality. If the organization operates in such a way as to keep important elements of work disintegrated, if it fosters cross-unit projection and blame, or supports destructive or infantalizing authority relations, then more primitive, paranoid-schizoid potential of members will be supported. Alternatively, if complexity is confronted, if emotion-laden questions are addressed openly and honestly, and if challenging issues are linked and integrated rather than fragmented and split apart, then individuals will tend to employ reciprocal defensive strategies - those that involve managing experience more coherently. When the social defense system promotes this more mature functioning, those who cannot tolerate the complexity of experience will tend to leave the organization and seek out settings that are more compatible.

The seminal study of Isabel Menzies (1960) clearly illustrates the meaning of social defenses. She traced the emergence of dysfunctional elements in the structure and culture of a nursing service back to the deep and primitive anxieties that were stimulated in nurses as a result of their close, often physical, contact with people who are ill. In addition to facing the distressing reality of suffering and death, nurses must also confront challenging emotional experiences arising from their work: "Intimate physical contact with patients arouses libidinal and erotic wishes that may be difficult to control. The work arouses strong and conflicting feelings: pity, compassion and love; guilt and anxiety; hatred and resentment of the patients who arouse these feelings; envy of the care they receive." (p. 96).

The nursing service shaped its organization to support an approach to work in which nurses were

buffered from the kinds of fully personal contact and care-giving that would most stimulate the painful feelings. The unconscious aim of these organizational arrangements (i.e., social defense system) was to help the nurses defend themselves against the painful feelings stirred up by their work. The ways in which the organization came to be used to help nurses manage the considerable discomfort associated with their roles included structures developed and elaborated that split up the nurse/patient relationship; patients who were depersonalized; feelings that were detached and denied; accountable decision-making that was replaced by ritualized routines; and the way in which responsibility for decision-making was reduced by the maintenance of numerous checks and counterchecks. Finally, there was a collusive social distribution of responsibility and irresponsibility such that the "seniors" came to embody all that was competent while the "juniors" came to embody irresponsibility and incompetence.

While these features of the organization – "social defenses" - may have helped the nurses shore up their own psychic defenses against the primitive anxieties stirred by nursing work, they also had destructive consequences. Most prominent was the compromise in nursing care offered to the patients which, in turn, had negative secondary effects in terms of the morale of nurses, their work satisfaction, the quality of learning opportunities available to them, and to their sense of professional identity. The arrangements contributed to turnover, alienation, and withdrawal of the potential leaders who were least comfortable with the range of experience made possible by the social defense system.

Social Defenses in the Post-Industrial Order
The pioneering work of Menzies and Jacques, and those working in this tradition, have focused primarily on the receding types of organizations. While several recent works have illustrated the relevance of social defense theory to post-industrial conditions (Hirschhorn, 1988, 1990; Shapiro & Carr, 1991), I believe that this theory is not only well suited to the New Order, but is more apt than ever.

The reason for this is two fold. One, as discussed above, the challenge of operating in today's environment demand the kind of awareness and performance that arises when people are operating from the depressive position. Whatever ways we have of understanding how to influence this becomes all the more important. While the kinds of structures and methods that organizations have relied on to help contain and modify members' anxieties are changing as the New Order emerges, there is no reason to doubt that the same psychodynamic forces will be active. What features of the New Organizational life will come to modify or amplify peoples' primitive anxieties, and what kinds of arrangements will help them maintain an integrated stance is the question I wish to crystallize in this article.

Secondly, the new world of work and organizations, if anything, elicits more deep and disorganizing anxieties, and resonates with ever more primitive mental phantasy situations. The profound uncertainty and turbulence that characterizes the world in which all of this work occurs can only compound the parallels between external reality and the inner world of phantasy. This

is in keeping with Harold Bridger's (1995) observation that today's environment actually mirrors unconscious processes much more closely than in the past because of its often contradictory, unpredictable, multilayered, and non-rational qualities.

More specifically, the great vulnerability and insecurity characteristic of today's environments is likely to resonate with the very primitive fear of annihilation and terrifying potential for psychological disintegration that many analysts have found in the primitive recesses of their patients. The enormous dislocation, job loss at all levels, loss of familiar contexts, and disorientation is likely to stimulate the fears associated with these very early, and terrifying, fears of annihilation and dissolution.

One might even speculate that this is related to the disappointing results in so many organizations that have downsized. The emerging evidence (e.g. McKinley, et.al, 1995) questions the bottom-line wisdom of downsizing. Many studies point to the negative consequences of downsizing in terms of morale, commitment and the enduring work of the "survivors." Considering these experiences in the light of psychoanalysis and social defense theory would lead one to ask whether the experience of downsizing and layoffs has left people regressed and immobilized in the face of the primitive anxieties elicited by the experience without the benefit of social defense systems that enable them to metabolize and modify the experience.

Containment & The Capacity to Think
These days the word "bureaucracy" is so often used as a derogatory term, signaling the structures, roles, reporting relationships, and designs that prevent the kind of innovation, flexibility, creativity, and responsiveness required to compete in today's world. "Bureaucracy" in this vein refers to the rigid chains of command, clear hierarchical differentiation, and fine gradations in decision authority that defined the Old Order.

In line with this shift, the employment guarantees and economic security that people had come to expect from their organizations earlier in this century have been revoked. As the common cliché goes, organizations can no longer guarantee employment, only "resume-able" experience that will strengthen one's hand in the labor market. Khaleelee and Miller (1985) have written about a large shift in which the care-taking and dependency-meeting functions of society and its institutions have been devalued, superseded by a greater emphasis on the fight-flight features characteristic of highly competitive market environments.

Bureaucracies and their structures flourished when change was slower, more deliberate. People were often more buffered from the harsh judgments of market forces since competition was less acute and less intense. Nor did the rate of technological transformation produce a constantly shifting and unpredictable ground. People found elements of these organizations to shore up their own defenses against the painful experiences of working together to confront challenging tasks. Some organizations did a better job of fostering the higher level functioning, others were lower down on the social defense "food chain" promoted more use of the paranoid-schizoid type

defenses. As the former structures are dismantled, the containing function of the arrangements is also sacrificed. Many anxieties, formerly contained, become "dislodged," others are stimulated by the fact of change, and still more are elicited by the frightening and unknown conditions we often face.

As this transitional phase unfolds, new social defense systems will emerge that are suited to the new conditions. The key element in enabling people to operate from the depressive position is *containment* - in the sense that contexts must exist which can sustain the presence of potentially crippling anxieties, intense psychic pain and disorienting confusion without themselves either confirming these experiences or collapsing in the face of them. In the Old Order, structure and bureaucracy were primarily relied upon to provide this containment, sometimes effectively and sometimes in ways that promoted individual functioning from the more paranoid-schizoid end of the spectrum. Just as organizations are searching for effective means of control without bureaucracy, they must also search for effective means of containment without bureaucracy.

The Emergence of Teams As an Enabling Container
One element of organizations that serves socially defensive functions and bridges the New and Old Orders is the small team. One of the most important and lasting contributions of early Tavistock researchers (e.g. Trist, 1977; Trist & Emery, 1965) was in recognizing how the forms of organization that had grown in response to early 20th century problems had become a barrier to the kind of high performance systems required in the 60's and 70's. Specifically, they realized that organizations had institutionalized a splitting process in which labor and thought were split apart and "lodged" in different levels. As an approach to work design this had many problems, one of which was that it functioned as a social defense system in such a way as to promote the use of primitive defenses on the part of employees.

These researchers saw how bureaucracies based on principles of Taylorism had produced dysfunctional situations in the coal fields, factories, weaving sheds, and assembly plants. By organizing on the assumption that managers think and workers do, structures, policies, and procedures were built up that created horrific work lives for an increasingly educated workforce, engendered on-going labor relations problems, and tremendously diminished competence "on the line," or "in the field," or wherever work occurred without the expectation that those working could and would think, solve problems, confront complex issues, grapple with challenging tasks, and collaborate to improve work situations.

This research was on the intellectual forefront of a massive change in industrial organization, one that came to recognize the intellectual competence and creativity of workers and embrace the essential role of collaboration across key boundaries. The chief design imperative of this work was moving organizations in the direction of self-managing teams of people who took responsibility for managing a sub-unit of some production process. Between the traditional, shaming work design of the assembly line and the fully self-managing work groups were all manner of employee involvement schemes that have now become *de rigueur*, but were quite

revolutionary back then.

Technology and market instability spurred these changes along by altering the competitive equation in such a way that organizations had to improve on both quality and cost simultaneously in order to compete in the newly emergent global marketplace. And they had to know how to adapt rapidly and accurately in the turbulent environment. Putting problem-solving and decision-making capability at the boundary of the organization, close to where the problems actually occur, enabled organizations to adapt effectively. Leaving the decision-making centralized ensured turgid, disjointed, and ineffective responses to the changing marketplace.

Returning problem-solving responsibility to workers, and re-integrating thinking and doing, produced remarkable outcomes, including a heightened presence of "depressivity" on the shop floor. As this experiment worked its way through our organizations, a great deal about the group and its potential value as a social defense has been learned. Well-functioning groups, it turns out, enable their members to work at very high levels of performance by providing the essential conditions for thought: containment and coherence of experience.

In teams people create the web of relationships that enable them to contain their experience, and by bundling the formerly discrete bits back up into meaningful "chunks," experience gained a coherence. The result, while no panacea, elicits a much more mature, dedicated, competent, and sophisticated approach to work. That is unless it creates chaos.

The move toward self-managing teams foreshadowed a trend that would shape organizations at all levels as post-industrialism washed over the organizational landscape. Corresponding to this change in the "shop floor," and in other "blue collar" settings, the emergence of the New Order created a set of conditions that required sophisticated team work on the part of engineers, technicians, line managers, and the myriad types of knowledge worker that appeared with the advent of the New Order. Now, the "functional silos" that characterized the hated bureaucratic order and kept people who held different aspects of the same problem segmented off from one another were dismantled and increasingly replaced by the cross-functional team, composed of people from the various specialized disciplines that were required to work together to solve problems, produce products, address important issues.

The social technologies of team development that were crafted for the shop floor have been elaborated and adapted to the entire range of pink and white collar settings as well. The basic problems addressed by using team structures have, in many ways, become the sacred tenets of the post industrial order: cross-functional teamwork, decentralized problem-solving, sophisticated collaboration based on shared tasks and negotiated authority, flattened hierarchy. To my mind, the self-managing teams on the shop floor were, conceptually and historically, a key link from the culmination of the industrial organization to the emergence of the post-industrial setting.

Today we can see a great continuing emphasis on teams as a key structure for enabling high performance - but primarily at the top and lower levels of organizations. Executive team

development is pervasive as the belief in the transformative effect of the charismatic, heroic leader is being supplanted by recognition of the role of the executive constellation. Executive teams go on retreats, reflect on their experience, work with McKinsey consultants to develop themselves from mere "groups" into real "teams," and often devote themselves to learning how to work together effectively (Katzenbach & Smith, 1994). Similarly, cross-functional teams are the order of the day, handling everything from developing new products to solving problems and ensuring quality. They have become the productive backbone of modern organizations.

Knowledge Work and the Interactional Context of Competence
Those who have worked in systems paradigms recognize that competent work is the result of a multitude of interactions. Authorization is reciprocal - leaders need followers and followers leaders to work; teachers and students rely on each other to produce learning; marketing and production depend upon each other to get the right products to market; and so on. This mutual interdependence that underpins any social system establishes the process of authorization, delegation, leadership, and interpersonal collaboration that produces work.

The importance of this perspective is heightened by the increasing reliance on knowledge and knowledge work to achieve success. Value is increasingly added through knowledge and the capacity to leverage it. As a result, managers must focus on the information needed to produce and the different kinds of relationships needed to do the work. To find creative solutions and fresh approaches, New Organizations depend increasingly on the pooling and integrating of knowledge and experience. And, as with so many other features of the New Order, such effort puts a premium on being able to mobilize the higher order defenses that enable people to think together, to bring curiosity to task, and to link ideas together in pursuit of a shared purpose.

Yet this type of collaborative work comes at the cost of disturbing anxieties that are linked to the challenge of learning in public. When problem solving, innovation and development depend on the linking of experience, people must be able to openly address experience without fear of reprisal, and equally to draw on the help of others to put one's own thoughts and feelings into an organizational context. This, in turn, entails the capacity to tolerate the shame and frustration of not knowing, living with the vulnerability required to learn from others, and coping with the public experience of being wrong. As these experiences resonate with early life experiences, they can elicit primitive fantasies and pressure to defend against them with equally primitive defensive postures.

Similarly complex, creative, passionate, interdependent collaboration means that the subjective as well as objective, the irrational as well as analytic, the unconscious as well as conscious dimensions of experience will emerge and, ultimately, be available for deepening work. It also means that both the creative and destructive aspects of unconscious irrationality will emerge.

For example, the manager's experience of anxiety-in-role can usefully be understood (Bion, 1977) as the "shadow of the future," if people can find a way to think about them and put their

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experiences into an organizational perspective. The anxieties that are stirred deep within managers may be one of the most sensitive scanning and early warning systems available. Yet, these capabilities can only work if the subjective, irrational dimension of experience is valued, allowed to emerge, and put into a task-related perspective.

Yet the emergence of irrationality and primary process is often anxiously avoided for a wide variety of ostensible reasons, including the kinds of efforts to avoid either offending or exposing one's one prejudice that often get subsumed under the concept of Apolitical correctness.@ No doubt the exposure of primary process and one's irrational experience is frightening. When the proponents of Apolitical correctness@ are unable to distinguish between destructive attribution and the exploration of irrationality or unconscious material, perhaps they are being used to defensively attack the capacity in organizations to learn from the irrational dimension of experience.

Since careful attention to the interactional context of work requires recognition of irrationality, group emotional life, and subjectivity, it also requires people to bear with the associated anxieties. Defensive flight from recognition of the interactional context of competence can be observed in a variety of defensive postures. One is the tendency to make the individual sacrosanct in knowledge-based organizations and to develop cultural practices built on this heroic notion of knowledge. Another is the creation of numerous programs and gimmicks that are ostensibly introduced to create teamwork, collaboration, positive diversity, etc., but often appear to do more to destroy true learning contexts than to foster them. I would suggest that these programs - and the magical thinking invested in them - are used to defend against the shame, dependency, and vulnerability required to achieve true collaboration and creative interaction. Finally, I would like to touch on the way that issues of diversity are at times transformed into identity group politics, and in so doing get disconnected from task . This type of flight substitutes a focus on the wider social and political issues for careful attention to how issues of diversity affect the ability to collaborate on work tasks, or *vice versa,* transforming collaborative challenges into identity group politics. In terms of enabling people to keep the interactional context of work in mind, this has the same obliterating effect as does radical individualism, only by moving the focus away from the organizational context, though in the opposite direction.

Can organizations find ways of containing these processes in order to harness them productively to work tasks? What social defenses will evolve to help people maintain themselves in a depressive position while having these vulnerable experiences? Creating an appreciation of the interactional context of competence and seeing knowledge as collectively developed will require structures and methods that can contain the primitive anxieties and irrational emotions that are inevitably stirred when people are able to expose their experiences, link them with others, and be vulnerable enough to learn in public.

Of late, the essential role of organizational learning and the systems view of organizations in order to function has become a leading fad through the idea of the "learning organization." Yet

by turning these ideas into a cult-like movement complete with its own clichés and rituals amounts to a defensive neutralization of these potentially disruptive and anxiety producing ideas. At the same time, the growth of a movement around the "learning organization" clearly speaks to a desperately felt need to get access to the kinds of understanding and knowledge that reside at the level of context rather than at the individual or even small group levels.

System-level learning requires an integrated capacity to link one's own experience with that of others and the willingness to test perceptions against other kinds of data. The paranoid-schizoid position is unwilling to tolerate this kind of stance, since when operating from this psychological position troubling feelings and attitudes must be projected elsewhere, perceptions become calcified and concretely adhered, and ideas that threaten to disconfirm this rigidly split apart world view must be defeated.

The Culture of Service & Its Personal Toll
In the New Order, the customer is all. Satisfying the requirements of the customer, doing it better, quicker and more effectively is the route to survival. Many bureaucratic procedures that existed to enhance regulation and stability also, it turns out, diminish responsiveness across the customer boundary. They are being removed - people are now "empowered" to meet customer needs. However, the expectation to "satisfy" customers creates a sense of emotional vulnerability and exposure that was before ameliorated by the various buffering features of bureaucratic organization. Whereas before an employee could pair with a disappointed customer to blame the system for its unresponsiveness, now the employee is likely to be accountable. Authority is thus shifted from the "system," with its procedures and rules, to the customer and his or her experience. The organization becomes a world in which satisfying customers' demands and desires is the driving criteria for decision making.

The model of the service provider appears increasingly to be the dominant metaphor by which organizations shape their internal worlds as well. Many organizations are replacing management hierarchies with simulated internal markets: divisions, units, etc. become profit or cost centers, cost accounting systems create simulated systems of exchange, and transactions between various sub-units are expected to emulate customer, supplier, or even competitor relations that mirror the external world.

Alastair Bain (1994) speaks about one of the interesting dilemmas that this approach can create. By replacing other understandings of role relations with a kind of pervasive "provider/customer" relationship, people often lose contact with the deeper meanings, and hence sources of satisfaction and purpose, connected to their work. This is perhaps easiest to see in the public and non-profit arenas where, for example, blood becomes another product line for the Red Cross, or the economics of "case-mix" dominate hospital planning.

Du Gay and Salman (1992) explore the impact of these shifts in images of organizational life in a fascinating article entitled "The Cult(ure) of the Customer" which discusses the emergence of

the "enterprising" individual as the new model of citizenship and participation. By eliminating restrictive bureaucratic control and liberating the entrepreneurial drive, the New Order will produce simultaneous innovation and improvement throughout a firm. A key element in this frame of reference is reducing the now despised dependency, which is seen as the source of inhibition in acting authoritatively to address issues.

The approaches to reducing what is regarded as this bureaucracy-induced dependency and lethargy are many: removing layers of organization, cross-functional teams, fostering individual accountability through peer-review and appraisal schemes. This emphasis is on the activation of the "self-fulfilling impulses of all the organization's members" in order to "empower" all members to "add value" through their own initiative. (Du Gay and Salman, 1992)

Because this picture of organizational life is inherently personality centered it tends to overlook the impact of social context, human relatedness, and group forces on performance. What happens to the social context when organizations are comprised of "enterprising individuals?" Often one can see the destructive irrationality getting projected into it and then the social context (or "system," as it may be regarded) becomes the hated, persecuting object.

Another interesting feature of this service-intensive, market focus was illustrated by film shown at sales training event held for a large multinational firm. "The Remains of the Day" was used to illustrate what the leaders of this sales organization felt embodied the perfect "sales attitude:" a complete subordination of one's own needs, constant attention to the wishes and desires of those one is serving, locating full authority in their needs. What remained from the day, or life, was a depressed, disconnected individual who was only able to live vicariously.

Social Defenses in the New Order
With the decline of the bureaucratic order, the two key dimensions of organizational life that were used in socially defensive fashion are diminishing: stable structures and authority that is embedded in structure. To be sure, organizations operating in the Old Order provided structures and authority relations that covered the entire continuum of social defenses, from those that supported mature functioning to those that supported splitting, projection and the whole gamut of dysfunctional relationships. Nevertheless, they provided means by which people could help to manage the painful anxieties and emotions associated with working in organizations.

Stable structures provide containers for experience - people could project aspects of themselves into these structures and then re-integrate their experience in either coherent or fragmented form. But the structures were there to offer containment. Being embedded in structures, authority was conferred from top down and authority relations in organizations served as mirrors of people's internal fantasy life in relation to authority figures. The experience of interacting with fictive family dynamics might be reparative or confirm the worst, depending on the organization, but this approach to authority nevertheless provided means of managing authority issues.

How social defense systems evolve, and which organizational practices will "take on" these

additional dynamic functions, remains to be seen as we pass through the current transitional phase. Since authority that is embedded in structure produces the kind of "command and control" environment that interferes with the "empowerment" of the enterprising individual, a new form of authority relation is emerging that is based on negotiated agreement. Given this much more reciprocal approach to authorization, using authority relations as containers and metabolizers of primitive experience is increasingly dysfunctional because it contaminates the essential process of negotiation.

We can see so many variations on the theme of abdication of authority in this more complex arrangement. While "coaching," "cheerleading," "consulting," "facilitating," and "serving" have a role to play, they can never substitute for the reality of authority relations and the cycle of anxiety and defense that come along with it. New and effective social defense systems will include approaches to authority relations that do not try to evade or conceal the irrationality and aggression involved in differentiating authority and yet still embrace approaches to authorization based more on negotiation than command and control.

"The Remains of the Day" in New Organizations
The defenses that people employ when operating from the paranoid-schizoid position are, inevitably, fragmenting. Unwanted bits of experience, painful feelings, despised parts of the self are split off and evacuated elsewhere when splitting, projection, and projective identification are relied upon to manage at that end of the spectrum of defenses. The legacy of paranoid-schizoid process is scapegoating; stalemated organizational splits; emotionally and intellectually disabled people; restricted collaborative ability across important boundaries; hateful, abusive, and paranoid authority relations; and an inability to understand immediate tasks in ways that allow people to link them to wider purposes.

Since the residue of ineffective social defense systems can be seen in the disowned split-off aspects of organizational life, the toxicity in organizations today creates an interesting window through which to observe the growing pains of new social defense systems. One example is the paradoxical and confusing ways in which responsibility and accountability are delegated in the decentralizing process. People are expected to "take responsibility," held accountable for "self-management," and expected to respond to dictates that require inner motivation. The ways in which these messages are communicated today can be seen in much of the stilted language, fervent ideologies, and faddish practices (e.g. re-engineer and learning organizations often seem to be transformed into superficial, ritualistic practices than thoughtful frameworks) that seems to gloss over and hide many of the contradictory imperatives that many seem to be struggle with. More important, the ambiguity that remains to be worked out in this area of required self-motivation leaves people confused and often overwhelmed. I also believe the disowned bits and residue of paranoid-schizoid functioning can be seen in the anger and bitterness of so many who feel exploited and devalued by their organizations and in the thoughtless accidents and slipups that often have devastating consequences (Obholzer, 1995).

The Chaotic Middle. Recently, however, as I hear the disorienting experiences of middle managers through my consultancy work, I have been coming to regard the unconscious use of that strata as one place where unintegrated toxicity seems to land frequently. While teams hold out the possibility of providing containment, the so-called teams for the middles seem so much more amorphous and confusing than for the lowers and uppers. Instead of maintaining membership in consistent, clearly charged and coherently organized teams, middle managers seem to be bobbing around in a sea of ever changing arrangements. Middles live in a world that is more like that of the "large group" experience: tendencies toward depersonalization, threats to a sense of identity and clear purpose, disorientation (Turquet, 1974).

Never sure what their reporting structures are any more, or to whom they are accountable, middle managers seem to be shuffled around and maintained in a state of amorphous role relations permanently. Moreover, they seem to be doing at least two jobs now: fulfilling the requirements, as vague as they are, of their position while devoting tremendous amounts of time and energy to the latest program on quality, or excellence, or re-engineering, or learning organizations. Increasingly, these efforts become internal sources of chaos and disarray, often experienced as persecutory, holding dubious promise to them either personally or organizationally.

As a social defense, the team structure can effectively support members struggling to maintain their ability to think and act competently in the midst of modern environments. However, without the same degree of stable team structures that benefit the top and bottom levels of organizations, I believe that the middle suffers from the absence of a sense of embededness and task to the degree that the other groups enjoy.

I do not wish to imply that the uppers and lowers exist within a calm, stable setting in contrast to the disarray and flux of that in which the middles exist. The basic turbulence and fluctuation that characterize organizational life today pervade all aspects of the organization. What is different is that structures have been institutionalized often at the top and lower levels enabling people to cope with the shifting realities of modern competitive environments more thoughtfully and competently than those that I see developed for the middles.

Reasoning along these lines inevitably raises questions about whether there is a kind of "unconscious conspiracy" to use middle management as a receptacle for the most unbearable disarray and chaos in our New Organizations. I have wondered whether the manifestation of the experience of dislocation is left either in middle management or with those whose employment has been terminated as a kind of unconscious strategy, in its own right, to enable work to continue at the top and bottom levels of the organization.

Leadership in the New Order
Much has been written about the requirements of leadership in the emerging organizations. How today's executives must negotiate and sell ideas, how leadership is intimately bound up with working across boundaries, and why leaders must rely on instilling excitement about mission and

purpose rather than depend on former carrot-and-stick methods have all been extensively discussed elsewhere. Here, I want to touch upon aspects of leadership in contemporary settings that are geared to helping people manage the complex emotional realities they face.

The shape of social defense systems that are adapted to new marketplace realities remains to be discovered. The following is a rudimentary list of principles that, in my experience, guide leaders and managers who are most successful at helping people contain their work related anxieties in ways that foster high level functioning from the depressive end of the defense spectrum and helps avoid either the grandiosity or superficiality that so often accompanies efforts to develop systems today. This is the beginning of a set of ideas that I intend to carry forward in future writing:

1. *Managing Change*
One often encounters a sense of disorientation and depression in settings that are undergoing a seemingly endless chain of reorganization, merger, layoff, re-engineering, etc. People often seem to defend against the emotional effects of change and loss with frenetic activity. Change and the prospect of impending change often surfaces all kinds of unrealistic attitudes and behaviors and elicits primitive defenses.

Increasingly, one task of effective management is to know how to help people confront the emotional aspects of change. As the issues of mourning and sadness, anger, denial, unrealistic fantasy, etc. that attend dramatic change become more prevalent, managers must learn how to contain the emotional process and respond effectively.

2. *Promoting Learning*
The sort of learning that genuinely enhances organizational capability is extremely difficult to achieve and comes at the cost of individuals having to relinquish important aspects of their self-idealizations. In order to create genuine learning environments people must learn in public and must expose both their experience (with all of its irrational subjectivity) and their areas of ignorance. This is what Bion (1961) meant when he discussed the "hatred of learning from experience."

Providing the leadership for this type of learning entails not only vulnerability on the part of the leader but also being able to publicly tolerate the frustration of not knowing and of sustaining the unknown question in the face of pressure to gain closure with quick answers. As Bion (1977) described, the capacity for thought arises from the ability to tolerate frustration, a state in which one can then "mate conception and realizations" and thus be able to "learn from experience." By embodying this capacity, leaders can provide the containment for others to tolerate their frustrations as well and thereby help develop this capacity for themselves. Without the ability to bear our frustrations and uncertainties in the service of productive thought, we end up projecting them into others and then undermining the precious capacity to collaborate. Heroic conceptions of leadership are inconsistent with the need to develop this capacity either oneself or in one's followers.

3. Preserving the Sense of Social Context.

So many of the forces that shape today's organizations tend to obscure the relevance, and even existence of, the social context that has such a powerful impact on our experience and behavior. When knowledge-based organizations, for example, tend to make the individual sacrosanct, the critical interactional context required for getting knowledge used and leveraged is often forgotten. Similarly, the increasing "virtuality" of organization can obscure the dynamic forces that link and shape people's experiences even if they are geographically dispersed. Charles Handy (1995) offers a perceptive analysis of the heightened role of trust in virtual organizations. He highlights many elements of the social context that must be created in order to build an environment shaped by trust: existence of boundaries, a predisposition to learning, an emphasis on bonding, and a sense of clear accountability.

In the New Organizations, effective leadership requires both fighting the atomizing tendencies and keeping the impact and coherence of the social context in mind. This can be accomplished by continually examining the impact of interdependency, clarifying and defining the boundaries within which the enterprising individual is free to achieve, and continuously articulating a meaningful mission to help people ground their individual experiences in collective meaning.

One great problem with "empowerment" is that it tends to create the individual as the locus of understanding. The "enterprising" individual is often regarded as an individual performer - a concept that obliterates the crucial web of enabling or disabling relationships. Mal O'Conner (private communication) developed the idea of "enrollment" as an alternative, and far superior in my view, concept. By helping people see themselves in role and understand their roles, no matter how protean or unstable they are, leaders can help people link their authority to that of others and bring their interdependent experiences into focus.

4. Preserve Reflective Space.

We are told that successful organizations have a predisposition to action. I do believe this to be true. Yet I often see organizations with an aversion to pausing long enough to reflect on experience. Alastair Bain (1994) has hypothesized the strong defenses within organizations that are mobilized against the fantasized dangers of uncertainty, fear of loss of control, and fears of new ideas that arise from the kind of group wisdom that can emerge from authentically reflective space. Without reflective space, the learning organization becomes yet another empty gimmick.

5. Fostering Boundary Awareness.

The role of boundary awareness in maintaining a sense of identity is key. In the Old Order the principal boundaries that people relied upon were structural. It is often erroneously assumed that because structures have become fluid that boundaries no longer exist. Many do and, if clearly developed and focused upon, can serve many of the same functions as structural boundaries. Gilmore and Hirschhorn (1992) have written about the critical role of authority, task, identity, and political boundaries in contemporary organizations. Many processes can be understood from the perspective of boundaries. For example, while sharp awareness about organizational

strategies,, about aligned goals, and about decision processes have important organizational benefits, it also serves to foster a greater awareness of existing boundaries. In the same vein, the varied competencies required to collaborate and negotiate across these different boundaries become an increasingly important skill in the New Order.

The New Stance of Leadership
Along with the changes discussed in this paper, and the entire range of sea-changes that seem to be transforming our society and world into an as-yet-to-be-decoded New Order, shifts in the meaning of leadership and authority have a deep impact on our ability to understand New Order organizations. Beyond the specific management challenges detailed above, I want to also offer some speculations about the shifting *stance* of leadership required for New Order organizations.

On one dimension, I believe we are seeing a shift in the kind of **person** that is expected to appear in the role of leader or manager. Most importantly, the **person** is expected to be more visible in role. In becoming a person again, leaders are called upon to be someone who not only represents an analysis or approach, but someone who can be seen to represent the reality of the experiences of other people as well. The new leaders are people who make their own subjective synthesis of "objective" data apparent and who can be seen to take their own feelings, their personal thoughts, and perhaps their own irrationality into account. The postmodern face of leadership is one that recognizes the inherent limitations of any ideological, scientific, or technical standpoint.

In fact, I believe that the New Leadership will be one in which the interior realm of the leader is much more visible and, in fact, the leader's own recognition of an interior realm will become an essential criteria for genuine authorization and committed followership. The recent presidential elections in the United States offer, in my view, an interesting example of this shift in what people are expecting of their leaders.

Much was made of Bill Clinton's "character" problems - the events and behaviors that seemed to suggest that he was at times impaired by moral conflict, guilty of changing positions too readily, weak at the core, etc. Yet, in the end, these qualities of Clinton and the great focus on them throughout his first term, did nothing to dissuade the electorate from returning him to office. I actually believe that these lapses, flaws and failings, rather than threatening his viability as a politician, were a source of electoral strength. I believe that, increasingly, people want leaders who are **human**, and leaders whose humanity is clearly available to themselves as well. Since we live in a world of such enormous complexity and uncertainty, the two dimensional, unswerving emblem of simple values has increasingly come to seem out of touch with reality. Bob Dole embodied just that leadership stance - the kind of leadership people in earlier times sought out.

The article by Larry Hirschhorn (1990) mentioned above identifies some of these qualities. He grounds an analysis of the leadership requirements in postindustrial settings in a similar analysis, one that focuses upon the capacity of the leader to be vulnerable and upon the leaders' ability to learn (and learn in public). To take this one step further, I would argue that leadership in New

Order organizations increasingly depends upon the power of creative relationships and all that is required in establishing, sustaining, nurturing, and bearing the anxiety involved in working through the medium of creative relationships. And since the creativity in relationships is premised upon a mutual acceptance of the more subjective, irrational spheres of human functioning, these anxieties can be enormous.

Conclusion
The dark side of organizational freedom and the authority to take action is insecurity and the loss of control. Without the traditional moorings of stable structures and authority relations that are embedded in structures, people must interpret, negotiate, and learn constantly in order to find their selves in their organizations, to find the meaning of their roles, and to find their competence. While this transformation of organizational life is a necessary adaptation to the emerging world, it also challenges people with the threats arising from disorientation, vulnerability, shame, exposure, and disassociation. To succeed, I believe organizations must help people avoid the regressive pulls that accompany these forces. From the perspective discussed in this paper, this means developing social defense systems that will help people achieve the kind of psychological integration required to think, to work with experience, and to link creatively with others.

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